

2012 Registration Document

Full-year financial review
Business activities and CSR



Bouygues Telecom



Bouygues Immobilier



Bouygues Construction



Colas



TF1

BUILDING THE FUTURE IS OUR GREATEST ADVENTURE

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Bouygues

2012 Registration Document

Full-year financial review



AUTORITÉ
DES MARCHÉS FINANCIERS

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

2012: robust fundamentals in a challenging environment



Interview with Martin Bouygues, Chairman and CEO

How do you see Bouygues' performance in 2012?

As expected, results reflected the upheaval on the mobile telecoms market and a more challenging economic environment. Net profit attributable to the Group amounted to €633 million, down €437 million on 2011. However, the Bouygues group's sales in 2012 were higher than the initial target and amounted to €33.5 billion, up 3%.

The Group managed to maintain robust fundamentals. It demonstrated great commercial flexibility, illustrated by the strong momentum in the construction businesses and their growing order books, an improvement in the TF1 group's audience ratings over the year, growth in Bouygues Telecom's fixed broadband subscriber base and stabilisation of the subscriber base in the mobile segment. Bouygues also has a sound financial structure, with robust free cash flow and tight control over net debt despite the purchase of 4G frequencies.

The Group's business areas were highly responsive in adapting to the market environment in 2012. Bouygues Immobilier took the necessary measures to cope with a sharp fall in the French residential property market, Colas reorganised its roads activity in France and TF1 launched phase II of its optimisation plan, while Bouygues Telecom took all the measures scheduled for 2012 in its transformation plan.

What impact did the economic situation have on the media and telecoms activities?

TF1's sales were stable at €2,621 million. The decline in advertising revenues was offset by growth in other activities but dented profits. However, audience ratings improved in the last quarter and in 2012 TF1 confirmed its position as the undisputed leader on the freeview TV market in France.

Bouygues Telecom experienced upheaval on the French mobile telephony market in 2012. Total sales and sales from network both fell by 9%, to €5,226 million and €4,631 million respectively. Results fell sharply but were in line with expectations; 2012 ended with a loss of €16 million. All the measures in the transformation plan introduced in 2012 were taken on schedule and the €300 million of savings announced for 2013 are secured. Bouygues Telecom also showed good commercial resilience in an extremely challenging environment. The total mobile subscriber base stabilised at 11.3 million thanks to the very good momentum at B&YOU. Growth on the fixed broadband market continued,

with a net increase of 88,000 subscribers in the fourth quarter. Bouygues Telecom had a total of 1.8 million fixed broadband and very-high-speed subscribers at end-2012.

How did the construction businesses fare?

The excellent commercial performance of our construction businesses once again demonstrated Bouygues' competitiveness.

Bouygues Construction reported a 9% rise in sales. The smooth execution of ongoing contracts meant that the current operating margin held up well. Order intake rose to a record level and the order book at end-December 2012 stood 12% higher than a year earlier, ensuring excellent visibility for the future.

At Bouygues Immobilier, sales in the residential property segment rose but reached a low point in the commercial property segment. Net profit, down 11% at €107 million, reflected the impact of adjustment measures in response to the decline in residential property reservations. However, the order book at end-December 2012 represented 15 months' sales and offers good visibility.

Sales at Colas rose by 5%, reflecting robust business activity, but current operating profit fell €60 million to €406 million due to losses on sales of refined oil products and lower profitability in the United States. But the order book at 31 December 2012 was up both in mainland France and on international markets.

Do environmental challenges represent potential sources of growth for Bouygues?

Of course, energy renovation is a major challenge for the construction industry. As energy becomes more expensive, the entire stock of existing buildings will ultimately have to be renovated. Bouygues Construction, with the flagship rehabilitation of Challenger, its headquarters building, and Bouygues Immobilier, with its Rehagreen® service, have positioned themselves as key players in this sphere.

For the same reasons, in the new-build segment, the Group is a specialist in positive-energy buildings. It is also working on eco-neighbourhood concepts such as the Ginko development in Bordeaux and Hikari in Lyon, as well as smart grids like IssyGrid® at Issy-les-Moulineaux, near Paris. In all our business areas, the Group's future growth will be built on our great capacity for innovation.

How do you see 2013?

The economic environment remains challenging. However, we can draw on our experience, our skills and our capacity to innovate, which are all part of the Group's genetic make-up.

We have strong assets in the construction businesses: we can offer our customers comprehensive, high value-added solutions, our speciality activities help to drive growth and we have strong international operations, with flagship projects in many different areas, from transport infrastructure to business districts and residential developments.

“Our business areas were highly responsive in adapting to the market environment in 2012”

The transformation of Bouygues Telecom will continue, the aim being to stabilise EBITDA and improve the EBITDA minus capex item. 2012 should mark the low point in the Bouygues group's profitability.

What are your thoughts on the current debate about executive remuneration?

On this subject, I would point out that Bouygues' Board of Directors was one of the first to set up a Remuneration Committee, in 1995, 18 years ago.

Bouygues' Board of Directors takes an extremely strict line on executive remuneration: the fixed component has not increased since 2003 and the variable component is performance-related. Bouygues' executive directors do not have an employment contract or any benefit such as a golden parachute or non-competition clause and were not awarded any stock options or bonus shares in 2011 or 2012.

Their pension arrangements comply with the limits and conditions imposed by tax regulations. For my part, because of the adverse impact of the economic situation on Bouygues Telecom's activity, I voluntarily waived the performance-related component of my salary in 2012.

Chapter 1

The Group

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1. PROFILE

1.1 A diversified industrial group

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

With over 133,000 employees, Bouygues has five main business areas – Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom – operating in the sectors of construction, telecoms and media. It is also the leading shareholder in Alstom (power generation and transmission and rail transport). Listed on the Paris stock exchange (CAC 40 index, Euronext Paris Compartment A), it had a market capitalisation of €7.3 billion at 31 December 2012.

1.1.1 Strategy

Bouygues is a diversified industrial group that targets markets with long-term growth potential, enabling its businesses to generate cash flows on a regular basis.

In each of its business areas, Bouygues aims to add value to all its products and services through constant innovation while remaining competitive.

One of the priorities for the construction businesses is to expand on international markets, especially in Asia and the Middle East. Bouygues Construction generates 47% of its sales on international markets, and Colas 44%.

1.1.2 The Group's assets

1.1.2.1 A stable shareholder structure

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

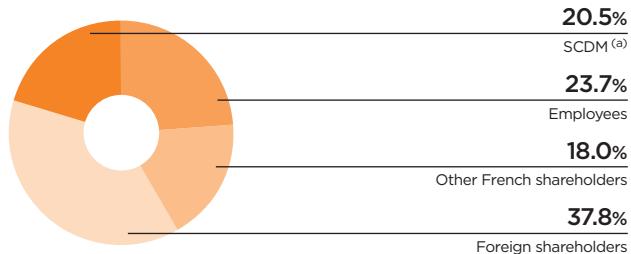
- SCDM owned 20.5% of the capital and 29.2% of the voting rights at 31 December 2012.
- Over 60,000 employees owned shares in the company at 31 December 2012, confirming Bouygues as the CAC 40 company with the highest level of employee share ownership. Employees owned 23.7% of the capital and 28.7% of the voting rights at 31 December 2012.

1.1.2.2 A strong and distinctive corporate culture

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

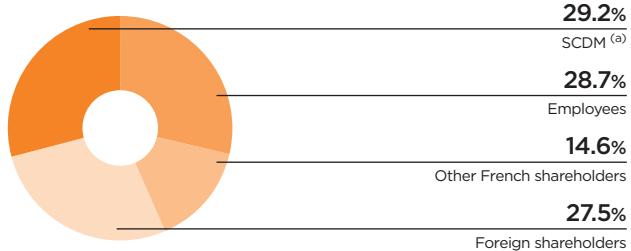
MAIN SHAREHOLDERS AT 31 DECEMBER 2012

NUMBER OF SHARES: 324,232,374



VOTING RIGHTS AT 31 DECEMBER 2012

NUMBER OF VOTING RIGHTS: 445,673,682

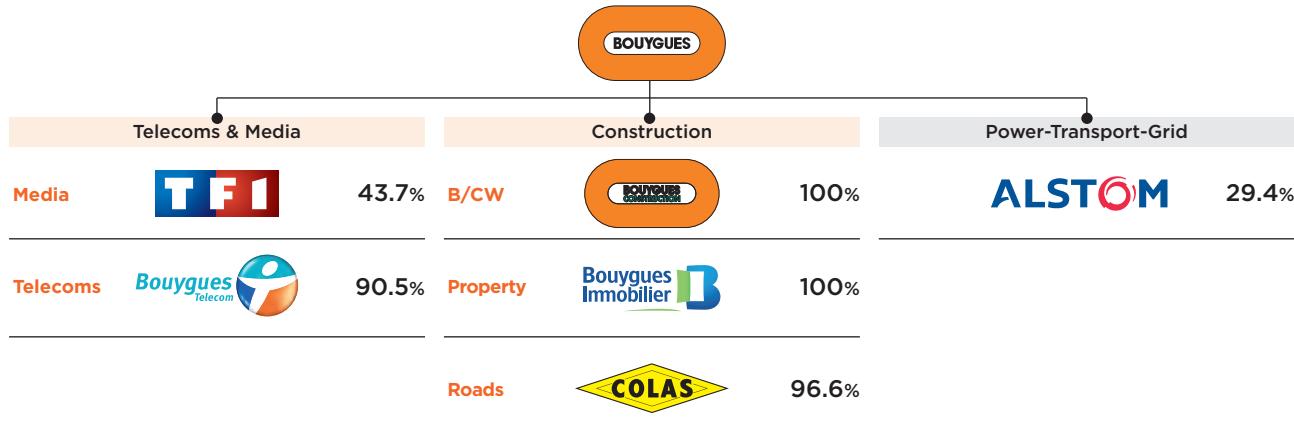


(a) SCDM is a company controlled by Martin and Olivier Bouygues.

1.1.2.3 A focus on markets sustained by robust demand

In construction, very substantial infrastructure and housing needs exist in both developed and emerging countries. There is growing demand for sustainable construction, especially low-energy and positive-energy buildings and eco-neighbourhoods. Bouygues has developed innovative know-how on these markets that give it an acknowledged competitive edge. French telecoms and media markets will continue to expand, with future growth being driven by rapid technological advances and changing usages.

SIMPLIFIED GROUP ORGANISATION CHART AT 31 DECEMBER 2012



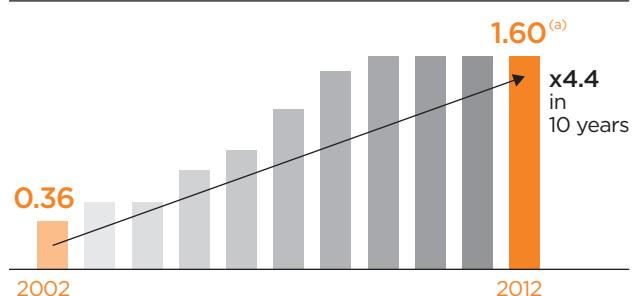
1.1.2.4 A very sound financial structure

Bouygues has a sound financial profile. Keeping capital expenditure under control while generating cash flows on a regular basis, the Group carries little debt – net gearing was 41% at end-2012 – and has a very substantial cash surplus.

Drawing on these strengths, Bouygues has increased its dividend by a factor of 4.4 over the last ten years, giving an average return on investment of 7.5% in 2012.

DIVIDEND

(€ per share)



(a) To be proposed to the AGM on 25 April 2013.

1.1.2.5 History

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

1956: diversification into property development (Stim).

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

1970: flotation on the Paris stock exchange.

1972: EFB is renamed Bouygues. First international operations.

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

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

1987: Bouygues becomes the largest shareholder of TF1, France's leading mainstream TV channel.

1994: Bouygues is awarded a licence to operate France's third mobile phone network.

2006: acquisition of the French government's stake in Alstom. Bouygues becomes its largest shareholder.

