

PROSPECTUS DATED 5 October 2006



*(a société anonyme incorporated in the Republic of France)*

**GBP 400,000,000 5.50 per cent. Bonds due 2026**

**Issue Price: 98.662 per cent.**

This prospectus constitutes a prospectus (the "**Prospectus**") for the purposes of Article 5.3 of Directive 2003/71/EC (the "**Prospectus Directive**") and the relevant implementing measures in the Grand Duchy of Luxembourg. This Prospectus contains information relating to the issue by Bouygues (the "**Issuer**") of its GBP 400,000,000 5.50 per cent. Bonds due 2026 (the "**Bonds**").

The Bonds will be issued outside the Republic of France on 6 October 2006 and will bear interest at a rate of 5.50 per cent. per annum from, and including, 6 October 2006 to, but excluding, 6 October 2026, payable annually in arrear on 6 October in each year, commencing on 6 October 2007, as more fully described in "Terms and Conditions of the Bonds – Interest" herein. Payments of principal and interest on the Bonds will be made without deduction for or on account of French taxes as more fully described in "Terms and Conditions of the Bonds – Taxation".

Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed in full at their principal amount on 6 October 2026. The Bonds may, in certain circumstances, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (See "Terms and Conditions of the Bonds – Redemption and Purchase" herein).

Bondholders will be entitled, following a Change of Control, to request the Issuer to redeem or procure the purchase of their Bonds at their principal amount together with any accrual interest as more fully described under "Terms and Conditions of the Bonds - Change of Control".

Application has been made for the Bonds to be admitted to the official list and traded on the Regulated Market (regulated by Directive 2004/39/EC) of the Luxembourg Stock Exchange in accordance with the Prospectus Directive. This Prospectus (together with any documents incorporated by reference therein) is available on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)).

The Bonds have been accepted for clearance through Euroclear France, Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank SA/N.V., as operator of the Euroclear System ("**Euroclear**"). The Bonds will on the Issue Date be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Bonds - Form, Denomination and Title" below) including the depositary banks for Euroclear and Clearstream, Luxembourg.

The Bonds will be issued in dematerialised bearer form in the denomination of GBP 50,000 each. The Bonds will at all times be represented in book-entry form (*dématérialisés*) in the books of the Account Holders in compliance with Article L.211-4 of the French *Code monétaire et financier*. No physical document of title will be issued in respect of the Bonds.

The Bonds have been assigned a rating of A- by Standard & Poor's Ratings Services. A rating is not a recommendation to buy, sell or hold Bonds and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency.

See "**Risk Factors**" on page 4 of this Prospectus for certain information relevant to an investment in the Bonds.

**JOINT LEAD MANAGERS**

**ABN AMRO**

**DEUTSCHE BANK**

**BNP PARIBAS**

**THE ROYAL BANK OF SCOTLAND**

The Issuer accepts responsibility for the information contained in (or incorporated by reference in) this Prospectus. To the best of the knowledge and belief of the Issuer, having taking all reasonable care to ensure that such is the case, the information contained (or incorporated by reference in) in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The delivery of this Prospectus at any time does not imply that any information contained herein or therein is correct at any time subsequent to the date hereof.

In connection with the issue and sale of the Bonds, no person is authorised to give any information or to make any representation not contained (or incorporated by reference in) in this Prospectus, and neither the Issuer nor any of the Joint Lead Managers (as defined in “Subscription and Sale” below) accepts responsibility for any information or representation so given that is not contained (or incorporated by reference in) in this Prospectus. This Prospectus does not constitute an offer of Bonds, and neither may be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Bonds or the distribution of this Prospectus in any jurisdiction where any such action is required except as specified herein.

The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about, and to observe, and such restrictions.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)).

A further description of certain restrictions on offers and sales of the Bonds in the United States, and in certain other jurisdictions, is set forth below under “Subscription and Sale”.

In this Prospectus, references to “euro”, “EURO”, “Euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam and references to “pounds sterling” and “GBP” are references to the lawful currency of the United Kingdom.

In connection with the issue of the Bonds, BNP Paribas (or any persons acting on behalf of the Stabilising Manager) will act as stabilising manager (the “**Stabilising Manager**”). The Stabilising Manager may over-allot Bonds (provided that the aggregate principal amount of Bonds allotted does not exceed 105 per cent. of the aggregate nominal amount of the Bonds) or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Such stabilisation shall be made in accordance with applicable laws and regulations.

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## **RISK FACTORS RELATING TO THE BONDS**

*The following are certain risk factors of the offering of the Bonds of which prospective investors should be aware. Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Prospectus, including in particular the following risk factors detailed below. Further risk factors relating to the Issuer and its activities are contained in the 2005 Reference Document. Prospective investors should make their own independent evaluations of all investment considerations. Terms defined in "Terms and Conditions of the Bonds" below shall have the same meaning where used below.*

### **No Prior Market for the Bonds; Resale Restrictions**

There is no existing market for the Bonds, and there can be no assurance that any market will develop and/or be maintained for the Bonds, or that holders of the Bonds will be able to sell their Bonds in the secondary market in which case the market or trading price and liquidity of the Bonds may be adversely affected.

### **Fixed Rate Interest**

Subsequent changes in interest rates may adversely affect the value of the Bonds.

### **The Bonds may be redeemed prior to maturity**

In the event that the Issuer would be obliged to pay additional amounts in respect of any Bonds due to any withholding as provided in Condition 5(b) of the Terms and Conditions of the Bonds, the Issuer may and, in certain circumstances, shall redeem all of the Bonds then outstanding in accordance with such Condition. As a consequence, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Bonds.

### **Credit ratings may not reflect all risks**

The ratings assigned by the credit rating agencies to the Bonds may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### **Exercise of Put Option in respect of certain Bonds may affect the liquidity of the Bonds in respect of which such Put Option is not exercised**

Depending on the number of Bonds in respect of which the Put Option provided in Condition 7 is exercised, any trading market in respect of those Bonds in respect of which such Put Option is not exercised may become illiquid.

## DOCUMENTS TO BE INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents all of which are incorporated by reference in the Prospectus and which the Issuer has filed with the *Commission de Surveillance du Secteur Financier*:

- (i) the reference document in French language dated 12 April 2006, with the exception of the second paragraph of the section entitled “*Attestation du responsable du document de référence*” (the “**2005 Reference Document**”);
- (ii) the reference document in French language dated 12 April 2005, with the exception of the section entitled “Auditors’ opinion on the financial review” (the “**2004 Reference Document**”); and
- (iii) the consolidated financial statements of the Issuer and the related notes in English language for the six months period ended 30 June 2006 and the statutory auditors' review report dated 19 September 2006 in French language.

So long as any of the Bonds are outstanding, this Prospectus and the documents incorporated by reference in this Prospectus will be available during usual business hours on any weekday (except Saturdays, Sundays and public holidays) for inspection and collection free of charge, at the specified office of the Paying Agents. The 2005 Reference Document contains, *inter alia*, the Annual Report of the Issuer (including the Audited Consolidated Financial Statements and related Notes and Audit Report) for the 2005 financial year (“**Bouygues 2005 Financial Review**”). The 2004 Reference Document contains, *inter alia*, the Annual Report of the Issuer (including the Audited Consolidated Financial Statements and related Notes and Audit Report) for the 2004 financial year (“**Bouygues 2004 Financial Review**”).

For the purposes of the Prospectus Directive, information can be found in such documents incorporated by reference or this Prospectus in accordance with the following cross-reference table (in which the numbering refers to the relevant Sections of Annex IX of Regulation EC 809/2004):

<b>1.</b>	<b>PERSONS RESPONSIBLE</b>
1.1.	<i>See page 245 of the Bouygues 2005 Financial Review.</i>
<b>2.</b>	<b>STATUTORY AUDITORS</b>
2.1.	<i>See page 125 of the Bouygues 2005 Financial Review.</i>
<b>3.</b>	<b>RISK FACTORS</b>
3.1.	<i>See pages 92 to 102 of the Bouygues 2005 Financial Review.</i>
<b>4.</b>	<b>INFORMATION ABOUT THE ISSUER</b>
4.1.	<i>See page 142 of the Bouygues 2005 Financial Review.</i>
4.1.1.	<i>See page 142 of the Bouygues 2005 Financial Review.</i>
4.1.2.	<i>See page 142 of the Bouygues 2005 Financial Review.</i>

4.1.3.	<i>See page 142 of the Bouygues 2005 Financial Review.</i>
4.1.4.	<i>See page 142 of the Bouygues 2005 Financial Review.</i>
<b>5.</b>	<b>BUSINESS OVERVIEW</b>
5.1.	Principal activities:
5.1.1.	<i>See pages 14 to 46 of the Bouygues 2005 Financial Review.</i>
5.1.2.	<i>See pages 14 to 46 of the Bouygues 2005 Financial Review.</i>
<b>6.</b>	<b>ORGANISATIONAL STRUCTURE</b>
6.1.	<i>See page 5 of the Bouygues 2005 Financial Review.</i>
<b>9.</b>	<b>ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES</b>
9.1.	<i>See pages 108 to 117 of the Bouygues 2005 Financial Review.</i>
9.2	<i>See page 118 of the Bouygues 2005 Financial Review</i>
<b>10.</b>	<b>MAJOR SHAREHOLDERS</b>
10.1.	<i>See page 131 and 132 of the Bouygues 2005 Financial Review.</i>
<b>11.</b>	<b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>
11.1.	Historical Financial Information
	<p><i>For the year 2004:</i></p> <ul style="list-style-type: none"> <li><i>(i) consolidated balance sheet: see page 152 of the Bouygues 2005 Financial Review</i></li> <li><i>(ii) consolidated income statement: see page 153 of the Bouygues 2005 Financial Review</i></li> <li><i>(iii) accounting policies and explanatory notes: see pages 97 to 122 of the Bouygues 2004 Financial Review</i></li> <li><i>(iv) audit report: see page 143 of the Bouygues 2004 Financial Review</i></li> </ul>
	<p><i>For the year 2005:</i></p> <ul style="list-style-type: none"> <li><i>(i) consolidated balance sheet: see page 152 of the Bouygues 2005 Financial Review</i></li> <li><i>(ii) consolidated income statement: see page 153 of the Bouygues 2005 Financial Review</i></li> <li><i>(iii) accounting policies and explanatory notes: see pages 156 to 208 of the Bouygues</i></li> </ul>

	<p><i>2005 Financial Review</i></p> <p>(iv) <i>audit report: see page 226 of the Bouygues 2005 Financial Review</i></p>
11.2.	Individual Financial statements
	<p><i>For the year 2005:</i></p> <p>(i) <i>balance sheet: see page 209 of the Bouygues 2005 Financial Review</i></p> <p>(ii) <i>income statement: see page 210 of the Bouygues 2005 Financial Review</i></p> <p>(iii) <i>accounting policies and explanatory notes: see pages 211 to 218 of the Bouygues 2005 Financial Review</i></p> <p>(iv) <i>audit report: see pages 225 of the Bouygues 2005 Financial Review</i></p>
11.3.	Auditing of historical annual financial information
11.3.1.	<p><i>See pages 142 and 143 of the Bouygues 2004 Financial Review.</i></p> <p><i>See page 225 and 226 of the Bouygues 2005 Financial Review.</i></p>
11.3.2.	<i>See pages 227 to 232 of the Bouygues 2005 Financial Review.</i>
11.5.	<i>See page 101 of the Bouygues 2005 Financial Review.</i>
<b>13.</b>	<b>THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST</b>
13.1.	<i>See pages 236 to 238 and page 245 of the Bouygues 2005 Financial Review.</i>
13.2	<i>See pages 33, 34 and 91 of the Bouygues 2005 Financial Review .</i>
<b>14.</b>	<b>DOCUMENTS ON DISPLAY</b>
14.1.	<i>See "General Information" in this Prospectus.</i>

The information incorporated by reference in this Prospectus but not listed in the cross-reference table above is given for information purposes only.

## COMPLEMENTARY INFORMATION ABOUT THE ISSUER

(Numbering refers to the relevant Sections of Annex IX of Regulation EC 809/2004)

### 9. Administrative, Management, and Supervisory Bodies

#### 9.1.

<b>Name, address, position</b>	<b>Principal activities performed outside the Issuer</b>
<b>Martin Bouygues</b> 32 avenue Hoche 75008 Paris  <b>Chairman &amp; CEO,</b>  <b>Director</b>	Chairman, SCDM Director, TF1, Sodeci, CIE and HSBC France Standing Representative, of SCDM on the board of Actiby and on the chairmanship of SCDM PARTICIPATIONS
<b>Olivier Poupart-Lafarge</b> 32 avenue Hoche 75008 Paris  <b>Deputy CEO,</b>  <b>Director</b>	Managing Director, SCDM Director, Alstom, Bouygues Telecom, Colas, TF1 and Bic Standing Representative of Bouygues SA on the board of Bouygues Construction and on the board of Bouygues Immobilier
<b>Olivier Bouygues</b> 32 avenue Hoche 75008 Paris  <b>Deputy CEO</b>  <b>Standing Representative of SCDM</b>	Managing Director, SCDM Chairman, Board of Directors of Finagestion Director, Finagestion Chairman & CEO, Director, Seci, Director TF1, Alstom, Bouygues Telecom, Colas, Bouygues Construction, Eurosport, Cefina, Sodeci, CIE and Sénégalaise des Eaux Standing Representative of SCDM on the board of SCDM Energie Non-shareholder manager, SIR and SIB Chairman, SAGRI-E and SAGRI-F
<b>SCDM</b> 32 avenue Hoche 75008 Paris  <b>Director</b>	Chairman, Actiby, SCDM Energie and SCDM PARTICIPATIONS Director, GIE 32 Hoche
<b>Pierre Barberis</b> 71/73 rue des Hautes Pâtures 92726 Nanterre Cedex  <b>Director</b>	Deputy CEO and Director, Oberthur Card Systems Chairman and Director, Wilson Gestion Manager, Amrom
<b>Patricia Barbizet</b> 12 rue François 1er 75008 Paris  <b>Director</b>	Managing Director and Director, Artemis Board Vice-Chairman of the Board and Director, PPR Managing Director and Director, Palazzo Grassi Chairman & Director, Théâtre Marigny Chairman & CEO and Director, Piasa Chairman and Board Member, Christies International Plc Director, FNAC, TF1 and Air France Supervisory Board Member, Gucci, Yves Saint Laurent, Standing Representative of Artemis on the boards of Sebdo Le Point, Agefi Management Board Member, SC Vignoble de Château Latour Managing Director and Supervisory Board Member, Financière Pinault
<b>François Bertièrè</b> 150 route de la Reine 92100 Boulogne Billancourt  <b>Director</b>	Chairman & CEO, Director Bouygues Immobilier Supervisory Board Member, Bouygues Immobilier Polska Director, Bouygues Immobilier - CMC Director, Bouygues Inmobiliaria
<b>Mrs Francis Bouygues</b>	



<b>Name, address, position</b>	<b>Principal activities performed outside the Issuer</b>
50 rue Fabert 75007 Paris  <b>Director</b>	
<b>Georges Chodron de Courcel</b> 3 rue d'Antin 75002 Paris  <b>Director</b>	Deputy CEO, BNP Paribas Director, Alstom, Nexans and FFP (Société Foncière Financière et de Participation) Supervisory Board Member, Lagardère SCA Non-voting Director, Scor SA, Scor Vie and Safran
<b>Charles de Croisset</b> Peterborough Court 133 Flee Street London EC4A 2BB GB  <b>Director</b>	Vice Chairman for Europe, Goldman Sachs Chairman, Fondation du Patrimoine Director, Renault, Thales Supervisory Board Member, Euler & Hermes Non-voting Director, SA des Galeries Lafayette
<b>Michel Derbesse</b> 64 avenue Raymond Poincaré 75016 Paris  <b>Director</b>	Director, FNTF Director, Société Fermière du Casino Municipal de Cannes
<b>Lucien Douroux</b> 20 rue de la Baume 75008 Paris  <b>Director</b>	Chairman and Director, Banque de Gestion Privée Indosuez Director, Euris
<b>Alain Dupont</b> 7 place René Clair 92653 Boulogne Billancourt  <b>Director</b>	Chairman & CEO, Colas SA Chairman & CEO, Colasie Chairman and Director, Boards of Colas Inc Director Colas Ile de France Normandie, Colas Rhône Alpes, Smac, Spac, Société Parisienne d'Etudes d'Informatique et de Gestion, Colas Suisse Holding, Colascanada, Colas Ltd, Colas Danmark, Hindustant Colas Ltd and Syndicat Professionnel des Entrepreneurs des Travaux Publics de France et d'Outre-Mer Director, Tasco Standing Representative of Colas on the board of Colas Centre Ouest, Colas Midi Méditerranée, Colas Sud Ouest, Cofiroute and Somaro Standing Representative of Colas on the Supervisory Board of Grand Travaux Routiers et Colas Emulsion Standing Representative of Spare on the board of Colas Est Standing Representative of SPRI on the board of Colas Nord Picardie Supervisory Board Member, Route Marocaine et Société Moghrébienne d'Entreprises et de Travaux Vice Chairman, FNTF
<b>Yves Gabriel</b> 1 avenue Eugène Freyssinet 78280 Guyancourt  <b>Director</b>	Chairman & CEO, Bouygues Construction Director, ETDE and FNTF Standing Representative of Bouygues Construction on the board of Bouygues Bâtiment International, Bouygues Bâtiment Ile de France and Bouygues Travaux Publics
<b>Jean-Michel Gras</b> Columbia - Centre d'affaires La Boursidière 92355 Le Plessis Robinson Cedex  <b>Director</b> Representative of employee shareholders	
<b>Thierry Jourdain</b> 1 avenue Eugène Freyssinet 78280 Guyancourt  <b>Director</b> Representative of employee shareholders	

<b>Name, address, position</b>	<b>Principal activities performed outside the Issuer</b>
<p><b>Patrick Le Lay</b> 1 quai du Point du Jour 92656 Boulogne-Billancourt</p> <p><b>Director</b></p>	<p>Chairman &amp; CEO, TF1 Director, Colas Chairman, Incunables &amp; Cie Standing Representative of TF1 Satellite on the board of Télévision par Satellite Gestion Standing Representative of Télévision par Satellite Sport on the board of Télévision par Satellite Motivation Supervisory Board Member of France 24 Chairman &amp; CEO, TV Breizh Standing Representative of TV Breizh on the board of TVB Nantes</p>
<p><b>Jean Peyrelevade</b> 23-27 rue Cambon 75001 Paris</p> <p><b>Director</b></p>	<p>Vice Chairman, Quadrature Director, Suez and Société Monégasque d'Electricité et de Gaz Supervisory Board Member of CMA-CGM</p>
<p><b>François-Henri Pinault</b> 10 avenue Hoche 75008 Paris</p> <p><b>Director</b></p>	<p>Chairman &amp; CEO, PPR Manager, Financière Pinault Chairman of the Board of Directors, Artemis Supervisory Board Vice Chairman, Boucheron Holding Director, FNAC, Soft Computing, Simetra Obligations Supervisory Board Member, Gucci Group NV and Yves Saint Laurent SAS Management Board Member, SC du Vignoble de Château Latour</p>
<p><b>Alain Pouyat</b> 32 avenue Hoche 75008 Paris</p> <p><b>Director</b></p>	<p>Director, Bouygues Telecom, C2S, TF1, Speig and ETDE</p>
<p><b>Michel Rouger</b> 30 rue Claude Lorrain 75016 Paris</p> <p><b>Director</b></p>	<p>Supervisory Board Member of Centuria Director, Compagnie Financière M.I. 29 Supervisory Board Chairman of Sharing Knowledge Manager, Michel Rouger Conseil</p>
<p><b>Philippe Montagner</b> Arcs de Seine 20 quai du Point du Jour 92100 Boulogne Billancourt</p> <p><b>Non-voting Director</b></p>	<p>Chairman &amp; CEO, Director, Bouygues Telecom Vice Chairman and Supervisory Board Member, Ginger Groupe Ingenierie Europe Director, TF1, ETDE, Bouygues Immobilier and TPS Gestion</p>

## TERMS AND CONDITIONS OF THE BONDS

The issue outside the Republic of France of the GBP 400,000,000 5.50 per cent. Bonds due 2026 (the "**Bonds**") of Bouygues (the "**Issuer**") has been authorised pursuant to a decision of the chairman of the Board of Directors and CEO (*Président-Directeur général*) of the Issuer dated 29 September 2006 acting pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 28 February 2006. The Bonds are issued with the benefit of a fiscal agency agreement dated 5 October 2006, ("**Fiscal Agency Agreement**") between the Issuer, BNP Paribas Securities Services as fiscal agent and principal paying agent (the "**Fiscal Agent**", which expression shall, where the context so admits, include any successor for the time being as Fiscal Agent) and the other paying agents named therein (together, the "**Paying Agents**", which expression shall, where the context so admits, include the Fiscal Agent and any successors for the time being of the Paying Agents or any additional paying agents appointed thereunder from time to time). Reference below to the "**Agents**" shall be to the Fiscal Agent and/or the Paying Agents, as the case may be. Copies of the Fiscal Agency Agreement are available for inspection at the specified offices of the Paying Agents. References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs below.