2008: Bouygues Telecom launches fixed-line services.

2011: launch of B&YOU, a web-only mobile telephony service.

1.2 Our organisation

1.2.1 The Board of Directors at 26 February 2013

The Board of Directors refers to the recommendations of the Afep/Medef Corporate Governance Code. It draws on the work of four committees. The proportion of women with seats on the Board is 33%. The proportion of independent directors is 39%.

CHAIRMAN AND CEO



Martin Bouygues

DIRECTORS



Patricia Barbizet¹
CEO and director,
Artémis



François Bertiére
Chairman and CEO,
Bouygues Immobilier



Mrs Francis Bouygues

DIRECTOR AND DEPUTY CEO



Olivier Bouygues

Deputy CEO and standing representative
of SCDM, director



Anne-Marie Idrac¹
Former Chair and CEO,
SNCF



Patrick Kron
Chairman and CEO,
Alstom



Hervé Le Bouc
Chairman and CEO,
Colas

NON-VOTING DIRECTOR



Alain Pouyat



Nonce Paolini
Chairman and CEO, TF1



Jean Peyrelade¹
Chairman of the
Supervisory Board,
Leonardo & Co



François-Henri Pinault¹
Chairman and CEO,
PPR

¹ Independent director.

More information is available in the Report by the Chairman (heading 2 of chapter 5 "Corporate governance" of this Registration Document).



Georges Chodron de Courcel
COO, BNP Paribas



Lucien Douroux¹
Former Chairman of the Supervisory Board, Indosuez Private Banking



Yves Gabriel
Chairman and CEO, Bouygues Construction



Helman le Pas de Sécheval¹
Senior Executive Vice-President, General Counsel Veolia Environnement



Colette Lewiner¹
Advisor to the Chairman, Capgemini



Sandra Nombret
Director representing employee shareholders



Michèle Vilain
Director representing employee shareholders

BOARD COMMITTEES

Accounts Committee

Helman le Pas de Sécheval¹ (Chairman)
Patricia Barbizet¹
Georges Chodron de Courcel

Selection Committee

Jean Peyrelevade¹ (Chairman)
François-Henri Pinault¹

Remuneration Committee

Patricia Barbizet¹ (Chairman)
Colette Lewiner¹

Ethics and Sponsorship Committee

Lucien Douroux¹ (Chairman)
François-Henri Pinault¹

1.2.2 Senior management team at 26 February 2013

BOUYGUES PARENT COMPANY



Martin Bouygues
Chairman and CEO



Olivier Bouygues
Deputy CEO



Jean-François Guillemin
Corporate Secretary



Philippe Marien
Chief Financial Officer,
Chairman of
Bouygues Telecom



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



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

HEADS OF THE FIVE BUSINESS AREAS



Yves Gabriel
Chairman and CEO,
Bouygues Construction



François Bertiére
Chairman and CEO,
Bouygues Immobilier



Hervé Le Bouc
Chairman and CEO,
Colas



Nonce Paolini
Chairman and CEO,
TF1



Olivier Roussat
CEO,
Bouygues Telecom

1.3 The Group's workforce

Human resources policy at Bouygues, founded in 1952, is based on three principles: respect, trust and fairness. These values are reflected in the Group's Code of Ethics and Human Resources Charter. The Group's labour relations and social policy is described in Chapter 3 "Human resources, environmental and social information".

Headcount

(at 31 December 2012)

EMPLOYEES

133,780

EMPLOYEES IN FRANCE

77,040 (58% of the workforce)

AVERAGE AGE (FRANCE)

39

AVERAGE SENIORITY (FRANCE)

11 years

PERMANENT CONTRACTS (FRANCE)

94% of employees

Recruitment in 2012

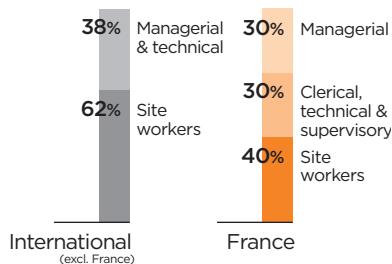
PEOPLE HIRED WORLDWIDE

20,643

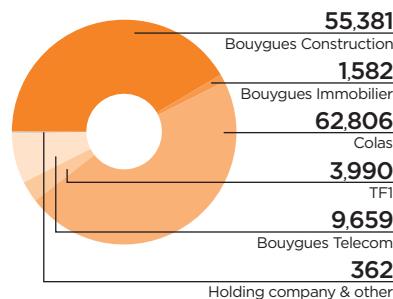
INCLUDING IN FRANCE

9,667

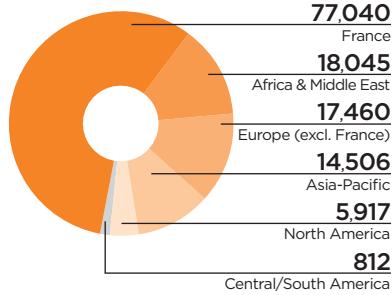
JOB CATEGORY



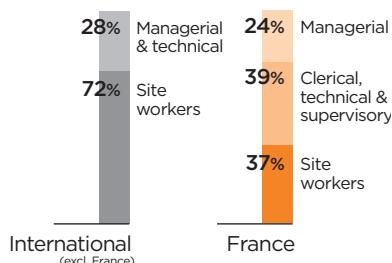
HEADCOUNT BY BUSINESS AREA



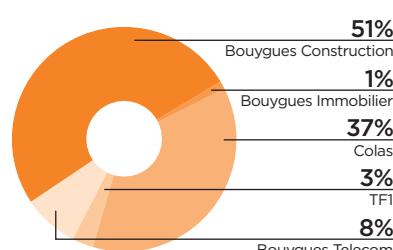
HEADCOUNT BY REGION



RECRUITMENT BY JOB CATEGORY



RECRUITMENT BY BUSINESS AREA (FRANCE)



1.4 Innovation to serve the Group's customers

The Bouygues group's five business areas use innovation to develop new products, materials, processes and services. Many innovations are achieved by combining products and services to make integrated packages for customers.

Research and development (R&D) focuses on two priority areas:

- reducing the carbon footprint and environmental impact of solutions proposed to customers;
- facilitating and enhancing the digital experience in the home and on the move.

Common to both these areas, energy is central to the Group's concerns as it contributes to the design and manufacture of products which, using digital technology, help save, produce, manage and store energy. For example, the Group is working on home energy monitoring solutions for property owners, as well as for social and private landlords; on smart grid digital networks; on intermodal transport solutions and on energy management using the Bouygues Telecom Bbox router/modem.

The overriding aim is to use digital technology to achieve a less carbon-intensive environment.

1.4.1 In the Group's business areas

The Bouygues group's businesses develop innovations in these two areas and in other business-specific domains (see also chapter 2 "Business Activities" and chapter 3 "Human resources, environmental and social information").

1.4.1.1 Bouygues Construction

A significant proportion of R&D spending at Bouygues Construction is devoted to enhancing sustainable construction skills and expertise, focusing on issues such as energy, carbon, resources, biodiversity, usage, health and the comfort of building users. Each entity develops its own R&D projects in areas ranging from modular construction and tunnel-boring machines to soil treatment and urban services. Resources are pooled wherever projects involve concrete or digital modelling. All these initiatives contribute to the emergence of building eco-design.

1.4.1.2 Bouygues Immobilier

Bouygues Immobilier's Green Office® concept proved its energy-efficiency credentials in 2012 with the first full-year operation of its ground-breaking positive-energy office building in Meudon, near Paris. Bouygues Immobilier is also rolling out UrbanEra®, a sustainable neighbourhood concept incorporating services designed to improve residents' daily lives (connected homes, air quality measurement, etc.) and optimise the consumption of resources (pooled car parking, etc.). In order to test energy optimisation at neighbourhood level,

the company is building France's first district smart grid, IssyGrid®, in Issy-les-Moulineaux, near Paris, at the head of a consortium of industrial partners. Energy management for these new neighbourhoods is provided by Embix®, a joint venture between Bouygues Immobilier, Bouygues Energies & Services and Alstom Grid.

In residential property, the first positive-energy residential building in France was handed over at Aix-en-Provence, in the south of France, and the first in the Paris region, "L'Avance" in Montreuil, to the east of Paris, is under construction.

1.4.1.3 Colas

As part of its drive to ensure more efficient road infrastructure management, Colas partnered up with the French Institute of Science and Technology for Transport, Development and Networks (IFSTTAR) and the French Atomic Energy Commission (CEA) to develop a traffic management system and a new type of embedded sensor for roadways. Research work also focused on finalising an automatic visual survey apparatus that provides an accurate assessment of the state of the road using a high speed process without contact.

Various products and processes with reduced environmental impact have been developed and tested.

- Colbifibre®, an economical process for increasing the lifetime of road surfaces, was one of the award-winning products (in the sustainable materials and equipment category) at the French Ministry of Ecology, Sustainable Development and Energy roads innovation contest launched in April 2012.
- Colgrill R®, a pavement reinforcing structure composed of heat bonded glass fibre and asphalt concrete that enables the use of thinner courses.
- Compomac®, a dense cold mix that saves energy because it can be manufactured at low temperatures, is being rolled out on an industrial scale in western France.
- Synthetic chemicals and petrochemicals are gradually being replaced by asphalt mixes made with Végeclair®, a negative-carbon plant-based binder, used at Mont-Saint-Michel, on the Channel coast, and for the Véloroute cycle path at Amiens in northern France.
- Used materials, especially asphalt-mix aggregates recovered by planing existing road surfaces, are recycled and used to make 3E®+R asphalt mixes, which have been awarded certification under the Innovation programme run by the French Ministry of Ecology, Sustainable Development, Transport and Housing.

1.4.1.4 TF1

In preparation for 4K ultra-high-definition TV, in 2012 TF1 filmed two flagship programmes (*The Voice*, *la plus belle voix* and *Danse Avec Les Stars*) in the new format, which is four times more precise than high-definition, in order to understand what is involved (production, postproduction, broadcasting,

connectivity, etc.). TF1 also experimented with real-time interactive advertising (“Check In”, an interactive service in HBBTV, and “Shazam for TV”) which enable viewers to access enhanced services proposed by advertisers.

1.4.1.5 Bouygues Telecom

In 2012, Bouygues Telecom launched the Bbox Sensation router/modem, with software designed and developed in-house. The BboxTab application for tablets takes the Bbox Sensation experience into a multi-screen environment. Another focus of Bouygues Telecom’s R&D is making life easier for its customers, especially the management of content and connected digital devices in the home. Experimental work has also started in connection with the launch of 4G/LTE (Long Term Evolution) services.

1.4.2 Organisation

The innovation culture in the Group and its subsidiaries focuses on:

- **involving as many people as possible** in the search for innovative solutions;
- **creating centres of excellence** in key areas such as materials engineering, building and positive-energy development;
- **promoting exchanges** between the various players, both inside and outside the Group.

Many partnerships have been established with academic institutions in recent years, in construction (CSTB, ENPC, ESITC), in digital technology (Inria, CEA, Rennes University) and energy (Supelec and Ines). The Group also has partnerships with start-ups and large firms such as Saint-Gobain (Bouygues Construction) and Samsung (Bbox Sensation).

1.4.2.1 The example of Bouygues Telecom Initiatives (BTI)

Bouygues Telecom Initiatives (BTI), a corporate venture company created in late 2008, provides support, especially investment, to start-ups in the ICT sector that are developing innovations liable to be used by Bouygues Telecom. They span a wide range of activities, from technology and marketing to distribution channels, human resources and legal advice.

Since 2008, Bouygues Telecom has looked at 400 projects, incubated 21 start-ups (including 10 at the present time) and taken seven equity interests. BTI and its partners have invested €12 million since 2009, creating 150 direct and 200 indirect jobs.

Two specific examples illustrate BTI’s contribution.

- Melty, created in 2007 by computer science students at Epitech, provides Bouygues Telecom with internet expertise for its new online offering, B&YOU. Melty’s headcount has

risen from 5 employees in 2009 to 40 at end-2012 and its value has grown tenfold in three years.