### 1. Form, Denomination and Title

The Bonds are issued in bearer form in the denomination of GBP 50,000 each. Title to the Bonds will be evidenced in accordance with Article L.211-4 of the *Code monétaire et financier* by book-entries (*dématisation*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the *Code monétaire et financier*) will be issued in respect of the Bonds.

The Bonds will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders. For the purpose of these Conditions, "**Account Holders**" shall mean any authorised financial intermediary institution entitled to hold accounts, directly or indirectly, on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and the depositary bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

Title to the Bonds shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Bonds may only be effected through, registration of the transfer in such books.

### 2. Status of the Bonds

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

### 3. Negative Pledge

So long as any of the Bonds remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer undertakes that it will not create or permit to subsist or to become effective any mortgage, lien, charge, pledge or other form of security interest (*sûreté réelle*) upon the whole or any part of its undertaking and any of its assets or revenues, present or future, to secure any Relevant Debt (as defined below) of the Issuer or a guarantee (including by way of joint liability) in respect of any Relevant Debt of others unless, at the same time or prior thereto, the Issuer's obligations under the Bonds are equally and rateably secured thereby or by such security interest as may be approved by the general assembly of the Masse (as defined below).

For the purposes of these Conditions, "**Relevant Debt**" means any present or future indebtedness for borrowed money in the form of, or represented by, debt securities (*titres de créance* within the meaning of Article L.211-1,1,2 of the French *Code monétaire et financier*, including *titres* giving right to receive (through conversion,

exchange, subscription or otherwise) equity securities or equivalent debt instruments issued under any law other than French law) which are for the time being, or capable of being, quoted, listed, or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market.

#### **4. Interest**

Each Bond bears interest from, and including, 6 October 2006 (the "**Interest Commencement Date**") to, but excluding, 6 October 2026 at the annual rate of 5.50 per cent, payable annually in arrear on 6 October in each year (each an "**Interest Payment Date**"), commencing on 6 October 2007.

Each Bond will cease to bear interest from the due date for redemption unless payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at the rate of 5.50 per cent. per annum until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (ii) the day after the Fiscal Agent has notified the Bondholders of receipt of all sums due in respect of all the Bonds up to that day (except to the extent that there is failure in the subsequent payment to the relevant Bondholder under these Conditions).

Interest will be calculated on an Actual/Actual (ICMA) basis. Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), it shall be calculated on the basis of the number of days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

For the purpose of this Condition 4, "**Interest Period**" means the period beginning on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date.

#### **5. Redemption and Purchase**

The Bonds may not be redeemed otherwise than in accordance with this Condition 5 and with Condition 7.

##### **(a) Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below or in Condition 7, the Bonds will be redeemed in full at par by the Issuer on 6 October 2026.

##### **(b) Redemption for Taxation Reasons**

- (A) If, by reason of any change in French law, or any change in the official application or interpretation of such law, becoming effective after 6 October 2006, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 8 below, the Issuer may at any time, subject to having given not more than 45 nor less than 30 days' notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 11, redeem all, but not some only, of the Bonds at their principal amount together with any interest accrued to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.
- (B) If the Issuer would on the occasion of the next payment in respect of the Bonds be prevented by French law from making payment to the Bondholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and shall forthwith redeem all, but not

some only, of the Bonds then outstanding at their principal amount plus any accrued interest thereon upon giving not less than seven nor more than 30 days' prior notice to the Bondholders (which notice shall be irrevocable) in accordance with Condition 11, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date is past, as soon as practicable thereafter.

**(c) Purchases**

The Issuer may at any time purchase Bonds in the open market or otherwise at any price.

**(d) Cancellation**

All Bonds which are redeemed or purchased by or on behalf of the Issuer pursuant to paragraph (b) (A) or (B) or (c) of this Condition will forthwith be cancelled and accordingly may not be reissued or resold.

**6. Payments**

**(a) Method of Payment**

Payments of principal and interest in respect of the Bonds will be made in pounds sterling by credit or transfer to a pounds sterling-denominated account (or any other account to which pounds sterling may be credited or transferred) specified by the payee maintained with a bank located in London.

Such payments shall be made for the benefit of the Bondholders to the Account Holders (including Euroclear or the depositary bank for Clearstream, Luxembourg).

Payments of principal and interest on the Bonds will be subject in all cases to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 8.

**(b) Payments on Business Days**

If any due date for payment of principal or interest or any other amount in respect of any Bond is not a Business Day, then the holder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day and the holder shall not be entitled to any interest or other sums in respect of such postponed payment.

In this Condition "**Business Day**" means a day on which (i) Euroclear France, Euroclear and Clearstream, Luxembourg are open for business, and (i)/(ii) commercial banks and foreign exchange markets are open for general business in Paris, London and Luxembourg.

**(c) Fiscal Agent and Paying Agents**

The names and specified offices of the initial Fiscal Agent and initial Paying Agents are as follows:

**Fiscal Agent and Principal Paying Agent:**  
**BNP Paribas Securities Services**  
Immeuble Tolbiac  
25, quai Panhard et Levassor  
75013 Paris  
France

**Paying Agent in Luxembourg:**  
**BNP Paribas Securities Services, Luxembourg Branch**

33, rue de Gasperich  
Howald-Hesperange  
L-2085 Luxembourg  
Grand Duchy of Luxembourg

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and/or appoint another Fiscal Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent or any Paying Agent acts, provided that it will at all times maintain (i) a Fiscal Agent having a specified office in a European city and (ii) so long as the Bonds are listed on the Regulated Market of the Luxembourg Stock Exchange, a Paying Agent having a specified office in Luxembourg.

## **7. Change of Control**

If at any time while any Bond remains outstanding there occurs a Change of Control and within the Change of Control Period a Rating Downgrade occurs as a result of that Change of Control or as a result of a Potential Change of Control (a “**Put Event**”), the holder of each Bond will have the option (the “**Put Option**”) (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Bonds under Condition 5(b)) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that Bond on the Optional Redemption Date (as defined below) at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date.

A “**Change of Control**” shall be deemed to have occurred at each time that any person or persons acting in concert (other than a Permitted Holding Company (as defined below) acting alone or in concert) come(s) to own or acquire(s) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer. “Permitted Holding Company” means each and any company or other legal entity whose share capital (or equivalent) and associated voting rights are controlled by Martin Bouygues and/or Olivier Bouygues and/or any of their respective heirs, successors and/or beneficiaries through which any or all such persons at any time hold directly or indirectly shares in the capital of the Issuer.

“**Change of Control Period**” means :

(i) the period commencing on the date of the first public announcement of the result (*avis de résultat*) by the *Autorité des marchés financiers* (the “**AMF**”) of the relevant Change of Control and ending on the date which is 90 days thereafter (inclusive) provided that (a) a Rating Downgrade occurs during that period and (b) such Rating Downgrade results from a Change of Control; or

(ii) the period commencing 180 days prior to the date of the first public announcement of the result (*avis de résultat*) by the AMF of the relevant Change of Control and ending on the date of such announcement (inclusive) provided that (a) a Rating Downgrade occurs during that period and (b) such Rating Downgrade results from a Potential Change of Control.

“**Rating Agency**” means any of the following: Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., any other rating agency of equivalent international standing requested from time to time by the Issuer to grant a rating to the Bonds and, in each case, their respective successors or affiliates.

A “**Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control or in respect of a Potential Change of Control if within the Change of Control Period the rating previously assigned to the Bonds by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-, or its respective equivalents for the time being, or better) to a non-investment grade rating (BB+, or their respective equivalents for the time being, or worse) or (z) if the rating previously assigned to the Bonds by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB or their respective equivalents), provided that (i) a Rating Downgrade otherwise arising by virtue of a particular

change in rating shall be deemed not to have occurred in respect of a particular Change of Control or Potential Change of Control, as the case may be, if the Rating Agency making the change in rating does not publicly announce or publicly confirm that the reduction was the result of the Change of Control or the Potential Change of Control, as the case may be, and (ii) any Rating Downgrade has to be confirmed in a letter, or other form of written communication, sent to the Issuer and publicly disclosed.

**“Potential Change of Control”** means any public announcement or statement by the Issuer, any actual or potential bidder relating to any potential Change of Control of the Issuer.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **“Put Event Notice”**) to the Bondholders in accordance with Condition 11 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition 7.

To exercise the Put Option to require redemption or, as the case may be, purchase of a Bond under this Condition 7, the holder of that Bond must transfer or cause to be transferred by its Account Holder its Bonds to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice for the account of the Issuer within the period (the **“Put Period”**) of 45 days after the Put Event Notice is given together with a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **“Put Option Notice”**) and in which the holder may specify a bank account to which payment is to be made under this Condition 7.

The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the Bonds in respect of which the Put Option has been validly exercised as provided above, and subject to the transfer of such Bonds the account of the Fiscal Agent for the account of the Issuer as described above on the date which is the fifth Business Day following the end of the Put Period (the **“Optional Redemption Date”**). Payment in respect of any Bond so transferred will be made in pounds sterling to the holder to the specified pounds sterling-denominated bank account in the Put Option Notice on the Optional Redemption Date via the relevant Account Holders.

## **8. Taxation**

### **(a) Tax Exemption**

Bonds constituting *obligations* and denominated in currencies other than euro are deemed to be issued outside the Republic of France for the purposes of Article 131 *quater* of the French *Code Général des Impôts* since, *inter alia*, the Issuer and the Joint Lead Managers have agreed not to offer the Bonds to the public in the Republic of France and such Bonds are offered in the Republic of France only through an international syndicate to qualified investors (*investisseurs qualifiés*) as described in Article L. 411-2 of the French *Code monétaire et financier*. Consequently, interest and other revenues with respect to the Bonds benefit from the exemption, provided for under Article 131 *quater* of the French *Code Général des Impôts*, from deduction of tax at source set out under Article 125 A III of the French *Code Général des Impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.