- Recommerce Solutions, created in 2008 by young engineers from Télécom SudParis, overhauls and recycles mobile phone handsets. It has an exclusive partnership with Bouygues Telecom under which it acquires pre-owned handsets and then sells them via a recently introduced online service. On the way to becoming Europe’s leading handset reconditioning service, its headcount rose from 3 to 27 employees between 2010 and 2012 and its value has grown tenfold.

1.4.2.2 The Bouygues Innovation Network (FIB)

The Group set up the Bouygues Innovation Network (FIB) in 2005 to facilitate exchanges between the business areas. The network brings together 500 managers in theme-based committees and information seminars that complement the arrangements in place within each business area. Particular emphasis was placed on the theme of energy in 2012, focusing on consolidating business areas’ energy needs and improving energy management. Groupwide actions have been taken to encourage energy efficiency initiatives as well as to benchmark the use of renewable energies and demand response mechanisms for the activities of Bouygues or its customers.

1.4.2.3 e-lab

Bouygues SA, the Group’s parent company, offers various services to its business areas through e-lab, a specialist research and innovation unit based at its headquarters. They include:

- **decision support** in order to make complex processes more efficient and adjust the pricing of offers to the market (e.g. the introduction of personalised media planning at TF1 in 2012);
- **access to new technologies**, such as a cloud-based multi-energy consumption measurement solution for Bouygues Energies & Services.

e-lab also carries out research and forward planning. In decision support, one of the highlights of 2012 was the launch of LocalSolver, a groundbreaking local-search-based mathematical programming tool developed in cooperation with Marseille University.

In new technologies, e-lab is continuing its partnership with the CEA and major French industrial groups in the framework of the Ideas Lab in Grenoble. Two trials involving the general public were begun in 2012, to test home services and digital technologies in park-and-ride facilities.

e-lab also seeks to speed up the assimilation of new technologies by the Group’s business areas, through cooperation initiatives and study visits to Asia, the Middle East and the United States focusing on issues such as clean tech, eco-cities and energy. In order to do so, it draws on the Group’s technology watch units in Singapore, Tokyo and San Francisco.

1.5 Bouygues group: main sites

BOUYGUES GROUP'S MAIN SITES	LOCATION	SURFACE AREA	ENVIRONMENTAL CERTIFICATION	GROUP- OWNED	
Bouygues SA Bouygues Telecom (headquarters)	32 avenue Hoche 75008 Paris, France	7,600 m ²	HQE®	Yes	
Bouygues Construction	Challenger 1 avenue Eugène Freyssinet 78280 Guyancourt, France	67,000 m ²	Undergoing renovation (six phases of works). First completed phase (10,769 m ²) has triple certification: • HQE® Exceptional • LEED® Platinum • BREEAM® Outstanding The entire site will have certification when the renovation is completed in 2014.		Yes
Bouygues Immobilier	3 boulevard Gallieni 92130 Issy-les-Moulineaux, France	5,840 m ²	HQE®	No	
Colas	Échangeur (South Wing) 7 place René Clair 92100 Boulogne-Billancourt, France (North Wing) 40 rue Fanfan la Tulipe 92100 Boulogne-Billancourt, France	4,735 m ² 3,400 m ²	- -	No No	
TF1	1 quai du Point du Jour 92100 Boulogne-Billancourt, France 54 avenue de la Voie Lactée 92100 Boulogne-Billancourt, France 6 place Abel Gance 92100 Boulogne-Billancourt, France 4 quai du Point du Jour 92100 Boulogne-Billancourt, France Eurosport 3 rue Gaston et René Caudron 92130 Issy-les-Moulineaux, France	27,852 m ² 7,315 m ² 20,220 m ² 6,451 m ² 10,593 m ²	- - - -	Yes Yes No No No	
Bouygues Telecom	Sequana 82 rue Henry Farman 92130 Issy-les-Moulineaux, France Technopôle 13-15 avenue du Maréchal Juin 92360 Meudon, France	42,090 m ² (usable area) 54,243 m ² (usable area)	HQE® HQE®	No No	

2. BOUYGUES AND ITS SHAREHOLDERS

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

SHAREHOLDER CONTACTS

Shareholder/Investor contact

Valérie Agathon

Investor Relations Director

- Tel.: +33 (0)1 44 20 10 79
- E-mail: investors@bouygues.com

Registered share service contacts

Philippe Lacourt - Claudine Dessain

- Tel.: +33 (0) 1 44 20 11 07/10 73
- Toll free: 0 805 120 007 (from fixed lines in France)
- E-mail: servicetitres.actionnaires@bouygues.com
- Fax: +33 (0)1 44 20 12 42

2.1 Registered share service

2.1.1 Fully registered shares

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

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

All holders of registered shares enjoy double voting rights once their shares have been held in this form for more than two years.

Shareholders wishing to hold their shares as registered shares should contact their financial intermediary.

2.2 Investor relations

2.2.1 2012 key figures

- 4 results releases: Bouygues senior management presented the Group's full-year and half-year results at meetings, and first-quarter and third-quarter results via conference calls.
- Nearly 300 investors met with management or the Investor Relations team.
- 20 roadshows were held in 8 different countries.
- 2 lunches specifically for bond investors were hosted, in Paris and London.
- The Group attended 4 sector-specific or general-interest conferences.
- A meeting dedicated to individual shareholders was held in Paris.
- 22 brokers in France and around the world cover the Bouygues share.

2.3 Bouygues.com

2.3.1 All the information you need

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

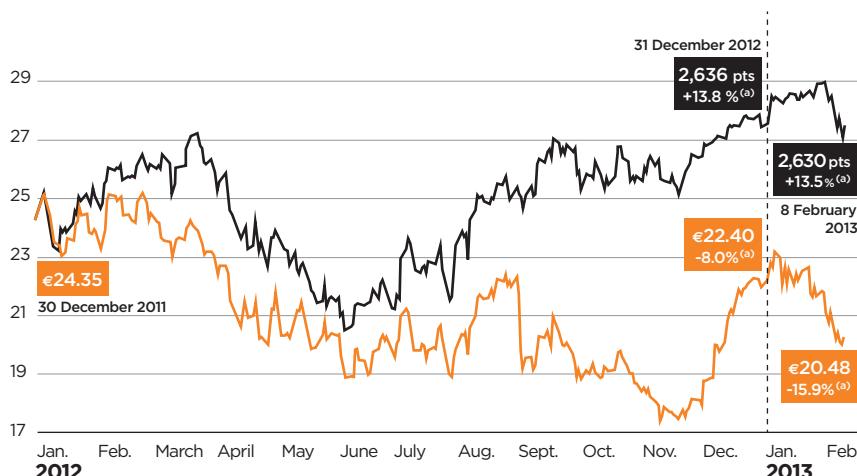
- published financial documents: press releases, financial statements, results presentations, archive recordings of past presentations, etc.;
- regulated information, including all the registration documents since 2000;
- Bouygues *In Brief* (a brochure distributed to coincide with the presentation of the annual financial statements) since 2002;
- a historical data file, downloadable in Excel, showing key figures for Bouygues over the past 8 years;
- the analysts' consensus compiled by Bouygues;
- a special section for shareholders: documents relating to the Annual General Meeting, FAQ, etc.;
- detailed information about the Group's activities, key performance indicators, senior management, etc.;
- an interactive intraday Bouygues share price tracker.

STOCK MARKET PERFORMANCE SINCE THE END OF 2011**Share price**

(€)

— Bouygues

— DJ Euro Stoxx 50®



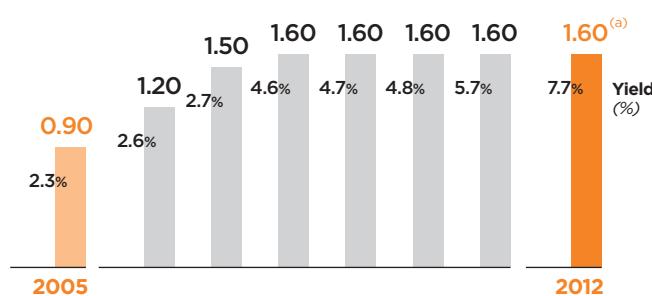
(a) Compared with 30 December 2011.

DIVIDEND PER SHARE

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

Ordinary dividend per share

(€)



(a) To be proposed to the Annual General Meeting on 25 April 2013.

Yield:

- 2005 to 2011: dividend per share relative to average share price between two successive dividend payment dates.
- 2012: dividend per share relative to the average share price over a rolling 12-month period to 21 February 2012.

BOUYGUES SHARE FACTSHEET**Listing**

Euronext Paris (compartment A)

ISIN code

FR0000120503

Identification codes

Bloomberg: EN:FP

Reuters: BOUY.PA

Par value

€1

Average share price in 2012

€21.23

(average closing price –
Source: NYSE Euronext)**Average daily trading volume on Euronext**

1.3 million shares

(source: NYSE Euronext)

Market capitalisation

€7,263 million

(at 31 December 2012)

Stock market indicesCAC 40, FTSE Eurofirst 80, Dow Jones
Stoxx 600, Euronext 100**Sector classification**

MSCI/S&P indices:

Construction and Engineering

FTSE and Dow Jones indices:

Construction & Materials

Other informationEligible for deferred settlement service
(SRD) and French equity savings plans
(PEAs)**2013 KEY DATES****Thursday 25 April**Bouygues Annual General Meeting
at Challenger
(Saint-Quentin-en-Yvelines, France)**Monday 6 May**

Payment of dividend

Tuesday 14 May

First-quarter 2013 results

Wednesday 28 August

First-half 2013 results

Wednesday 13 November

Nine-month 2013 results

3. 2012 FINANCIAL YEAR

3.1 Key figures

As expected, the Bouygues group's 2012 results reflect the upheaval in the mobile telephony market, and more challenging economic conditions.

Nonetheless, the Group retains robust fundamentals in terms of its commercial flexibility and strong financial position, while demonstrating considerable responsiveness in implementing adaptation plans.

FINANCIAL HIGHLIGHTS

(€ million)	2012	2011	2012/2011
Sales	33,547	32,706	+3%
EBITDA ^(a)	2,822	3,242	-13%
Current operating profit	1,286	1,819	-29%
Operating profit	1,120 ^(c)	1,857 ^(b)	-40%
Net profit attributable to the Group	633	1,070	-41%
Earnings per share (€)	2.00	3.06	-35%
Cash flow	2,777	3,325	-16%
Net capital expenditure	1,433 ^(e)	1,658 ^(d)	-14%
Free cash flow ^(f)	724 ^(e)	862 ^(d)	-16%
Shareholders' equity (period-end)	10,078	9,678	+€400m
Net debt (period-end)	4,172	3,862	+€310m
Net gearing (period-end)	41%	40%	+1 pt
Net dividend per share (€)	1.6 ^(g)	1.6	=
Number of employees	133,780	130,827	+2%

(a) Current operating profit excluding net depreciation and amortisation expense, changes in provisions and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).

(b) Includes €38m of miscellaneous gains on disposal classified as non-current by Bouygues Telecom.

(c) Includes €200m of non-current expenses at Bouygues Telecom and TF1, and €34m of gains on disposals at Bouygues Telecom.

(d) Excludes acquisition of 4G frequencies in the 2,600 MHz band for €228m.

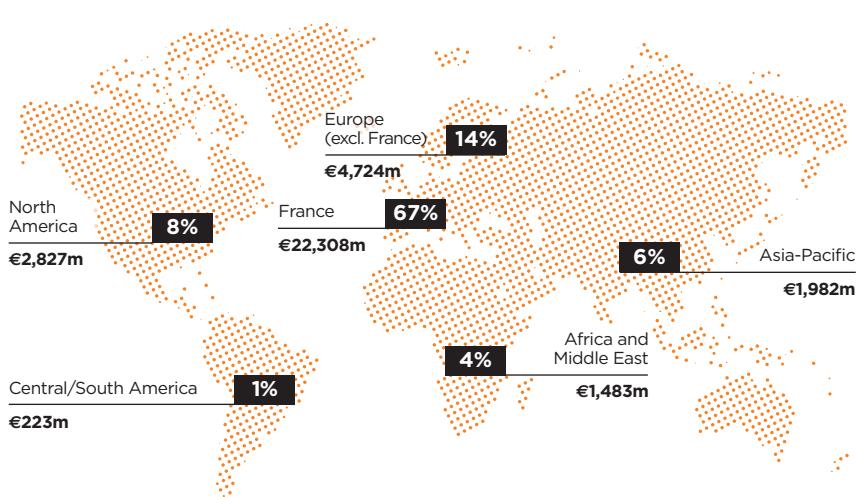
(e) Excludes exceptional items associated with Bouygues Telecom: 4G frequencies in the 800 MHz band (acquisition and capitalised interest, total €726m) and asset disposals of €207m.

(f) Cash flow before changes in working capital requirements, minus (i) cost of net debt, (ii) income tax expense for the year and (iii) net capital expenditure.

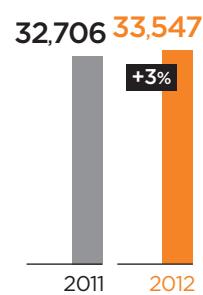
(g) To be submitted for approval by the Annual General Meeting on 25 April 2013.

SALES BY REGION

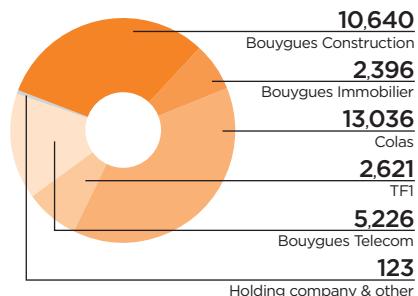
€33,547 million



SALES (€ million)



Sales by business area^(a)



(a) Impact of intra-Group eliminations: -€495m.

Sales generated by the **Bouygues group** in 2012 beat the initial target, reaching €33.5 billion, a rise of 3% (stable on a like-for-like basis and at constant exchange rates).

Sales at **Bouygues Construction** amounted to €10,640 million, up 9% (or up 4% on a like-for-like basis and at constant exchange rates). Sales in France rose by 5% to €5,612 million, while international sales were 13% higher than in 2011 at €5,028 million.

Sales at **Bouygues Immobilier** were €2,396 million, 3% lower than in 2011. Residential property recorded further sales growth, rising by 7% to €2,143 million. However, reservations booked during the year made only a weak contribution to the commercial property sales figure, which was down 46% to €253 million, largely due to the tough 2011 comparative (which included the sale of the Farman building at Issy-les-Moulineaux and of Green Office® at Meudon).

Colas recorded sales of €13,036 million, an increase of 5% overall (or up 3% on a

like-for-like basis and at constant exchange rates). Sales were up both in France (€7,363 million, up 2%) and internationally (€5,673 million, up 10%). Sales growth was driven by robust activity, inflation in road production costs, and higher selling prices for refined oil products.

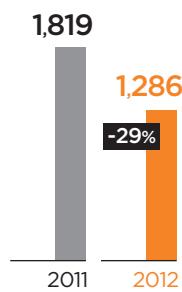
Overall, sales for the Group's **construction businesses**, net of inter-segment sales, rose by 6% to €25.8 billion.

Sales at **TF1** were stable year-on-year, at €2,621 million (down 1% on a like-for-like basis and at constant exchange rates). Lower advertising revenues were offset by growth in diversification activities (up 6% versus 2011).

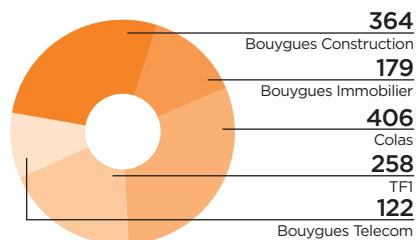
Total sales and sales from network at **Bouygues Telecom** both fell by 9%, to €5,226 million and €4,631 million respectively, reflecting upheaval in the French mobile telephony market largely caused by the entry of a fourth operator. Fixed broadband sales from network were 51% higher than in 2011 at €627 million.

CURRENT OPERATING PROFIT (€ million)

€1,286 million (-29%)



Contribution by business area^(a)



(a) "Holding company & other" reported a current operating loss of €43m.

Thanks to the smooth execution of ongoing contracts, current operating profit at **Bouygues Construction** reached €364 million, 3% higher than in 2011, and the current operating margin held up well at 3.4%.

The current operating margin at **Bouygues Immobilier** was 7.5% (down 0.7 points), reflecting adjustment measures taken in anticipation of lower residential property reservations.

Colas reported current operating profit of €406 million, down €60 million, due to losses at the sales of refined oil products activity and lower profitability in the United States. However, the objective of breaking even again in Central Europe was achieved, while a good fourth-quarter performance by the roads activity in France enabled to offset the delays caused by poor weather in the first half of the year and to stabilise the operating margin over the full year.

Overall, current operating profit for **construction businesses** was down 7% to €949 million.

Current operating profit at **TF1** was €25 million lower than in 2011, at €258 million. Lower advertising revenue eroded profitability, despite an improvement in other activities. The current operating margin for the year was 9.8%.

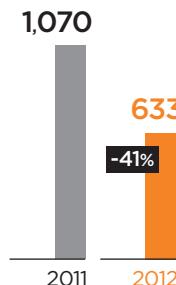
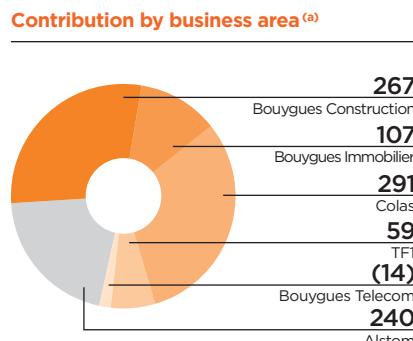
Results at **Bouygues Telecom** fell sharply following the upheaval in the French mobile market in 2012, but were in line with expectations. EBITDA was on target at €908 million. Current operating profit came to €122 million, reflecting the fall in EBITDA and higher amortisation expense and provisions.

After taking account of non-current items (€200 million of charges relating to the adaptation plans at Bouygues Telecom and TF1, and €34 million of capital gains on disposals at Bouygues Telecom), **consolidated operating profit** was €1,120 million, 40% lower than in 2011.

NET PROFIT ATTRIBUTABLE TO THE GROUP (€ million)

€633 million (-41%)

Net profit attributable to the Group was €633 million, down €437 million year-on-year, €345 million of which was due to Bouygues Telecom. This figure includes a €53-million dilution loss arising from the capital increase carried out by Alstom in October 2012, and the negative effect of higher taxes under the 2012 Supplementary Budget Act in France.



(a) "Holding company & other" reported a net loss of €317m.

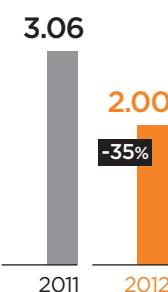
EARNINGS PER SHARE^(a) (€)

€2.00 (-35%)

Earnings per share for 2012 was €2.00, 35% lower than the 2011 figure, due to the fall in net profit attributable to the

Group (and despite a slight reduction in the average number of shares outstanding in 2012 compared to 2011).

(a) Attributable to the Group from continuing operations.



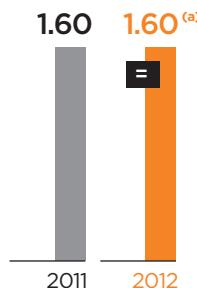
DIVIDEND^(a) PER SHARE (€)

€1.60 (=)

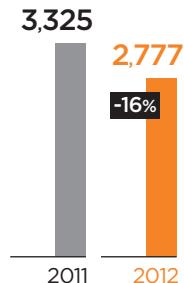
Bouygues intends to maintain the return to its shareholders in 2012. The Board of Directors will ask the AGM of 25 April 2013 to approve a dividend of

€1.60 per share. Based on the average share price on 21 February 2013, this equates to a dividend yield of 7.7%.

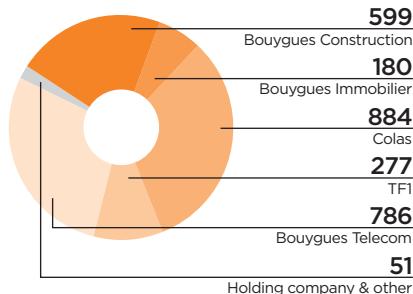
(a) To be proposed to the AGM on 25 April 2013.



CASH FLOW (€ million)



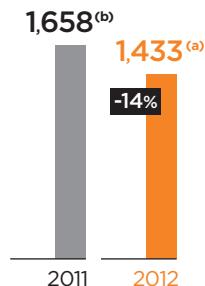
Contribution by business area



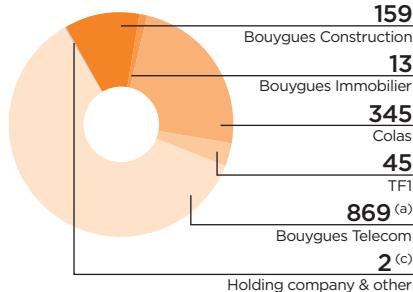
€2,777 million (-16%)

The cash flow generated by the Group in 2012 amounted to €2,777 million, a year-on-year fall of €548 million (of which €502 million relating to Bouygues Telecom).

NET CAPITAL EXPENDITURE (€ million)



Contribution by business area^(a)



€1,433 million^(a) (-14%)

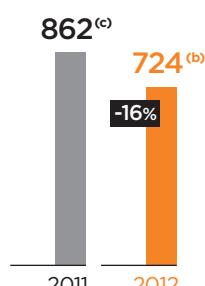
As expected, net capital expenditure was lower than in 2011, at €1,433 million (down €225 million), excluding exceptional items relating to Bouygues Telecom (4G frequencies and asset disposals).

(a) Excluding exceptional items relating to Bouygues Telecom: 4G frequencies in the 800 MHz band (acquisition and capitalised interest: €696m at Bouygues Telecom level, and €726m at Group level) and asset disposals of €207m.

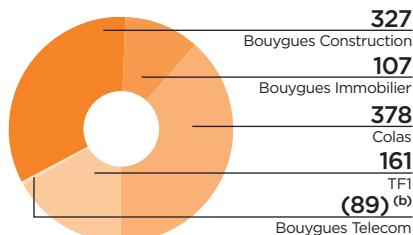
(b) Excluding acquisition of 4G frequencies in the 2,600 MHz band for €228m.

(c) Excluding capitalised interest of €30m on acquisitions of 4G frequencies.

FREE CASH FLOW^(a) (€ million)



Contribution by business area^(d)



€724 million^(b) (-16%)

In a challenging environment marked by major upheaval in the French mobile telephony market, the Group managed to maintain free cash flow (excluding exceptional items) at a high level. Although cash flow fell by €548 million to €2,777 million in 2012, free cash flow was only €138 million lower year-on-year at €724 million (before exceptional items at Bouygues Telecom).

A higher level of free cash flow from the construction businesses (up €207 million) largely offset the erosion in free cash flow at Bouygues Telecom, which was down €297 million^(b).

(a) Free cash flow equals cash flow minus (i) cost of net debt, (ii) income tax expense, and (iii) net capital expenditure, and is calculated before changes in working capital requirements.

(b) Excluding exceptional items relating to Bouygues Telecom: 4G frequencies in the 800 MHz band (acquisition and capitalised interest: €696m at Bouygues Telecom level, and €726m at Group level) and asset disposals of €207m.

(c) Excluding acquisition of 4G frequencies in the 2,600 MHz band for €228m.

(d) "Holding company & other" reported negative free cash flow of €160m, excluding the €30m effect of capitalised interest on the 4G frequencies.