### **(b) Additional Amounts**

If French law should require that payments of principal or interest in respect of any Bond be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the French Republic or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Bond, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such withholding, except that no such additional amounts shall be payable with respect to any Bond:

- (i) to, or to on behalf of, a holder (or beneficial owner (*ayant droit*)) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the French Republic other than the mere holding of such Bonds; or
- (ii) to, or on behalf of, a holder (or beneficial owner (*ayant droit*)) who could avoid such deduction or withholding by making a declaration of non-residence or similar claim for exemption but fails to do so; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC of 3 June 2003 or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any references in these Conditions to principal and interest in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 8(b).

## 9. Events of Default

If any of the following events (each, an "**Event of Default**") occurs:

- (a) any amount of principal of, or interest on, any Bond is not paid on the due date thereof and such default is not remedied within a period of 15 days from such due date; or
- (b) any other obligation of the Issuer under the Bonds is not complied with or performed within the period of 30 days after receipt by the Fiscal Agent and the Issuer of written notice of such default given by the Representative (as defined in Condition 10 below); or
- (c) in the event of default by the Issuer in the payment of the principal, interest or premium in respect of any Relevant Debt (as defined in Condition 3) or in respect of any guarantee by the Issuer of Relevant Debt of others, when and as the same shall become due and payable, if such default shall continue for more than the grace period, if any, applicable thereto, or in the event that any Relevant Debt of the Issuer shall have become repayable before the due date thereof as a result of acceleration of maturity caused by the occurrence of any event of default thereunder and shall not have been repaid or in the event that any such guarantee shall have been called and is not paid, it being understood for the purpose of this paragraph that, to the extent the Issuer contests in good faith that such Relevant Debt is due or that such guarantee is callable, no such event shall be deemed to have occurred until a competent court renders a final judgement that such Relevant Debt is due or that such guarantee is callable, provided that the aggregate amount of the Relevant Debt or guarantees in respect of which one or more of the events mentioned in this Condition 9 (c) have occurred equals or exceeds € 15,000,000 or its equivalent in other currencies; or
- (d) if the Issuer makes any proposal for a general moratorium in relation to its debt or applies for the appointment of a *mandataire ad hoc* or enters into an amicable settlement (*procédure de conciliation*) with its creditors or a judgement is issued for the judicial liquidation (*liquidation judiciaire*) or for a judicial transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or, to the extent permitted by applicable law, if the Issuer is subject to any other insolvency or bankruptcy proceedings or the Issuer makes any judicial conveyance, assignment or other judicial arrangement for the benefit of its creditors or enters into a composition (*accord amiable*) with its creditors, provided that an event of default shall also occur under this paragraph (d) with respect to one or more Principal Subsidiaries (as defined below) if after excluding the value of the securities of one or more Principal Subsidiaries subject to proceedings of the type described in this paragraph (d) the total shareholders' equity appearing in the latest audited financial statements (*comptes individuels*) of the Issuer would become less than 66 per cent. of the total shareholders' equity appearing in such audited financial statements before such exclusion.



For the purposes of this paragraph (d):

- (i) **"Principal Subsidiary"** means at any time relevant a Subsidiary of the Issuer:
  - (a) whose total fixed assets or operating income (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated fixed assets or consolidated operating income, as the case may be), attributable to the Issuer represent not less than 15 per cent. of the total consolidated fixed assets or the consolidated operating income, as the case may be, of the Issuer, all as calculated by reference to the then latest audited accounts (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated Subsidiaries; or
  - (b) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary;
- (ii) **"Subsidiary"** means in relation to any person or entity at any time, a *"filiale"* as defined in Article L.233-1 of the French *Code de commerce* (the **"Code"**) or any other person or entity controlled directly or indirectly by such person or entity within the meaning of Article L.233-3 of the Code; or
- (e) the Issuer ceases to carry on all or a material part of its business, except for the purposes of and followed by a merger or a reorganisation (*cession, scission or apport partiel d'actifs*) pursuant to which the surviving company assumes all of the obligations of the Issuer with respect to the Bonds. For the purpose of this paragraph (e), a part of the Issuer's business will be deemed material if the operating income (or, where the business in question is operated by one or more Subsidiaries which prepare consolidated financial statements, the total operating consolidated income) attributable to such business represents 50 per cent. or more of the total consolidated operating income of the Issuer, all as calculated by reference to the then latest audited financial statements (or consolidated financial statements, as the case may be) relating to the business in question and the then latest audited consolidated financial statements of the Issuer;

then each Bondholder acting through the Representative (as defined in Condition 10) may upon written notice to the Fiscal Agent given on behalf of the Bondholders before all defaults shall have been cured, cause the Bonds to become immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with any accrued interest thereon without further formality.

## 10. Representation of the Bondholders

### (a) The Masse

The Bondholders will be grouped automatically for the defence of their common interests in a single *masse* (hereinafter referred to as the **"Masse"**).

In accordance with Article L.228-90 of the Code (as defined in Condition 9), the *Masse* will be governed by the provisions of the Code (with the exception of the provisions of Articles L.228-48, L.228-59, L.228-65 and L.228-71 thereof), and by the decree no. 67-236 of 23 March 1967, as amended (with the exception of the provisions of Articles 218, 222, 224, 226 and 233 thereof) subject to the following provisions.

### (b) Legal personality

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the Code, acting in part through a representative (the **"Representative"**) and in part through a general assembly of the Bondholders (the **"General Assembly"**).

The *Masse* alone, to the exclusion of all individual Bondholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Bonds.

**(c) Representatives**

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer and its Chief Executive Officers (*Directeurs Généraux*), the members of its board of directors, its statutory auditors, its employees as well as their ascendants, descendants and spouses;
- (ii) companies possessing at least 10 per cent. of the share capital of the Issuer or of which the Issuer possesses at least 10 per cent. of the share capital;
- (iii) companies guaranteeing all or part of the obligations of the Issuer;
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The initial Representative will be:

Eric Noyer  
10 Harewood Avenue,  
London NW1 6AA,  
United Kingdom.

The alternative representative of the *Masse* (the "**Alternative Representative**") will be:

Anne Besson-Imbert  
10 Harewood Avenue,  
London NW1 6AA,  
United Kingdom.

In the event the Representative is unable to perform his duties, he will be replaced by the Alternative Representative.

The Alternative Representative replaces the Representative when the Representative is no longer able to fulfil his duties upon his receipt of notice by registered mail from the Representative, the Issuer or any other interested party of the inability of the Representative to fulfil his duties. In the event of such replacement, the Alternative Representative shall have the same powers as the replaced Representative.

In the event the Alternative Representative is unable to perform his duties, a replacement will be elected by a General Assembly.

The Issuer shall pay to each Representative an amount of € 300 per year, payable on 6 October of each year during the issue, and for the first time on 6 October 2007. The Alternative Representative will not be remunerated until, and if, he effectively replaces the Representative.

All interested parties will at all times have the right to obtain the name and the address of the Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

**(d) Powers of the Representative**

The Representative shall, in the absence of any decision to the contrary of the General Assembly, have the power to take all acts of management to defend the common interests of the Bondholders.

All legal proceedings against the Bondholders or initiated by them in order to be justifiable, must be brought against the Representative or by him, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

**(e) General Assemblies**

General Assemblies may be held at any time, by convening either by the board of directors of the Issuer or by the Representative, the person convening the General Assembly being also responsible for the determination of its agenda. One or more Bondholders, holding together at least one-thirtieth of outstanding Bonds may address to the Issuer and the Representative a demand for convening the General Assembly; if such General Assembly has not been convened within two months from such demand, such Bondholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the meeting. One or more Bondholders may also under the same conditions, require the addition to the agenda of a General Assembly of proposed resolutions.

Notice of the date, hour, place, agenda and quorum requirements of any General Assembly will be published as provided under Condition 11 not less than 15 days on first call, and not less than 6 days on second call, prior to the date of the General Assembly.

Each Bondholder has the right to participate in General Assemblies in person or by proxy. Each GBP 50,000 principal amount of Bonds carries the right to one vote.

**(f) Powers of General Assemblies**

A General Assembly is empowered to deliberate on the fixing of the remuneration of the Representative and on his dismissal and replacement, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Bonds, including authorising the Representative to act as law as plaintiff or defendant.

A General Assembly may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, any proposal relating to the issue of securities carrying a right of preference compared to the right of the Bondholders, any proposal relating to the total or partial renunciation to the guarantees granted to Bondholders, the extension of the due date for payment of the interest and the alteration of the terms of repayment or the interest rate, any proposal relating to the alteration of the object or form of the Issuer, or any proposal relating to a merger or a split-off of the Issuer (in the cases specified in Articles L.236-13 and L.236-18 of the Code). However, it is expressly specified that a General Assembly may not increase amounts payable by the Bondholders, nor establish any unequal treatment between the Bondholders, nor decide to convert the Bonds into shares.

General Assemblies may deliberate validly at the first convening only if Bondholders present or represented hold at least one quarter of the principal amount of the Bonds then outstanding. At the second convening, no quorum shall be required. Decisions at General Assemblies shall be taken by a simple majority of votes cast by the Bondholders attending such meeting or represented thereat.

**(g) Notice of decisions**

Decisions of the General Assemblies must be published in accordance with the provisions set out in Condition 11 not more than 90 days from the date thereof.

**(h) Information to the Bondholders**

Each Bondholder or representative thereof will have the right, during the 15 day period preceding the holding of each General Assembly, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented thereat, which will be available for inspection at the offices of the Issuer and of the Paying Agents and at any other place specified in the notice of General Assembly during normal business hours.

**(i) Expenses**

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of General Assemblies and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by a General Assembly, it being expressly stipulated that no expenses may be imputed against interest payable on the Bonds.

**(j) Single Masse**

In the event of the consolidation of the Bonds with further issues of Bonds giving identical rights to Bondholders and if the terms and conditions of such Bonds so permit, the Bondholders of all such issues shall be grouped together in a single masse.