NET DEBT(€ million) €4,172 million (+€310 million)

Despite the acquisition of 4G frequencies in 2012 for €726 million, consolidated net debt at 31 December 2012 was €4.2 billion (€310 million more than at 31 December 2011). The level of net debt was kept in check thanks to a proactive financial policy involving working capital optimisation, targeted asset disposals, and tight control over capital expenditure.

Although results at Bouygues Telecom were sharply down, operating activities generated net cash of €599 million in 2012, virtually covering the €608 million dividend payout. After stripping out exceptional items, net debt was therefore virtually unchanged at end-December 2012 compared with a year earlier.

Exceptional items also had an impact on the cash position in 2012, with the €726 million outflow on the acquisition of 4G frequencies in the 800 MHz band partially offset by a €426 million inflow from exceptional asset disposals at Bouygues Telecom and TF1.

Due to the combined effect of control over the level of debt and a €400-million increase in shareholders' equity, net gearing came to 41%, virtually unchanged from 2011.

Trends in net debt (or net surplus cash) for the business areas were as follows:

Bouygues Construction: net surplus cash of €3,093 million (€224 million more than at the end of 2011).

Bouygues Immobilier: net surplus cash of €358 million (€149 million less than at the end of 2011), a very good performance for a property developer.

Colas: €170 million of net debt, representing a deterioration of €198 million in the net cash position during the year.

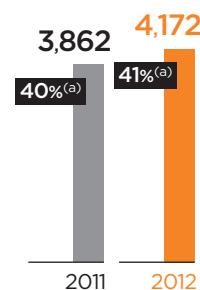
TF1: €237 million of net surplus cash, representing an improvement of €277 million in the net cash position during the year, thanks largely to the sale of 20% of Eurosport and of the theme channels.

Bouygues Telecom: net debt of €650 million (€69 million more than at the end of 2011). A €700-million capital injection into Bouygues Telecom by its shareholders offset most of the impact of the acquisition of 4G frequencies.

Net debt at "Holding company & other" level was €7,040 million (€395 million more than at the end of 2011).

The Bouygues group, which is rated A3/negative outlook by Moody's and BBB+/stable outlook by Standard & Poor's, successfully raised €700 million via a bond issue on 2 October 2012.

Bouygues has excellent liquidity (€9.7 billion, comprising €4.3 billion of cash and cash equivalents and €5.4 billion of undrawn credit facilities), and a very well-spread debt maturity profile.



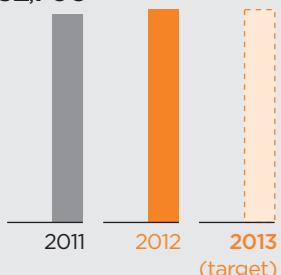
(a) Net gearing.

OUTLOOK FOR 2013 (€ million)

€33.45 billion (=)

2013 sales targets

32,706 33,547 33,450

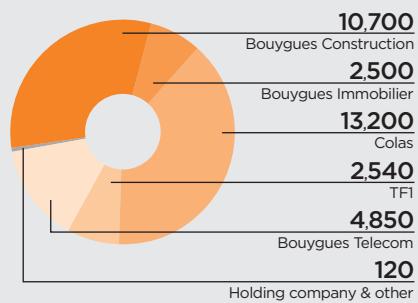


In a challenging economic environment, the Group's construction businesses enjoy good visibility thanks to record order books and are backed by a number of major strengths, such as the capacity to offer innovative, high value-added solutions, robust and diversified international operations and expanding speciality activities that help to drive growth.

Telecom's strategic priorities are confirmed and the transformation plan initiated in 2012 will continue with breakthroughs in two areas in particular: technical assets and the marketing of plans with services. The aim of this next phase in the transformation of Bouygues Telecom is to stabilise EBITDA and improve EBITDA net of capital expenditure from 2013 onwards.

On this basis, 2012 should mark the low point in the Bouygues group's profitability.

2013 sales targets by business area^(a)



(a) Impact of intra-Group eliminations: -€460m.

3.2 Highlights

In February 2012, Bouygues proceeds with a €800-million bond issue that will mature in 2022 with a coupon (the interest rate paid to investors) of 4.50%. In September, Bouygues carries out another bond issue of €700 million maturing in 2023 with its lowest ever coupon of 3.625%. Both these operations are significantly over-subscribed.

In December, Bouygues completes a leveraged employee share ownership operation called Bouygues Confiance 6.

3.2.1 Construction businesses

January

United Kingdom. Bouygues Construction signs a contract to develop a 6-hectare neighbourhood in Canning Town, East London. The construction work will be carried out by Bouygues UK and it will comprise 1,700 social, private, and student housing units, as well as 60,000 m² of retail space. Potential contract amount: €720 million.

Asia. Bouygues Construction wins a contract to design and build the Trade & Industry Tower in Hong Kong. This 66,600-m² building will accommodate government offices and a number of its departments. Handover is expected for 2014.

Law courts. The Arelia consortium, comprising two Bouygues Construction subsidiaries, wins the contract for the future Paris Law courts building. Bouygues Construction will design and build the complex. It will also provide operation and maintenance services for 27 years. Work is expected to start in the summer of 2013.

February

Morocco. GTR (Colas) wins a contract for a work package forming part of the preparatory works for the construction of the Tangier-Kenitra high-speed railway line. LRM, another Moroccan subsidiary of Colas, completes the renovation of the motorway bypassing Casablanca.

April

Luxury hotel. Bouygues Construction signs a contract to renovate The Ritz, the luxury Parisian hotel. The works (totalling €145 million) will last 26 months.

Energy. Bouygues Immobilier launches IssyGrid®, the first district smart grid, at Issy-les-Moulineaux, near Paris. Bouygues Telecom equips ten trial apartments so that their power consumption can be monitored. Embix (a Bouygues/Alstom JV) collects all this data.

Acquisition. In the UK, Bouygues Construction acquires building contractor Thomas Vale, which specialises in construction and renovation in both the public and private sectors, especially for retail, office, and leisure facilities.

May

Acquisitions. Colas Rail Ltd acquires Pullman Rail Ltd, specialised in the maintenance and repair of railway equipment in the United Kingdom.

Energy. Bouygues Immobilier and Schneider Electric create Aveltys, a company that will guarantee the energy performance of new and existing office buildings.

Public-Private Partnership. French rail network operator RFF and Oc'Via, a company whose shareholders include Bouygues Construction, Colas, and Alstom, sign the PPP contract for the future railway bypass round Nîmes and Montpellier. The 25-year deal concerns the design, financing, construction, servicing, maintenance and renewal of a new shared-track rail infrastructure (freight and passenger trains) between the two cities. It will begin operating in 2017.

Road bridge. Bouygues Construction wins a contract to build the first part of the bridge between Hong Kong and the cities of Macao and Zhuhai (€607 million). It is the biggest design-build contract ever awarded in Hong Kong (total amount is €1.25 billion). Delivery is scheduled for 2016.

Ivory Coast. Bouygues Construction, via Socoprim, signs the financing agreements for a road link in Abidjan. The €232-million contract is for the design, construction, operation, and maintenance of the road for a period of 30 years.

July

United Kingdom. Bouygues Construction acquires all of Leadbitter Group, a UK-based building firm. Elsewhere, Bouygues Development (property development) is named preferred bidder for a student-housing project comprising seven buildings at the University of Hertfordshire. Bouygues Development is also to develop 648 rooms for students at the University of Essex. The construction work will be carried out by Bouygues UK.

September

Thailand. Bouygues Construction signs a contract to build the country's highest building, the MahaNakhon (317 metres), in Bangkok. It will include luxury apartments, a hotel as well as retail space. In April, it won the contract to build tower blocks comprising 1,450 apartments and an office building in the Ploenchit district.

October

Canada. Within a joint venture, Bouygues Construction is chosen to design, build, and finance four sporting facilities for the Toronto 2015 Pan Am Games, which include a 22,500-seat football stadium.

La Défense. Bouygues Immobilier lays the foundation stone of Tour D² at La Défense, near Paris. This is the first tower block with a metallic exostructure in La Défense business district and it will accommodate 4,000 people on 36 storeys covering 54,000 m². Its main strength is its energy consumption, with an objective of consuming at least 30% less energy than the highest HQE® (High Environmental Quality) certification level. Handover is expected for end-2014.

Metro. As part of a consortium, Colas wins the contract to extend line No. 1 of the Algiers metro. The project concerns 4 km of track and four stations, and involves the construction of the entire transport system and station fitout. The latter is expected to start operating in November 2014.

Organisation. Colas announces a new organisation for its roads activity in mainland France, which will be operational from 1 January 2013. There will be seven regional subsidiaries all operating under the single brand name of Colas, instead of the current 16 regional subsidiaries operating under three brand names (Colas, Sacer and Screg). The aim is to simplify and optimise the operation of Colas' roads activity in mainland France.

November

University. As part of a consortium, Bouygues Construction wins a €122-million contract (Bouygues Construction's share: €116 million) to restructure part of the University of Bordeaux 1. Exprimm (Bouygues Construction) will provide building maintenance for 27 years. Delivery is scheduled for 2015.

Rehabilitation. As part of its Rehagreen® initiative, Bouygues Immobilier is rehabilitating 50,000 m² of office space (3,000 workstations) at Gentilly, near Paris, at Sanofi's Campus Val de Bièvre site.

December

Australia. Bouygues Construction, in partnership with the Australian group, Macmahon, wins a contract worth AUD 260 million (around €210 million) to design and build a rail tunnel and 3.2 km of new track to the west of Sydney. Bouygues Travaux Publics' share: around €105 million.

Energy. The first large scale positive-energy office building in France, Green Office® Meudon, produced 76.9 kWh/m²/year of energy from renewable sources and consumed 70.8 kWh/m²/year of energy.

3.2.2 Media/Telecoms businesses

January

Offer. B&YOU, Bouygues Telecom's web-only operator, launches a no minimum term and SIM-only plan, comprising unlimited calls within France and to forty international destinations, unlimited SMS/MMS and 3GB of data, for €19.99 per month.

March

4G. Bouygues Telecom starts testing its 4G services in the Lyon area. In December 2011, the operator paid €911 million for two blocks of 4G frequencies for 20 years.

April

Broadcasting rights. TF1 signs a deal with UEFA to air some of the headline matches of the UEFA Euro 2012 and 2016 soccer tournaments on its main TV channel.

May

Darty. Bouygues Telecom and Darty sign a deal comprising the acquisition of Darty Telecom (300,000 fixed subscribers and 40,000 mobile subscribers), the distribution by Darty throughout its 226 stores of Bouygues Telecom's fixed and mobile products and customer services by Darty. Three months later the "Bouygues Telecom Edition Darty" offers are launched, sold exclusively in Darty's stores.

June

Box. Bouygues Telecom launches the sale of its new Bbox Sensation range, available in both fibre and ADSL versions.

July

Organisation. Bouygues Telecom announces a draft voluntary redundancy plan in order to safeguard its competitiveness in a market undergoing sweeping change, following the launch of the fourth mobile telephone operator. The plan concerns 556 jobs but does not include the customer relations centres or the Clubs Bouygues Telecom network of stores

September

Prepaid. B&YOU launches its prepaid mobile phone card, the only one without an expiry date and with the lowest rates on the market for calls, SMS and mobile internet in mainland France.

November

Network. Bouygues Telecom signs a deal with RATP, the Paris transport authority, to participate in rolling out 3G and 4G coverage across the capital's metro and suburban rail network (stations and trains). By 2014, the RATP's 170 main stations will be connected to provide coverage for 75% of passengers and by end-2015, 3G and 4G will be rolled out on the entire metro and suburban rail networks.

Mobile phone plans. B&YOU adds new features to its two plans launched in January without changing their price. Accordingly, the €9.99/month plan gets unlimited calls within mainland France, in addition to unlimited SMS/MMS and 20MB of data, versus two hours of national calls beforehand. In addition, the €19.99 "24/7 and 3GB Internet" plan now allows users to surf the net at the fastest data speeds, up to 42 Mbit/second, and to make unlimited calls to five new international destinations in addition to the already-included 45 countries.