**11. Notices**

Any notice to the Bondholders shall be valid if delivered to Euroclear France, Euroclear and Clearstream, Luxembourg, provided that as long as the Bonds are listed on the Regulated Market of the Luxembourg Stock Exchange and the rules of that exchange so require, such notice shall also be published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort* or the *Tageblatt*) and/or on the Luxembourg Stock Exchange website (*www.bourse.lu*). Any such notice shall be deemed to have been given on the date of delivery to Euroclear France, Euroclear and Clearstream, Luxembourg or, where relevant and if later, such publication or, if published more than once or on different dates, on the first date on which such publication is made.

**12. Prescription**

Claims against the Issuer for the payment of principal and interest in respect of the Bonds shall be prescribed 10 years (in the case of principal) and 5 years (in the case of interest) from the due date for payment thereof.

**13. Further Issues and Consolidation**

The Issuer may from time to time without the consent of the Bondholders issue further bonds to be assimilated (*assimilables*) with the Bonds as regards their financial service, provided that such bonds and the Bonds shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further bonds shall provide for such assimilation. In the event of such assimilation, the Bondholders and the holders of any assimilated (*assimilables*) bonds will for the defense of their common interest be grouped in a single *Masse* having legal personality.

The Issuer may from time to time, without the consent of the Bondholders, on giving not less than 30 days' prior notice to the Bondholders, consolidate the Bonds with one or more issues of other bonds ("**Other Bonds**") issued by it, whether or not originally issued in one of the European national currencies or in Euro, provided such Other Bonds have been redenominated in pounds sterling (if not originally denominated in pounds sterling) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Bonds.

The relevant fiscal agency agreement(s) will be amended accordingly and notice of such consolidation will be given to the Bondholders in accordance with Condition 11.

#### **14. Governing Law and Jurisdiction**

The Bonds and the Fiscal Agency Agreement shall be governed by and construed in accordance with French law.

Any suit, action, or proceeding against the Issuer in connection with the Bonds may be brought in any competent court located in the jurisdiction of the Paris *Cour d'Appel*.

## **USE OF PROCEEDS**

The proceeds of the issue of the Bonds amount to GBP 394,648,000 and will be used for the Issuer's general corporate purposes.

## RECENT DEVELOPMENTS

Set out below are 8 press releases published by the Issuer:

27 April 2006

### **OPERATIONAL AND COMMERCIAL COOPERATION FRAMEWORK AGREEMENT ACQUISITION BY BOUYGUES OF FRENCH STATE'S 21% STAKE IN ALSTOM**

ALSTOM and Bouygues on 26 April 2006 concluded a major cooperation agreement which has been approved by both groups' boards of directors.

#### **A partnership to face the challenges on global transport and power markets**

The growing complexity of major infrastructure construction projects is leading some clients to seek turnkey contracts covering financing, design, construction, risk management and operation. In this context, ALSTOM and Bouygues face common challenges: the need to identify client requirements and provide support at an early stage of the project, to ensure tight control over commercial costs, to respond to the pressure of meeting deadlines and providing performance guarantees, and to handle increasingly complex contract management.

In light of the major development of transport infrastructure and power generation markets, ALSTOM and Bouygues today wish to forge a partnership aimed at seizing new opportunities by combining their strengths.

Commercial cooperation between ALSTOM and Bouygues will range from sharing analysis of specific markets to designing integrated services on a case by case basis.

From the operational standpoint, the two groups will share their experience and practices in contract negotiation and in the management of projects and associated risks, and will jointly provide financing solutions.

However, the cooperation agreement will not contain any exclusivity clause. ALSTOM and Bouygues will continue to work with the partners that are best suited to each project in the interest of their clients.

#### **Acquisition by Bouygues of the French state's 21%-stake in ALSTOM**

In addition to this partnership, Bouygues will purchase the 21% stake owned by the French state in ALSTOM, subject to approval by the European Commission in accordance with competition law and to the closing of the disposal of ALSTOM's Marine activity, due to take place in the coming weeks. Once these conditions have been met, Bouygues will become a shareholder of ALSTOM for the long term, strengthening its development. In this respect, Bouygues has undertaken to keep ALSTOM shares thus acquired from the French state for at least three years.

As Bouygues does not plan to cross the threshold of one third of ALSTOM's capital or voting rights, it will not make a tender offer for the remaining shares.

Shares will be acquired at a price of €68.21 per share, representing an investment of €2 billion for Bouygues. The Group has the necessary available cash to make this investment. Long-term financing will be provided without capital increase.

When consulted, Standard & Poor's maintained its rating for Bouygues (A- with stable outlook).

The stake in ALSTOM will be consolidated by the equity method. The transaction will have a relative effect as early as 2006.

#### Plan to create a joint company operating in the hydro power market

ALSTOM and Bouygues are exploring the possibility of creating a joint venture in the hydro power market. ALSTOM may contribute its entire hydro power division to the new company in which Bouygues would take a 50% stake.

The deal would enable both groups to join forces and take part in the strong development of this global market and would also allow ALSTOM to meet its commitment to the European Commission.

***This cooperation agreement with ALSTOM should enable Bouygues to expand into new high-growth business lines in which it will make the most of its entrepreneurial skills and its capacity to manage complex projects in the interest of clients.***

9 May 2006

#### 2006 FIRST QUARTER SALES €5.2 BILLION: UP 10%

The Bouygues group's consolidated sales for the first quarter of 2006 amounted to €5.2 billion, 10% higher than the same period last year.

CONTRIBUTION OF BUSINESSES TO SALES (€ million - IFRS)	1 <sup>st</sup> quarter 2005	1 <sup>st</sup> quarter 2006	Change %
Bouygues Construction	1,287	1,491	+16%
Bouygues Immobilier	333	330	-1%
Colas	1,367	1,622	+19%
TF1	620	649	+5%
Bouygues Telecom	1,048	1,069	+2%
Holding company and other	82	67	ns
<b>Total</b>	<b>4,737</b>	<b>5,228</b>	<b>+10%</b>
France	3,633	4,002	+10%
International	1,104	1,226	+11%

**NB:** In accordance with IFRS, the first quarters of 2005 and 2006 exclude held for sale activities: the sale of TPS at end 2005, subject to conditions precedent, and of Bouygues Telecom Caraïbe on 28 April 2006 represented €111 million in the first quarter of 2005 (TPS: €88 million, Bouygues Telecom Caraïbe: €23 million).

**Bouygues Construction** sales were boosted by France's buoyant construction market and the development of the company's electrical contracting and maintenance subsidiary Etde.

**Bouygues Immobilier** sales were down slightly due to the completion of several office projects, which had lifted 2005 first quarter sales considerably.

**Colas** sales rose by 19% as each of its markets continued to thrive. Like for like and at constant exchange



rates, sales were up 15% in France and on international markets.

The trend in first quarter sales in the construction businesses is not representative of the outlook for the year as a whole.

Commercial activity in these businesses remained strong in the first three months of 2006.

**TF1** sales grew by 5%. The core channel's net advertising revenues were flat in a slow market. Sales from other activities climbed by 14%, driven mainly by the group's home shopping unit Téléshopping and its theme channels.

**Bouygues Telecom** posted sales of €1,072 million, up 2% on a comparable basis, while net sales from network were stable at €994 million. They would have risen by 7.5% and 6.1% respectively excluding the reduction in incoming rates (a 24% cut was imposed on call termination rates by the French telecoms regulator, Arcep, on 1 January 2006).

Fuelled by the success of its new unlimited plans Neo and Exprima, launched on 1 March 2006, Bouygues Telecom added 174,000 new customers in the first quarter of 2006. At 31 March 2006, Bouygues Telecom had 8,145,000 customers in metropolitan France, 69% of whom had contracts.

24 May 2006

#### ARTÉMIS – SCDM PRESS RELEASE

On 24 May 2006, the percentage of share capital and voting rights in Bouygues held by the Artémis Group fell below the 5% threshold.

On 26 June 2003, Simétra Obligations, a company controlled by Artémis, issued bonds convertible into existing Bouygues shares. The percentage of share capital and voting rights held by the Artémis Group fell below the 5% threshold as a result of the conversion of a number of these bonds into Bouygues shares.

The SCDM and Artémis Groups had decided that their shareholders' agreement would automatically end in the event that the Artémis Group moved below the 5% ownership threshold in Bouygues. Consequently, the SCDM and Artémis Groups declare that they will no longer act jointly as from this date.

On 24 May 2006, the SCDM and Artémis Groups own the following interests in Bouygues:

	<b>Shares</b>	<b>Share capital %</b>	<b>Voting rights</b>	<b>Voting rights %</b>
SCDM Group	62,290,983	18.50	108,401,317	25.61
Artémis Group including Simétra Obligations	16,311,548	4.84	19,618,066	4.64

François-Henri Pinault, Chairman of Artémis, and Patricia Barbizet, Chief Executive of Artémis, are directors of Bouygues and will continue to hold the offices to which they were elected at the General Meeting of Bouygues shareholders.

8 June 2006

**NET PROFIT FOR FIRST QUARTER OF 2006: €148 MILLION**

**A very good start to the year**

Bouygues again achieved a solid performance in the first three months of 2006 in terms of both sales, up 10%, and profitability, with current operating profit rising 8% and net profit 54%.

**Key figures**

IFRS standards (million euros)	End-March 2005	End-March 2006	Change %
Sales	4,737	5,226	+10%
Current operating profit	258	278	+8%
Net profit attributable to the Group	96	148	+54%
-----			
Cash flow	516	533	+3%
Net debt	3,176	2,676	-16%

The only figures included for held-for-sale activities in the income statement (TPS sold at end 2005 subject to conditions precedent and Bouygues Telecom Caraïbe at end April 2006) are their contribution to net profit.

**Bouygues Construction** continued to enjoy robust markets as its contribution to Group sales climbed by 16% and profitability remained strong.

Despite a slight 1% decline in sales in the first quarter, **Bouygues Immobilier's** profit increased, fuelled amongst others by the capital gain generated from the sale of a stake in a hotel development programme.

The change in first-quarter sales and profit at **Colas** is not significant and does not reflect the outlook for the year as a whole.

**TF1's** net profit was 22% higher driven mainly by diversification activities including TPS, which is held for sale. TF1's contribution to Group net profit rose by 28% as a result of Bouygues' increased stake in its TV unit.

The drop in **Bouygues Telecom** profit was due to marketing costs generated by the major success of new unlimited contracts Neo and Expressa, which helped to attract 174,000 new customers in the first quarter. Bouygues Telecom's strong commercial activity is continuing in the second quarter.