December

DTT. TF1 launches HD1. This new DTT channel will air high-definition programmes, including 250 films per year, three evenings a week (including 15% of unscreened content), as well as French (some of which will be in-house productions) and overseas drama.

Alliance. TF1 and Discovery Communications sign a strategic alliance on 21 December. The aim is to offer ambitious growth prospects to its pay-TV channels, whilst ensuring the pursuit of growth at Eurosport worldwide and optimising the distribution of its channels in France.

4. HIGHLIGHTS SINCE 1 JANUARY 2013

Bouygues Construction

GFC Construction and Bouygues Bâtiment Ile-de-France, both subsidiaries of Bouygues Construction, are to build **an office block** in Lyon for a total of €124 million. This building, called **InCity** and designed by Valode & Pistre and AIA architects, will be the highest tower block in the city. Its metal spire topping out at an elevation of 200 metres will make the building the city's tallest ahead of the "Crayon" (or "Pencil") in the Part-Dieu district.

Colas

In February in Tunisia, Colas Rail, as part of a consortium, won the contract **to build the first two lines of the Tunis RFF (Réseau Ferroviaire Rapide) rapid rail network**, which stretches for 20 km. Colas Rail will be responsible for track work, overhead lines, power supply, the data logging and remote surveillance system, depot equipment, and integration of the system package. The total contract amount stands at €145 million, of which €86 million for Colas Rail.

In January, Colas Ltd won, as part of a consortium, an eight-year contract **for the upgrading and maintenance of the main roads of central London**. The total amount of the basic contract is estimated at GBP420 million (€520 million), of which 40% for Colas Ltd.

Bouygues SA

On 26 February 2013, Bouygues cancelled 5,074,906 of its own shares bought back in January.

Alstom

In the **Transport** sector, Alstom signed a contract to supply 34 light rail vehicles and 30 years of maintenance services to the City of Ottawa in Canada. This project's amount stands at more than €1.5 billion (CAD2.1 billion). Alstom's share is around €400 million.

In the **Power** sector, in India, the joint-venture Alstom-Bharat Forge Power won a €350 million contract to supply three turbine islands for supercritical coal-fired power plants. Alstom's share is around €185 million.

In Brazil, Alstom Renewable Power and Renova Energie, the leading wind power generation company in Brazil, have signed a memorandum of understanding for the supply, operation and maintenance of around 440 onshore wind turbines worth more than a billion euros.

In Thailand, Alstom is to build a 850-MW combined cycle power plant in Bangkok and has also won a contract for the upgrade and maintenance of the Bang Bo gas-fired plant.

In Libya, Alstom will supply spare parts and equipment for 11 gas turbine units.

In Vietnam, Alstom will supply equipment for the 1,200-MW hydropower plant located in Lai Chau province.

In Ethiopia, Alstom has signed a €250 million contract to supply hydroelectric equipment for the Grand Renaissance dam. In France, Alstom inaugurated its new global hydropower technology centre in Grenoble and has started construction of its first two offshore wind turbine factories in Saint-Nazaire. Finally, Alstom completed the acquisition of Tidal Generation Ltd, a tidal stream energy specialist, from Rolls Royce.

Chapter 2

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1. BOUYGUES CONSTRUCTION, A FULL-SERVICE CONTRACTOR

Operating in 80 countries worldwide, Bouygues Construction is a global player in the building, civil works, energies and services markets. It has recognised know-how at all stages of a project, from financing and design to construction, operation and maintenance.

Its 55,000-plus employees develop and implement effective and innovative solutions that enhance people's quality of life and protect the environment.

Condensed balance sheet at 31 December

(€ million)	2012	2011
Property, plant and equipment and intangible assets	713	763
Goodwill	491	457
Non-current financial assets and tax assets	479	479
NON-CURRENT ASSETS	1,683	1,699
Current assets	3,749	3,722
Cash and cash equivalents	3,845	3,550
Financial instruments ^(a)	-	-
CURRENT ASSETS	7,594	7,272
TOTAL ASSETS	9,277	8,971
LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)		
Shareholders' equity attributable to the Group	814	764
Minority interests	10	15
SHAREHOLDERS' EQUITY	824	779
Non-current debt	503	476
Non-current provisions	884	797
Other non-current liabilities	33	36
NON-CURRENT LIABILITIES	1,420	1,309
Current debt	9	6
Current liabilities	6,784	6,678
Bank overdrafts and current account	235	196
Financial instruments ^(a)	5	3
CURRENT LIABILITIES	7,033	6,883
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	9,277	8,971
NET SURPLUS CASH	3,093	2,869

(a) Fair value hedges of financial liabilities.

Condensed income statement at 31 December

(€ million)	2012	2011
SALES	10,640	9,802
Net depreciation and amortisation expense	(212)	(171)
Net charges to provisions and impairment losses	(278)	(197)
Other income and expenses	(9,786)	(9,081)
CURRENT OPERATING PROFIT	364	353
Other operating income and expenses	-	-
OPERATING PROFIT	364	353
Income from net surplus cash	16	19
Other financial income and expenses	17	10
Income tax expense	(129)	(140)
Share of profits and losses of associates	(6)	(13)
NET PROFIT	262	229
Minority interests	5	(3)
CONSOLIDATED NET PROFIT (ATT. TO THE GROUP)	267	226

Key figures

EMPLOYEES AT 31/12/2012

55,381

2012 SALES

€10,640m (+9%)

2013 SALES TARGET

€10,700m (+1%)

2012 CURRENT OPERATING MARGIN

3.4% (-0.2 points)

2012 NET PROFIT ATTRIBUTABLE TO THE GROUP

€267m (+18%)

ORDER BOOK

€17.1bn (+12%)

2012 Highlights

MAJOR CONTRACTS CONCLUDED

- Future Paris law courts complex (€823m).
- Nîmes-Montpellier railway bypass (€733m).
- Hong Kong - Zhuhai - Macao bridge (€607m).

PROJECTS UNDER CONSTRUCTION

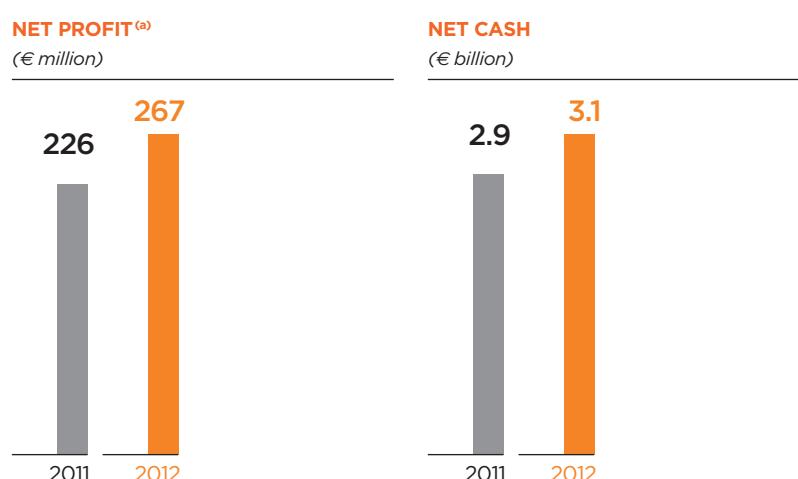
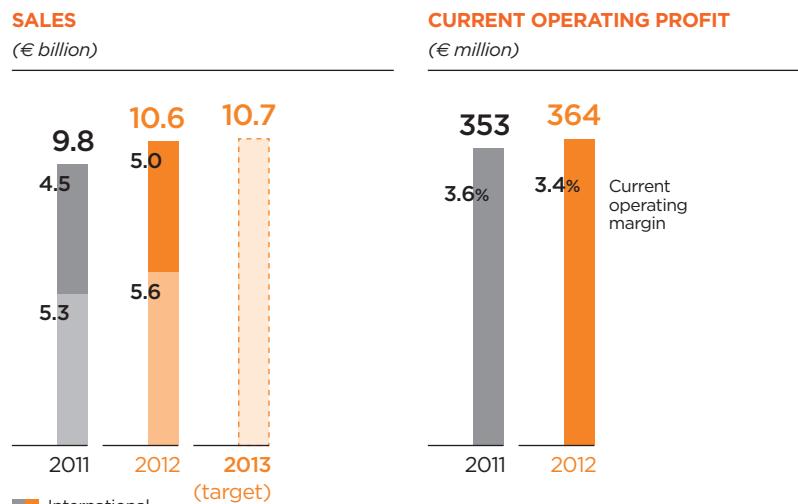
- Qatar Petroleum District in Doha.
- New French Ministry of Defence in Paris.

COMPLETED PROJECTS

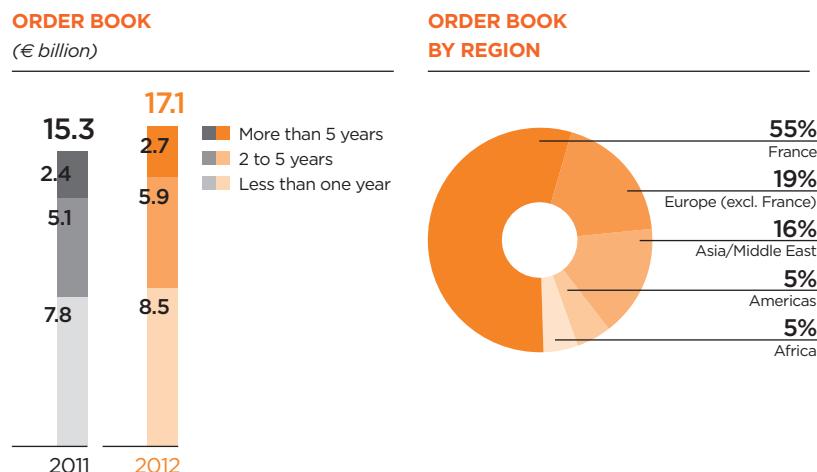
- Gautrain rail link in South Africa.
- Royal Canadian Mounted Police headquarters in Surrey.

SUSTAINABLE CONSTRUCTION

- 49% of the R&D budget is devoted to sustainable construction (46% in 2011).



(a) Attributable to the Group.



1.1 Profile

1.1.1 Growth strategy and opportunities

Bouygues Construction is continuing to pursue growth in the most buoyant regions of the world, offering its customers comprehensive and innovative solutions, especially in energy and environmental performance. Its strategic growth priorities are complementary.

1.1.1.1 High value-added projects

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

1.1.1.2 Sustainable construction

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

1.1.1.3 Energies and services

Bouygues Construction's energies and services businesses enable the company to take positions on promising energy-performance markets and to offer full-service solutions that generate recurring long-term income. The company is also strengthening its positions in high-technology segments such as broadband and very-high-speed networks and data centres.

ETDE is being renamed Bouygues Energies & Services in 2013 to better assert its position as a full-service operator and its complementarity with Bouygues Construction's design-build activities.

1.1.1.4 International markets

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

1.1.2 Strengths

Bouygues Construction has many strengths to draw on in all its lines of business:

- **an international presence and experience of managing complex projects:** motivated people with high-level technical skills enable the company to meet the needs of its public and private customers and make the most of future opportunities;
- **a robust financial situation and good performance:** over the last ten years, Bouygues Construction has demonstrated its capacity to generate revenue growth while preserving profitability, backed up by a healthy and robust financial situation;
- **the capacity to adapt to changing markets:** the value and depth of its order book give the company visibility that enables it to promptly adjust costs and concentrate investment on the most buoyant markets;
- **a policy of controlling operating and financial risks:** strict application of procedures at all levels of the company guarantees that the right projects are selected and carried out smoothly.

1.1.3 Competitive positioning

Given the organisational structure of its direct competitors, it is difficult to make like-for-like comparisons between them and Bouygues Construction. Based on the 2011 ranking published by trade magazine *Le Moniteur* in December 2012, Bouygues' construction businesses arm (Bouygues Construction, Bouygues Immobilier, Colas) is the second largest in Europe after Vinci's Contracting division, ahead of the Spanish firm ACS (consolidated with Hochtief from June 2011) and the French contractor Eiffage. In the ENR ranking for 2011, Bouygues' construction businesses, represented by its three business areas, made it the fourth-largest international construction firm, based on the share of sales generated on international markets.