The **holding company's** net profit included an exceptional capital gain of €27 million due to the sale of the remainder of Bouygues' stake in Saur.

## **Acquisition of 21% of ALSTOM**

As announced on 27 April, Bouygues' acquisition of the 21% stake held by the French State in ALSTOM was subject to two conditions precedent: approval by the European Commission in accordance with competition law and the effective closing of the disposal of ALSTOM's Marine activity. The second condition was met on 31 May, and the European Commission's approval is in the process of being obtained. The acquisition and payment of the shares could take place in the coming weeks.

The long-term financing has been already secured by two bond issues: a 7-year issue for €1,150 million and a 10-year issue for €600 million. The average actuarial cost after interest-rate hedging is 4.28% before tax.

***Based on business indicators and the Group's first-quarter sales,  
Bouygues has raised its full-year sales target to €25.8 billion  
(from €25.3 billion announced on 1 March 2006).***

<b>CONDENSED CONSOLIDATED INCOME STATEMENT</b> (million euros - IFRS)	<b>End-March 2005</b>	<b>End-March 2006</b>	<b>Change %</b>
<b>Sales</b>	<b>4,737</b>	<b>5,226</b>	<b>+10%</b>
<b>Current operating profit</b>	<b>258</b>	<b>278</b>	<b>+8%</b>
Other operating income and expenses	-	14	ns
<b>Operating profit</b>	<b>258</b>	<b>292</b>	<b>+13%</b>
Cost of net financial debt	(46)	(35)	-24%
Other financial income and expenses	(3)	(7)	ns
Income tax expense	(74)	(72)	-3%
Share of profits and losses of associates	12	10	-17%
<b>Net profit before results of discontinued and held-for-sale operations</b>	<b>147</b>	<b>188</b>	<b>+28%</b>
Net profit of discontinued and held-for-sale operations	(2)	11	ns
<b>Total net profit</b>	<b>145</b>	<b>199</b>	<b>+37%</b>
Minority interests	(49)	(51)	+4%
<b>Net profit attributable to the Group</b>	<b>96</b>	<b>148</b>	<b>+54%</b>

<b>CONDENSED CONSOLIDATED BALANCE SHEET</b> (million euros - IFRS)	<b>31 March 2005</b>	<b>31 March 2006</b>
Non-current assets	11,521	11,522
Current assets	10,047	13,156
Held-for-sale assets	-	665
<b>TOTAL ASSETS</b>	<b>21,568</b>	<b>25,343</b>
Shareholders' equity	5,093	5,740
Non-current liabilities	5,402	6,752
Current liabilities	11,073	12,418
Held-for-sale liabilities	-	433
<b>TOTAL LIABILITIES</b>	<b>21,568</b>	<b>25,343</b>
<b>Net debt</b>	<b>3,176*</b>	<b>2,676</b>

\* including TPS (€135 million) and Bouygues Telecom Caraïbe (€41 million)

<b>Contribution of business areas to SALES</b> (million euros - IFRS)	<b>End-March 2005</b>	<b>End-March 2006</b>	<b>Change %</b>
Bouygues Construction	1,287	1,491	+16%
Bouygues Immobilier	333	330	-1%
Colas	1,367	1,622	+19%
TF1	620	649	+5%
Bouygues Telecom	1,048	1,069	+2%
Holding and other	82	65	ns
<b>TOTAL</b>	<b>4,737</b>	<b>5,226</b>	<b>+10%</b>
<i>of which France</i>	<i>3,633</i>	<i>4,001</i>	<i>+10%</i>
<i>of which International</i>	<i>1,104</i>	<i>1,225</i>	<i>+11%</i>

In accordance with IFRS, the first quarters of 2005 and 2006 exclude revenues from held-for-sale activities: TPS sold at end 2005, subject to conditions precedent, and Bouygues Telecom Caraïbe sold on 28 April 2006, which represented €111 million in the first quarter of 2005 (TPS: €88 million, Bouygues Telecom Caraïbe: €23 million).

<b>Contribution of business areas to EBITDA</b> (million euros - IFRS)	<b>End- March 2005 (pro forma)</b>	<b>End- March 2006</b>	<b>Change %</b>	<b>Compara- tive: FY 2005 (published)</b>	<b>FY 2005 (pro forma)</b>
Bouygues Construction	84	102	+21%	547	444
Bouygues Immobilier	32	29	-9%	203	177
Colas	(62)	(61)	-2%	867	828
TF1	125	120	-4%	476	457
Bouygues Telecom	324	305	-6%	1,349	1,323
Holding and other	10	41	ns	63	38
<b>TOTAL</b>	<b>513</b>	<b>536</b>	<b>+4%</b>	<b>3,505</b>	<b>3,267</b>

In accordance with the accounting standards, reversals of provisions no longer required are not recorded in "net charges to provisions and depreciation expense" but booked under "other income and expenses from operations" (their amount is stated in Note 13 to the

Consolidated Financial Statements in the Annual Report 2005). That is why they had not been deducted in the calculation of EBITDA in 2005. To reflect economic reality, they will be deducted in the calculation of EBITDA in 2006.

EBITDA will now be equal to: current operating profit plus net amortisation expense plus net charges to provisions and depreciation expense minus reversals of provisions no longer required.

EBITDA of held-for-sale activities (TPS and Bouygues Telecom Caraïbe) must be excluded from Group EBITDA.

Proforma EBITDA for 2005 is thus reduced by 223 million euros under reversals of provisions no longer required and by 15 million euros under Bouygues Telecom Caraïbe held for sale (at the end of 2005, EBITDA of TPS was already deducted).

<b>Contribution of business areas to CURRENT OPERATING PROFIT</b> (million euros - IFRS)	<b>End-March 2005</b>	<b>End-March 2006</b>	<b>Change</b> (million euros)
Bouygues Construction	67	67	=
Bouygues Immobilier	32	39	+7
Colas	(119)	(115)	+4
TF1	105	105	=
Bouygues Telecom	166	142	-24
Holding and other	7	40	+33
<b>TOTAL</b>	<b>258</b>	<b>278</b>	<b>+20</b>

<b>Contribution of business areas to NET PROFIT ATTRIBUTABLE TO THE GROUP</b> (million euros - IFRS)	<b>End-March 2005</b>	<b>End-March 2006</b>	<b>Change</b> (million euros)
Bouygues Construction	47	57	+10
Bouygues Immobilier	19	27	+8
Colas	(67)	(60)	+7
TF1	25	32	+7
Bouygues Telecom*	85	83	-2
Holding and other	(13)	9	+22
<b>TOTAL</b>	<b>96</b>	<b>148</b>	<b>+52</b>

\* Bouygues has consolidated 89.5% of Bouygues Telecom's net profit in the first quarter of 2006 compared to 83% in the first quarter of 2005.

<b>NET CASH BY BUSINESS AREA</b> (million euros - IFRS)	<b>End-March 2005</b>	<b>End-March 2006</b>	<b>Change</b> (million euros)
Bouygues Construction	1,455	1,802	+347
Bouygues Immobilier	234	216	-18
Colas	(58)	(144)	-86
TF1	(434)*	(291)	+143
Bouygues Telecom	(1,104)*	(321)	+783
Holding and other	(3,269)	(3,938)	-669
<b>TOTAL</b>	<b>(3,176)*</b>	<b>(2,676)</b>	<b>+500</b>

\* including TPS (€135 million) and Bouygues Telecom Caraïbe (€41 million)

<b>SALES TARGET</b> <b>Contribution of business areas</b> (million euros - IFRS)	<b>2005</b>	<b>2006</b>	<b>Change</b> %
Bouygues Construction	5,815	6,450	+11%
Bouygues Immobilier	1,557	1,720	+10%
Colas	9,424	10,180	+8%
TF1	2,489	2,640	+6%
Bouygues Telecom	4,434	4,500	+1%
Holding and other	264	260	-2%
<b>TOTAL</b>	<b>23,983</b>	<b>25,750</b>	<b>+7%</b>
<i>of which France</i>	<i>16,856</i>	<i>18,200</i>	<i>+8%</i>
<i>of which International</i>	<i>7,127</i>	<i>7,550</i>	<i>+6%</i>



26 June 2006

#### **ACQUISITION BY BOUYGUES OF ALSTOM'S SHARES OWNED BY THE FRENCH STATE**

The European Commission has authorised Bouygues' acquisition of the French State's 21.01% stake in ALSTOM (29,051,244 shares). The terms of the transaction announced on 27 April 2006 are unchanged.

The shares were transferred and payment was made today, Monday 26 June 2006.

With the shares acquired on the market, Bouygues now owns 23.26% of ALSTOM's capital and voting rights.

In accordance with stock market regulations, Bouygues has stated its intentions for the next twelve months, indicating in particular that it may increase its interest in ALSTOM but has no intention of taking control.

25 July 2006

#### **FITCH RATING**

On 20 July 2006, Fitch published a rating for Bouygues.

Despite Bouygues' request, Fitch, in its note to investors, did not specify that the attributed rating was unsolicited, and that Bouygues did not participate in its elaboration. The rating was established solely on the basis of published documents.

Fitch's rating is not based on the same quality of information as Standard & Poor's, which has access to forward-looking and strategic information on a confidential basis.

Bouygues considers that the A-/stable/A-2 rating issued by Standard & Poor's in 2001 - which it has renewed repeatedly since then and confirmed following Bouygues' acquisition of a stake in Alstom - is the only relevant rating.

10 August 2006

**2006 FIRST-HALF SALES**  
**€12 BILLION: UP 9%**

The Bouygues group's consolidated sales for the first half of 2006 amounted to €12 billion, 9% higher than the same period last year.

<b>CONTRIBUTION OF BUSINESSES TO SALES</b> (€ million - IFRS)	<b>First half 2005</b>	<b>First half 2006</b>	<b>Change %</b>
Bouygues Construction	2,790	3,155	+13%
Bouygues Immobilier	758	721	-5%
Colas	3,928	4,496	+14%
TF1	1,277	1,377	+8%
Bouygues Telecom	2,144	2,175	+1%
Holding company and other	146	128	ns
<b>Total</b>	<b>11,043</b>	<b>12,052</b>	<b>+9%</b>
France	8,100	8,865	+9%
International	2,943	3,187	+8%

In accordance with IFRS, first-half figures for 2005 and 2006 exclude divested and held-for-sale activities (first half of 2005: €182 million relating to TPS and €43 million relating to Bouygues Telecom Caraïbe).

**Bouygues Construction** sales were boosted by France's buoyant market and further development in the electrical contracting and maintenance business.

The decline in **Bouygues Immobilier** sales in first half is not representative of the full-year outlook, since sales are expected to rise in 2006 as a whole. The first-half fall was due to the completion of several office projects that had contributed to a large extent to 2005 first-half sales. Sales from Housing continued to grow, rising by 13%.

**Colas** sales rose by 14% due to favourable conditions in all markets, notably Central Europe and North America. Like-for-like and at constant exchange rates, sales were up 10%, with an increase of 10% in France and 11% on international markets.

Commercial activity in these businesses was strong in the first six months of 2006.

**TF1** sales grew by 8%. The core channel's net advertising revenues rose by 5% in the first half as a whole, due to a recovery in the second quarter. Sales from TF1's other activities climbed by 14%.

**Bouygues Telecom** posted sales of €2,182 million, up 1% on a comparable basis (excluding Bouygues Telecom Caraïbe, which was sold on 28 April 2006). Net sales from network, which were stable at €2,029 million, would have grown 6% without the reduction in call termination rates.

The Neo plan, unique in the market, offers unlimited calls to all operators and has been very successful since its launch on 1 March 2006. Neo played a major role in attracting 334,000 new customers to Bouygues Telecom in the first half of 2006.

At 30 June 2006, Bouygues Telecom had 8,305,000 customers, up 10% on 30 June 2005. The Contract share of its customer base (70%) remains the highest in the market.

6 September 2006

**SHARP INCREASE IN NET PROFIT IN FIRST-HALF 2006**  
**565 MILLION EUROS (+47%)**

**A good start to the year**

Bouygues reported strong financial and commercial performances in the first half of 2006. Sales rose by 9% and net profit by 47%. All the Group's businesses generated significant commercial momentum.

**Key figures**

(€ million)	30 June 2005	30 June 2006	Change
Sales	11,043	12,052	+9%
Operating profit	844	862	+2%
Net profit attributable to the Group	384	565	+47%
-----			
Net debt before ALSTOM	3,980	2,923	-€1,057m
Net debt	3,980	5,115	+€1,135m

**Bouygues Construction** sales increased by 11% in the first half of 2006, driven by a robust market, particularly the housing sector in France, and by external growth in the electrical contracting/maintenance businesses.

Bouygues Construction's profitability remained high with a current operating margin of 4.3%. The order book stood at 7.6 billion euros at end-June 2006, up 27% compared with end-June 2005.

Despite a 5% decline in sales in the first half of 2006, **Bouygues Immobilier** is targeting a rise of 6% in full-year sales. Profitability improved further; net profit climbed 24% to total 52 million euros. Commercial activity in the first half of 2006 continued to hold up well, with a 22% increase in reservations compared with the first half of 2005.

**Colas** reported an excellent first half. Sales and net profit rose 13% and 52%, respectively. Fuelled by a buoyant market environment, commercial activity was brisk and the order book increased by 16%.

The Football World Cup affected **TF1's** performances in the first half of 2006. Sales gained 8%, while profitability at 30 June 2006 was impacted by costs related to the event. The audience and advertising market share both remained at a high level.

**Bouygues Telecom's** earnings in the first half of 2006 were driven by the success of the new Neo and Exprima unlimited offers. At 30 June 2006, Neo contracts had 671,000 customers.

The EBITDA margin was 30.4% of net sales from network, down 2.1 points on the first half of 2005. Net profit rose 39% to 305 million euros.

Bouygues Telecom will make significant commercial investments in 2006. This will adversely affect margins, but will strengthen Bouygues Telecom's position in the years ahead.

### Bouygues' stake in ALSTOM

During the summer, Bouygues acquired ALSTOM shares on the market, taking its stake to 24.4% at 1 September 2006. Operating and commercial cooperation is being established.

### Financial situation

At 30 June 2006, Bouygues' net debt came to 5.1 billion euros, including 2.2 billion euros for the acquisition of ALSTOM shares. Excluding this investment, net debt would have been 2.9 billion euros, down 1.1 billion euros compared with 30 June 2005.

The Group's free cash flow in the first half of 2006 totalled 341 million euros, down on the first half of 2005 due notably to higher investments in the construction businesses.

### Sales target for 2006

On the basis of Group sales in the first half and business indicators, the sales target for 2006 can again be raised to 26 billion euros (from 25.8 billion euros announced on 8 June 2006).

SALES TARGET Contribution of business areas (€ million)	2005 *	2006 target		% change
		Published in June	Published in September	
Bouygues Construction	5,815	6,450	6,550	+13%
Bouygues Immobilier	1,557	1,720	1,650	+6%
Colas	9,424	10,180	10,370	+10%
TF1	2,489	2,640	2,650	+6%
Bouygues Telecom	4,434	4,500	4,460	+1%
Holding company and other	264	260	270	ns
<b>TOTAL</b>	<b>23,983</b>	<b>25,750</b>	<b>25,950</b>	<b>+8%</b>
<i>o/w France</i>	<i>16,856</i>	<i>18,200</i>	<i>18,350</i>	<i>+9%</i>
<i>o/w International</i>	<i>7,127</i>	<i>7,550</i>	<i>7,600</i>	<i>+7%</i>

\* Excluding Bouygues Telecom Caraïbe (91 million euros).

## Outlook

At the Board of Directors meeting on 5 September 2006, Martin Bouygues declared:

***"Since I was appointed Group Chairman and CEO, never before have we witnessed such a favourable situation concurrently in all our businesses in terms of both sales and commercial activity."***

CONDENSED CONSOLIDATED INCOME STATEMENT (€ million)	1 <sup>st</sup> half 2005	1 <sup>st</sup> half 2006	% change
<b>Sales</b>	<b>11,043</b>	<b>12,052</b>	<b>+9%</b>
<b>Current operating profit</b>	<b>844</b>	<b>848</b>	<b>=</b>
Other operating income and expenses	-	14	ns
<b>Operating profit</b>	<b>844</b>	<b>862</b>	<b>+2%</b>
Cost of net financial debt	(90)	(77)	-14%
Other financial income and expenses	1	(15)	ns
Income tax expense	(258)	(249)	-3%
Share of profits/losses of associates	24	39	+63%
<b>Net profit before results of discontinued and held-for-sale operations</b>	<b>521</b>	<b>560</b>	<b>+7%</b>
Net profit of discontinued and held-for-sale operations	4	140	ns
<b>Total net profit</b>	<b>525</b>	<b>700</b>	<b>+33%</b>
Minority interests	(141)	(135)	-4%
<b>Net profit attributable to the Group</b>	<b>384</b>	<b>565</b>	<b>+47%</b>

Contribution of business areas to SALES (€ million)	1 <sup>st</sup> half		% change
	2005	2006	
Bouygues Construction	2,790	3,155	+13%
Bouygues Immobilier	758	721	-5%
Colas	3,928	4,496	+14%
TF1	1,277	1,377	+8%
Bouygues Telecom	2,144	2,175	+1%
Holding company and other	146	128	ns
<b>TOTAL</b>	<b>11,043</b>	<b>12,052</b>	<b>+9%</b>
<i>o/w France</i>	<i>8,100</i>	<i>8,865</i>	<i>+9%</i>
<i>o/w International</i>	<i>2,943</i>	<i>3,187</i>	<i>+8%</i>

Contribution of business areas to EBITDA (€ million)	1 <sup>st</sup> half		Change
	2005	2006	
Bouygues Construction	201	215	+€14m
Bouygues Immobilier	88	69	-€19m
Colas	183	215	+€32m
TF1	306	246	-€60m
Bouygues Telecom	660	618	-€42m
Holding company and other	(11)	59	+€70m
<b>TOTAL</b>	<b>1,427</b>	<b>1,422</b>	<b>=</b>

Contribution of business areas to <b>OPERATING PROFIT</b> (€ million)	1 <sup>st</sup> half		Change
	2005	2006	
Bouygues Construction	137	152	+€15m
Bouygues Immobilier	73	80	+€7m
Colas	38	74	+€36m
TF1	264	209	-€55m
Bouygues Telecom	351	298	-€53m
Holding company and other	(19)	49	+€68m
<b>TOTAL</b>	<b>844</b>	<b>862</b>	<b>+2%</b>

Contribution of business areas to <b>NET PROFIT</b> <b>ATTRIBUTABLE TO THE GROUP</b> (€ million)	1 <sup>st</sup> half		Change
	2005	2006	
Bouygues Construction	96	121	+€25m
Bouygues Immobilier	42	52	+€10m
Colas	44	68	+€24m
TF1	76	74	-€2m
Bouygues Telecom	182	273	+€91m
Holding company and other	(56)	(23)	+€33m
<b>TOTAL</b>	<b>384</b>	<b>565</b>	<b>+47%</b>

NET CASH BY BUSINESS AREA (€ million)	End-June		Change
	2005	2006	
Bouygues Construction	1,470	1,757	+€287m
Bouygues Immobilier	160	97	-€63m
Colas	(292)	(398)	-€106m
TF1	(537)	(391)	+€146m
Bouygues Telecom	(1,001)	(398)	+€603m
Holding company and other before ALSTOM	(3,780)	(3,590)	+€190m
<b>TOTAL before ALSTOM</b>	<b>(3,980)</b>	<b>(2,923)</b>	<b>+€1,057m</b>
Investment in ALSTOM	-	(2,192)	ns
<b>TOTAL</b>	<b>(3,980)</b>	<b>(5,115)</b>	<b>-€1,135m</b>



## TAXATION

*The statements herein regarding taxation are based on the laws in force in France and/or, as the case may be, the Grand Duchy of Luxembourg as of the date of this Prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Bonds. Each prospective holder or beneficial owner of Bonds should consult its tax advisor as to the French or, as the case may be, the Luxembourg tax consequences of any investment in or ownership and disposition of the Bonds.*

### EU Directive on the Taxation of Savings Income

On 3 June 2003, the European Council of Economic and Finance Ministers adopted the Directive 2003/48/EC regarding the taxation of savings income (the "**Directive**"). Pursuant to the Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Directive (interest, products, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State (the "**Disclosure of Information Method**").