In a French building and civil works market worth about €200 billion according to a Euroconstruct estimate in December 2012, Bouygues Construction (excluding Bouygues Energies & Services) is one of the top three French contractors ahead of Eiffage Construction and behind Vinci Construction (2011 ranking published by trade magazine *Le Moniteur* in December 2012). The market also includes many small and medium-sized firms. In energies and services, Bouygues Energies & Services is in sixth place after GDF Suez Énergie Services, Vinci Énergies, Dalkia, Spie and Eiffage Énergie (2011 ranking published by trade magazine *Le Moniteur* in December 2012).

1.2 Business activity in 2012

1.2.1 Record commercial activity, a robust operating margin and a sound financial structure

1.2.1.1 A record order intake: €11,976m

Order intake in 2012 rose 9% versus 2011 to a record €11,976 million and included 15 contracts worth over €100 million each (nine on international markets), three of which were worth over €300 million.

Order intake in France rose 5% to €7,199 million, boosted by the conclusion of two major public-private partnership (PPP) projects: the Paris law courts complex and the Nîmes-Montpellier railway bypass.

On international markets it rose sharply 16% to €4,777 million, driven by the order for a section of the bridge linking Hong Kong to Macao and more generally by commercial successes in countries less hard-hit by the economic crisis, such as Switzerland, Thailand and Canada. It was also boosted by the integration of Thomas Vale in the UK.

Buildings with environmental certification accounted for 57% of the order intake, compared with 55% in 2011.

1.2.1.2 Growth in the order book (up 12%)

The order book rose by 12% year-on-year to stand at €17.1 billion at year-end, with international markets accounting for 45% of the total. Orders booked at end-2012 to be executed in 2013 amounted to €8.5 billion. An increase in the medium- and long-term end of the order book gives greater visibility, especially in energies and services activities. At the end of 2012, the order book for execution beyond one year was therefore up 16% year-on-year.

1.2.1.3 Robust sales growth: €10,640m (up 9%)

Sales rose by 9% in 2012 to €10,640 million, with building and civil works accounting for 86% and energies and services for 14%. Both France, where sales increased 5% to €5,612 million, and international markets, up 13% to €5,028 million, contributed to this growth, accounting for 53% and 47% of sales respectively.

Outside France, sales were boosted by the acquisition in 2011 of Leadbitter, consolidated from the second quarter of 2011, and Thomas Vale, the acquisition of which was completed in June 2012. Both these transactions were carried out in the UK.

Like-for-like and at constant exchange rates, sales rose by 4%.

1.2.1.4 A rise in net profit: €267m (up 18%)

Current operating profit remained satisfactory at €364 million, €11 million more than in the previous year, a rise of 3%, yielding an operating margin of 3.4%, down 0.2 points. Financial income, at €33 million, remained at the same level as in the previous year, despite the decline in income from net surplus cash which was due to the impact of the fall in the interest

rates on Bouygues Construction's cash surplus. After a tax charge of €129 million, net profit attributable to the Group rose sharply to €267 million in 2012, representing 2.5% of sales.

1.2.1.5 A very substantial cash surplus: €3,093m (up €224m)

Bouygues Construction had a net cash surplus of €3.1 billion at end-2012, €224 million more than in 2011, thus further strengthening its robust financial structure.

1.2.2 Developments in Bouygues Construction's markets and activities

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

In industrialised countries, Bouygues Construction takes advantage of its expertise in partnership contracts (design, build, operate) to offer customers increasingly competitive solutions for complex major projects. Markets in emerging countries are more buoyant due to factors such as high growth rates and sovereign wealth funds, holding out attractive prospects for Bouygues Construction's businesses. The company can rapidly mobilise its resources on high-potential markets, as demonstrated by the major contracts concluded in Asia in 2012.

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

1.2.2.1 Building and civil works

Sales in the building and civil works segment rose to €9,099 million, 10% higher than in 2011 (€8,300 million¹ in 2011). Sales amounted to €4,525 million in France and €4,574 million on international markets (80 countries).

France

With a slightly higher level of activity than in 2011, the French market was one of the most resilient in Western Europe.

In the Paris region, public and private investment in residential property remained steady, with private investment encouraged by the Scellier tax incentive scheme, amongst other factors, which ended in December 2012. Activity was also sustained by major infrastructure projects, many of them awarded in recent months within the framework of the *Grand Paris* project.

¹) 2011 sales restated, comparable to 2012.

In the rest of France, the building market is still under pressure and projects are tending to become smaller. Difficulties in raising finance make the conclusion of large-scale projects longer and more complex. Prospects for growth exist, notably with the approach of municipal elections in 2014, which should boost civil works, and the increase in municipalities' obligatory social housing quota mandated by the Urban Solidarity and Renewal Act.

2012 sales: €4,525m (up 5%)

Bouygues Construction's building activity in the Paris region was sustained by the major amenity projects booked in 2011, such as the Beaugrenelle shopping centre, the Paris Philharmonic Hall, the Paris Zoological Park and the French Ministry of Defence. The National Archives building at Pierrefitte-sur-Seine, begun in 2009 and handed over during the year, highlights Bouygues Construction's ambitious environmental approach.

Private renovation and construction activity also flourished, both in the residential segment (handover of the Suresnes-Sentou residential complex) and the commercial segment (Lumen new office project at Montrouge), as well as in mixed-use projects such as the transformation of Laennec Hospital in Paris into offices and housing and the Fort d'Issy eco-neighbourhood in Issy-les-Moulineaux.

Commercial activity was sustained by public-sector orders, especially PPPs such as the Paris law courts complex and the Saint-Quentin-en-Yvelines Velodrome, orders for which were booked in early 2012.

Despite difficulties related to the economic crisis, orders remained firm for both private-sector renovation projects, especially in the commercial segment (The Ritz Hotel in Paris, Tour Athéna in La Défense, Quai Le Gallo offices in Boulogne-Billancourt) and new-build projects (Saussure-Cardinet office complex in Paris, Val de Bièvre complex at Gentilly).

Elsewhere in France, Bouygues Construction's five regional building subsidiaries held up well in a depressed economic environment. The construction of amenities, especially public hospitals, helped to cushion the decline in activity. Bouygues Construction handed over the Metz-Thionville hospital in 2012 and work continued on the Amiens-Picardie and Orléans hospitals. The ongoing reconfiguration of the Velodrome Stadium in Marseille is a showcase example of Bouygues Construction's expertise in the construction of leisure facilities and the execution of works on sites in use.

The order for the Cité Municipale in Bordeaux, a positive-energy building to house the city's municipal services, illustrates Bouygues Construction's energy performance commitments.

In civil works, Bouygues Construction has regional agencies all over France that specialise in smaller-scale civil engineering projects and earthworks. In addition to its core business, the company also carries out complex major projects like ongoing civil engineering works for the Flamanville EPR nuclear power plant and LNG storage tanks in Dunkirk.

Another commercial highlight of 2012 was the order, in the framework of a PPP, for the Nîmes-Montpellier railway bypass project. It will be France's first shared-track high-speed line, carrying both freight and passengers.

Europe

The construction market in Europe continued to contract in 2012.

In Western Europe, Bouygues Construction subsidiaries are particularly active in the UK, where the market is worth €158 billion, and in Switzerland (€50 billion). In the UK, budget pressures have crimped public-sector investment, while the civil works market, buoyed in 2011 by preparations for the London Olympics, has flagged since then. The construction market in Switzerland is firm, especially for housing, boosted by historically low interest rates.

Investment capacity in Eastern Europe has suffered from a decrease in EU funding and a tightening of national budgets. Infrastructure needs are still considerable, however, holding out bright prospects for the medium term.

2012 sales: €1,979m (up 8%)¹

In the UK, Bouygues Construction, which already has an extensive presence in London and the south of England, strengthened its coverage. The acquisition of Thomas Vale gives the company a foothold in the dynamic Midlands region, while the acquisition of Leadbitter has brought strong positions in the south of England and in Wales. Commercially, Bouygues Construction capitalises on its school-building expertise. Three projects to renovate schools while still in use were successfully completed during the year. Furthermore, the University of Essex, near Colchester, has chosen the company to design and build its new student hall of residence.

In the south of England, Bouygues Construction took an order for the design and construction of an up-market, three-tower complex in Southampton, while work on the Mary Rose museum in Portsmouth neared completion.

Demand in Switzerland remained strong, especially on the housing market. Bouygues Construction took advantage of its expertise in putting together major property development projects: the company continued work on the Eikenøtt eco-neighbourhood in Gland. Bouygues Construction also has acknowledged expertise in "multi-product" projects including offices, shops, housing and leisure facilities, as illustrated by the complexes currently under construction in Monthey, Thun and Zurich. The company continued to expand in the German-speaking part of the country, winning a contract in 2012 to build offices for the Swiss post office in Bern.

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

Elsewhere in Europe, Bouygues Construction is also involved on a one-off basis in major infrastructure projects such as the new confinement shelter for the damaged nuclear reactor at Chernobyl in Ukraine, which is being built in partnership with Vinci.

⁽¹⁾ 2011 sales restated, comparable to 2012.

Asia

Construction markets in Asia are particularly buoyant, with continuing high growth rates sustained by effective government intervention. Bouygues Construction benefits from its position as a long-standing player in Hong Kong, though local and foreign competition is intensifying. Thailand, where growth was hit by the floods in 2011, is now experiencing an economic revival. Singapore's thriving economy benefits all sectors, especially construction. Attractive possibilities also exist in some other emerging regions, though the risk factor is high.

2012 sales: €1,469m (up 31%)

In Hong Kong, the Civil Aviation Department headquarters building was handed over. Activity was sustained by major projects begun in 2011, including the Kai Tak Cruise Terminal building and two sections of the rail tunnel for the Hong Kong to Guangzhou high-speed rail link. The commercial highlights of 2012 were orders for a section of the gigantic bridge linking Hong Kong, Zhuhai and Macao and for the Trade & Industry Tower.

Bouygues Construction remains a recognised player on the Asian building market, especially for high-rise structures. Major residential complexes are under construction in Singapore. In Bangkok, the company has taken orders for three residential towers in a highly desirable business neighbourhood and for the Mahanakhon tower which, on handover in 2015, will be the highest in the Thai capital and a historic record for Bouygues Construction. Work continues on the Singapore SportsHub, the world's largest sports-related PPP project.

In Turkmenistan, activity was sustained by ongoing work on projects booked in 2011, including a turnkey five-star hotel, the Finance Ministry and renovation of the Rukhiet Palace, completed during the year. In early 2013, Bouygues Construction took orders for the Congress Centre and Theatre and Concert Centre in the capital, Ashgabat.

Africa - Middle East

Economic growth has dipped in North Africa, due in particular to a drop in tourist revenue at the time of the Arab Spring and the deteriorating economic situation of the euro zone, on which North African countries depend for much of their trade. Sub-Saharan Africa has resisted the global economic downturn, with the exception of South Africa. However, transport infrastructure needs and the exploitation of natural resources make this a high-potential region.

Oil-exporting Middle Eastern countries are taking advantage of high oil prices to step up their investment in major infrastructure projects. Qatar in particular is investing in preparation for the FIFA World Cup which will be taking place there in 2022.

2012 sales: €711m (down 7%)

In Africa, Bouygues Construction's building and civil engineering firms work together on major infrastructure projects.

In Equatorial Guinea, Bouygues Construction has taken an order to build a portion of the Bata seafront road as part of the government infrastructure modernisation programme. The company is also continuing to build the national headquarters of the Bank of Central African States at Malabo and a two-lane motorway linking Bata to the east of the country.

In Morocco, work is continuing on the second container port in Tangier. Line 3 of the Cairo metro in Egypt was completed during the year.