For these purposes, the term "paying agent" is widely defined and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg, Belgium and Austria), instead of using the Disclosure of Information Method used by other Member States, withhold an amount on interests payments. The rate of such withholding tax equals 15% during the first three years, 20% during the subsequent three years and 35% until the end of the transitional period. Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of several jurisdictions (Switzerland, Liechtenstein, San Marino, Monaco and Andorra), providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the "**OECD Model Agreement**") with respect to interest payments within the meaning of the Directive, in addition to the simultaneous application by those same jurisdictions of a withholding tax on such payments at the rates defined for the corresponding periods and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

The Directive was implemented into French law under article 242 *ter* of the French *Code Général des Impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

The Directive and several agreements concluded between Luxembourg and certain dependent territories of the European Union were implemented in Luxembourg by the Laws of 21 June 2005 (the "**Laws**").

### French Taxation

Bonds constituting *obligations* and denominated in currencies other than euro are deemed to be issued outside the Republic of France for the purposes of Article 131 *quater* of the French *Code Général des*

*Impôts* since, *inter alia*, the Issuer and the Joint Lead Managers have agreed not to offer the Bonds to the public in the Republic of France and such Bonds are offered in the Republic of France only through an international syndicate to qualified investors (*investisseurs qualifiés*) as described in Article L. 411-2 of the French *Code monétaire et financier*. Consequently, interest and other revenues with respect to the Bonds benefit from the exemption, provided for under Article 131 *quater* of the French *Code Général des Impôts*, from deduction of tax at source set out under Article 125 A III of the French *Code Général des Impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.

## **Luxembourg Withholding Taxation**

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual Bondholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to individual Bondholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Bonds.

### *Luxembourg non-resident individuals*

Under the Laws, a Luxembourg based paying agent (within the meaning of the Directive) is required since 1 July 2005 to withhold tax on interest and other similar income (including reimbursement premium received at maturity) paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State unless the beneficiary of the interest payments elects for an exchange of information. The same regime applies to payments to individuals resident in certain EU dependent territories.

The withholding tax rate is initially 15 per cent., increasing steadily to 20 per cent. and to 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

### *Luxembourg resident individuals*

A 10% withholding tax has been introduced, as from 1 January 2006 on interest payments made by Luxembourg paying agents (defined in the same way as in the Directive) to Luxembourg individual residents. Only interest accrued after 1 July 2005 falls within the scope of this withholding tax. This withholding tax represents the final tax liability for the individual resident taxpayers.

**All prospective Bondholders should seek independent advice as to their tax positions.**

## SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated 5 October 2006 (the "**Subscription Agreement**"), ABN AMRO Bank N.V., BNP Paribas, Deutsche Bank AG, London Branch and The Royal Bank of Scotland plc (the "**Joint Lead Managers**") have jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions contained therein, to subscribe and pay for the Bonds at an issue price of 98.662 per cent. of the aggregate principal amount of the Bonds less the commissions agreed between the Issuer and the Joint Lead Managers. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

### **General**

No action has been or will be taken by the Joint Lead Managers that would permit a public offering of the Bonds or possession or distribution of any offering material in relation to the Bonds in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of the Bonds, or distribution of any offering material relating to the Bonds, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer.

Each Manager has represented and agreed that, in making any offers or sales of Bonds or distributing any offering materials relating thereto in any country or jurisdiction, it has complied and will comply with all applicable laws in such country or jurisdiction.

### **United States**

The Bonds have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bonds are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Republic of France**

Each of the Joint Lead Managers and the Issuer has acknowledged that the Bonds are being issued outside the Republic of France and, accordingly each of the Joint Lead Managers and the Issuer has represented and agreed that, in connection with their initial distribution, (i) it has not offered or sold or caused to be offered or sold and will not offer or sell or cause to be offered or sold, directly or indirectly, any Bonds to the public (*appel public à l'épargne*) in the Republic of France and (ii) offers and sales of Bonds in the Republic of France will be made to qualified investors (*investisseurs qualifiés*), to the exclusion of any individual, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

This Prospectus has not been admitted to the clearance procedures of the *Autorité des marchés financiers*.

In addition, each of the Joint Lead Managers and the Issuer has represented and agreed that, it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, this Prospectus or any other offering material relating to the Bonds other than to those investors (if any) to whom offers and sales of the Bonds in the Republic of France may be made as described above.

### **United Kingdom**

Each of the Joint Lead Managers has represented and agreed that:

- (a) it has only communicated or caused to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

### **Republic of Italy**

The offering of the Bonds has not been registered with the *Commissione Nazionale per la Societa' e la Borsa* (the "**CONSOB**") (the Italian securities and exchange commission) pursuant to the Italian securities legislation and, accordingly the Bonds cannot be offered, sold or distributed nor any copies of the Prospectus or any other document relating to the Bonds can be distributed in the Republic of Italy ("**Italy**") in a solicitation to the public at large (*sollecitazione all'investimento*) within the meaning of Article 1, paragraph 1, letter (t) of Legislative Decree no. 58 of 24 February 1998, unless an exemption applies. Accordingly, the Bonds in Italy:

- (i) shall only be offered or sold to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph of CONSOB Regulation No 11522 of 1 July 1998, as amended (the "**Regulation No 11522**"), and effected in compliance with the terms and procedures provided therein; or
- (ii) shall only be offered or sold in circumstances which are exempted from the rules of solicitation of investments pursuant to Article 100 of Legislative Decree No 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 33, first paragraph, of CONSOB Regulation No 11971 of 14 May 1999, as amended; and
- (iii) cannot be offered, sold and/or delivered in any case, either in the primary or in the secondary market, to individuals in Italy.

In any event, the offer or sale of the Bonds in Italy shall be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations.

Moreover and subject to the foregoing, the Bonds may not be offered, sold or delivered and neither the Prospectus nor any other material relating to the Bonds may be distributed or made available in Italy unless such offer, sale or delivery of Bonds or distribution or availability of copies of the Prospectus or any other material relating to the Bonds in the Italy is:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No 385 of 1 September, 1993, as amended (the "**Italian Banking Act**"), the Regulation No 11522 and any other applicable laws and regulations; and
- (b) in compliance with Article 129 of the Italian Banking Act and the implementing instructions of the Bank of Italy, pursuant to which the issue or placement of securities (e.g., Bonds) in Italy is subject to prior and subsequent notification to the Bank of Italy, unless an exemption, depending inter alia on the amount of the issue and the characteristics of the securities, applies, and
- (c) in compliance with any other applicable requirement or limitation which may be imposed from time to time by CONSOB or the Bank of Italy.

Insofar as the requirements above are based on laws which are superseded at any time pursuant to the implementation of the Prospectus Directive in Italy, such requirements shall be replaced by the applicable requirements under the implementing measures of the Prospectus Directive in Italy.

## GENERAL INFORMATION

1. The estimated costs for the admission to trading are EUR 14.000.
2. The Bonds have been accepted for clearance through Euroclear France and Clearstream, Luxembourg and Euroclear with the Common Code number of 027010598. The International Securities Identification Number (ISIN) for the Bonds is FR0010379255. The address of Euroclear France is 155, rue Réaumur, 75081 Paris Cedex 02 France.
3. The issue of the Bonds has been authorised pursuant to a decision of the Chairman of the Board of Directors and CEO (*Président-Directeur général*) of the Issuer dated 29 September 2006, acting pursuant to a resolution of the Board of Directors (*Conseil d'Administration*) of the Issuer dated 28 February 2006.
4. The Issuer publishes (i) audited annual consolidated and non-consolidated accounts, (ii) semi-annual unaudited consolidated accounts and (iii) quarterly unaudited consolidated accounts. The Issuer's statutory auditors carry out a limited review of such semi-annual and quarterly accounts. The Issuer does not currently publish semi-annual or quarterly non-consolidated accounts.
5. In accordance with French law, the Issuer is required to have a minimum of two statutory auditors (*commissaires aux comptes*) and two substitute statutory auditors. The statutory auditors are currently Ernst & Young Audit (represented by Jean-Claude Lomberget) and Mazars & Guérard (represented by Michel Rosse). The consolidated and unconsolidated financial statements of the Issuer have been audited without qualification by Ernst & Young Audit and Mazars & Guérard for the years ended 31 December 2004 and 2005. Ernst & Young Audit and Mazars & Guérard are regulated by the *Haut Conseil du Commissariat aux Comptes* and are duly authorised as *Commissaires aux comptes*. The latest audited financial information is the December 2005 audited financial statements.
6. The Issuer certifies that there has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.
7. The Issuer certifies that there has been no significant change in the financial or trading position of the Group, which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published.
8. The Issuer certifies that, to the best of its knowledge, during a period covering at least the previous 12 months, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had in the recent past, significant effects on the Issuer and/or Group's financial position or profitability.
9. So long as any of the Bonds are outstanding, the following documents will be available during usual business hours on any weekday (except Saturdays, Sundays and public holidays) for inspection and, in the case of documents listed at (ii) and (iii) collection free of charge, at the specified office each of the Paying Agents:
  - (i) the Fiscal Agency Agreement;
  - (ii) the documents incorporated by reference in this Prospectus.
10. So long as any of the Bonds are outstanding, the following documents will be available during usual business hours on any weekday (except Saturdays, Sundays and public holidays) for inspection at the head office of the Issuer at 32, avenue Hoche, 75008 Paris and with the exception of the document listed at (i), may also be consulted online in the 'Finance' section of the [www.bouygues.com](http://www.bouygues.com) website:
  - (i) the *statuts* of the Issuer

- (ii) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in the documents incorporated by reference; and
  - (iii) the historical financial information of the Issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the 2005 Reference Document
11. The phone number of the Issuer at its registered office is +33 1 44 20 10 00.
  12. The yield of the Bonds is 5.6130 per cent. per annum and is calculated at the issue date on the basis of the issue price. It is not an indication of future yield.

**REGISTERED OFFICE OF THE ISSUER**

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France

**JOINT LEAD MANAGERS**

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**BNP PARIBAS**

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**DEUTSCHE BANK AG, LONDON BRANCH**

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United Kingdom

**THE ROYAL BANK OF SCOTLAND PLC**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom



**FISCAL AGENT AND PRINCIPAL PAYING AGENT**

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**PAYING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**

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Grand Duchy of Luxembourg

**LISTING AGENT IN LUXEMBOURG**

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**AUDITORS OF THE ISSUER**

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**LEGAL ADVISERS**

***To the Issuer***

*(as to French law)*

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***To the Joint Lead Managers***

*(as to French law)*

**Linklaters**

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