In Ivory Coast, Bouygues Construction started work on the Riviera Marcory bridge in Abidjan, which it will also operate. The project will be one of the first concessions in West Africa.

In South Africa, the last section of the tunnel for the Gautrain, a fast rail link between Johannesburg, Pretoria and Johannesburg International Airport, came into service.

In the Middle East, Bouygues Construction is involved in complex major projects such as the Hodariyat bridge in Abu Dhabi (United Arab Emirates), handed over in early 2012, and the Qatar Petroleum District, a vast complex that includes nine high-rise office buildings, currently under construction in Doha.

Americas - Caribbean

The economic situation in the Americas is contrasted, differing very considerably from one country to another. Some markets seem to be riding out the economic storm better than others. Bouygues Construction is involved in major facilities and infrastructure projects in the region (Canada and Cuba).

2012 sales: €414m (up 45%)

Bouygues Construction has long-term operations in Cuba, where it is a recognised specialist in the construction of turnkey luxury hotel complexes. In 2012, the company took orders for luxury hotel complexes on Laguna del Este on Cayo Santa Maria and on Cayo Coco.

In Jamaica, the last section of Highway 2000 came into service, illustrating Bouygues Construction's involvement in the development of the country's road and motorway network over a number of years.

At Baluarte in Mexico, Bouygues Construction completed its work on the world's highest cable-stayed bridge.

In Canada, Bouygues Construction handed over the Royal Canadian Mounted Police headquarters in Surrey and won the contract to build a set of sporting facilities in Ontario for the 2015 Pan American Games.

In the United States, work is continuing on the Miami port tunnel within the framework of a 35-year public-private partnership.

1.2.2 Energies and Services

ETDE was renamed Bouygues Energies & Services in 2013 to better assert its position as a full-service operator and its complementarity with Bouygues Construction's design-build activities.

Bouygues Energies & Services contributed €1,541 million to Bouygues Construction's consolidated sales, 3% more than in 2011 (€1,502 million¹). Bouygues Energies & Services has three business lines: network infrastructure (52% of sales), electrical and HVAC engineering (25%) and facilities management (23%).

Demographic growth, spreading urbanisation and increasingly scarce raw materials mean that energy and environmental performance is a central concern. Fast-growing telecommunications needs have also increased demand for network infrastructure. These two key trends on the energy and services markets offer Bouygues Construction sources of growth, both in the countries where it has most of its operations (France, the UK, Switzerland and Canada) and in emerging countries, especially in Africa.

In France, the market is very concentrated. Short-term economic uncertainties remain due to pressure on central and local government budgets, affecting network infrastructure works in particular, and the difficulty of raising private finance, especially for commercial property projects and public-private partnerships. The situation is aggravated by fierce price competition.

France

2012 sales: €1,087m (up 3%)

Bouygues Energies & Services, through its network infrastructure subsidiary, is a leading player in the development of digital networks in France and is involved in 15 public service delegations, representing 12,000 kilometres of optical fibre serving 6.5 million people. The contract awarded in 2011 for the development and management for 25 years of the broadband and very-high-speed network in the Vaucluse *département* in the south of France is now under way.

1.3 Outlook for 2013

In a still-tough economic climate, Bouygues Construction has set its sales target for 2013 at €10.7 billion, 1% higher than in 2012.

Bouygues Construction enjoys good visibility, backed up by:

- **orders at 31 December 2012 to be executed in 2013** worth €8.5 billion, covering 79% of forecast sales;
- **sustained international activity outside Europe**, especially in places less affected by the economic crisis, such as Hong Kong, Singapore, Qatar and Canada;
- **a long-term order book** (more than five years) worth €2.7 billion at 31 December 2012;

Bouygues Energies & Services won a 20-year public lighting contract in Valenciennes, in northern France, and is continuing the contracts begun in 2011, especially the major energy performance contract with the City of Paris that aims to achieve a 30% reduction in the city's energy consumption by 2020 in comparison with the level in 2004.

In electrical and HVAC engineering, Bouygues Energies & Services has completed work on the Metz-Thionville hospital, handed over in 2012, and is continuing work on the Amiens-Picardie hospital. Work is also continuing on the Pantin data centre, for which the order was booked in 2011.

In partnership with Bouygues Construction's building subsidiaries, Bouygues Energies & Services' facilities management subsidiary is involved in a number of PPP contracts, including the maintenance and operation of the French Ministry of Defence and the Paris law courts complex, the Cité Municipale in Bordeaux and the Saint-Quentin-en-Yvelines Velodrome.

International

2012 sales: €454m (up 3%)¹

Bouygues Energies & Services is continuing to expand in its three main lines of business in Europe (especially in the UK, Switzerland and Hungary), in Africa (Congo, Gabon) and in North America (Canada).

On international markets, Bouygues Energies & Services is an expert in major turnkey electricity network infrastructure projects. Its subsidiary in the segment started work on two new contracts in 2012: a second direct-current line in Finland and a high-voltage, rural electrification and public lighting project in the north of Gabon.

In electrical and HVAC engineering, Bouygues Energies & Services is involved in complex projects like the Enfield data centre in the UK.

In Canada, Bouygues Energies & Services has a 30-year facilities management contract for Surrey Hospital and a 25-year contract for the RCMP headquarters. Both in France and internationally, facilities management contracts guarantee Bouygues Energies & Services recurring long-term income.

- **a sound financial structure**, with a net cash surplus of €3.1 billion;
- **an expanding range of sustainable construction products and services**, with strong energy and environmental performance commitments.

Tight control over the execution of major projects, a selective approach to orders in the face of competitive pressure and obtaining financing for future projects will continue to be central priorities for Bouygues Construction in 2013.

¹) 2011 sales restated, comparable to 2012.

2. BOUYGUES IMMOBILIER, FRANCE'S LEADING PROPERTY DEVELOPER

With 35 branches in France and four subsidiaries elsewhere in Europe, Bouygues Immobilier develops residential, commercial and sustainable neighbourhood projects.

In 2012, the company confirmed its position as a player committed to urban sustainability.

Condensed balance sheet at 31 December

ASSETS (€ million)	2012	2011
Property, plant and equipment and intangible assets	27	19
Goodwill	-	-
Non-current financial assets and tax assets	38	36
NON-CURRENT ASSETS	65	55
Current assets	1,597	1,615
Cash and cash equivalents	384	537
Financial instruments ^(a)	-	-
CURRENT ASSETS	1,981	2,152
TOTAL ASSETS	2,046	2,207

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2012	2011
Shareholders' equity attributable to the Group	538	547
Minority interests	6	9
SHAREHOLDERS' EQUITY	544	556
Non-current debt	14	3
Non-current provisions	99	96
Other non-current liabilities	2	1
NON-CURRENT LIABILITIES	115	100
Current debt	12	26
Current liabilities	1,375	1,524
Bank overdrafts and current accounts	-	1
Financial instruments ^(a)	-	-
CURRENT LIABILITIES	1,387	1,551
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,046	2,207
NET SURPLUS CASH	358	507

(a) Fair value hedges of financial liabilities.

Condensed income statement at 31 December

(€ million)	2012	2011
SALES	2,396	2,465
Net depreciation and amortisation expense	(5)	(4)
Net charges to provisions and impairment losses	(23)	(12)
Other income and expenses	(2,189)	(2,248)
CURRENT OPERATING PROFIT	179	201
Other operating income and expenses	-	-
OPERATING PROFIT	179	201
Income from net surplus cash	1	2
Other financial income and expenses	(7)	(18)
Income tax expense	(61)	(53)
Share of profits and losses of associates	(2)	(10)
NET PROFIT	110	122
Minority interests	(3)	(2)
CONSOLIDATED NET PROFIT (ATT. TO THE GROUP)	107	120

Key figures

EMPLOYEES AT 31/12/2012

1,582

2012 SALES

€2,396m (-3%)

2013 SALES TARGET

€2,500m (+4%)

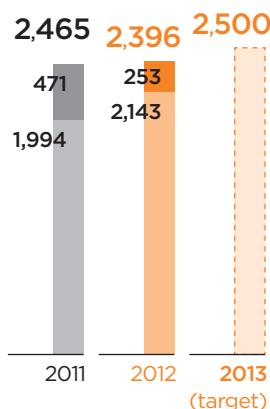
2012 CURRENT OPERATING MARGIN

7.5% (-0.7 points)

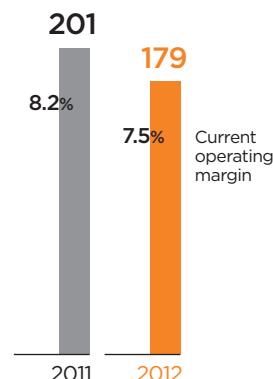
2012 NET PROFIT ATTRIBUTABLE TO THE GROUP

€107m (-11%)

SALES (\$ million)



CURRENT OPERATING PROFIT (\$ million)



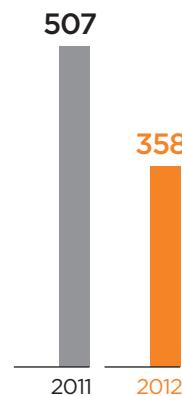
NET PROFIT^(a)

(\$ million)



NET CASH

(\$ million)



2012 Highlights

RESIDENTIAL

- Fall in reservations on a sharply contracting market.
- Handover of the first phase of the Ginko eco-neighbourhood in Bordeaux.
- Over 3,200 housing units sold to social landlords.

COMMERCIAL

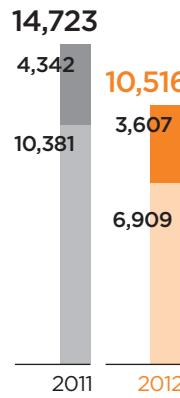
- Increase in order intake in a sluggish market.
- Launch of a major rehabilitation project under the Rehagreen® initiative, the Sanofi Campus Val de Bièvre at Gentilly.
- Sale of the new Unilever headquarters at Rueil-Malmaison.
- Endorsement of the Green Office® positive-energy model after a year in operation.

CSR

- Slight increase in women managers in comparison with 2011 (37.4% of all managers).

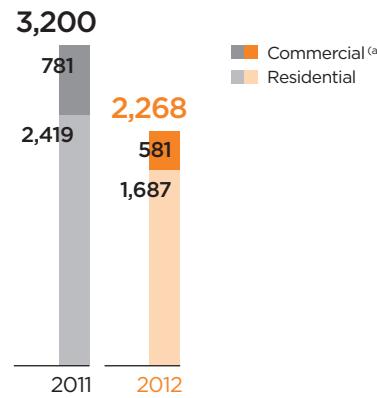
RESIDENTIAL

(number of reservations)



RESERVATIONS

(\$ million)



2.1 Profile

2.1.1 Strategy

Drawing on its expertise in sustainable property development, Bouygues Immobilier is consolidating its position as an urban developer/operator, basing its future growth on the following three strategic priorities.

2.1.1.1 Innovation and sustainable development

Implementing a pioneering sustainable development strategy, Bouygues Immobilier confirmed its leadership in this area in 2012. All residential developments since 2010 have had BBC-effinergie® low-energy certification, two years ahead of the new 2012 Thermal Regulations, and certification is now an integral part of Bouygues Immobilier's policy.

- The company is continuing to develop positive-energy buildings. A year after the handover of Green Office® Meudon to Steria, the building has been true to its promise, producing 76.9 kWh/m² and consuming 70.8 kWh/m² during its first year in operation. Bouygues Immobilier also handed over its first positive-energy residential programme, in Aix-en-Provence in the south of France.
- The green rehabilitation of commercial buildings found its market with the start of work on the Sanofi Campus Val de Bièvre at Gentilly, south of Paris.

Bouygues Immobilier is continuing a number of innovative projects at neighbourhood level under its UrbanEra® initiative to support local authorities in the design of sustainable neighbourhoods.

2.1.1.2 Technical and architectural quality: a key priority

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

Bouygues Immobilier has also teamed up with leading names in contemporary architecture. Valode & Pistre designed the future Clarins headquarters in Paris and the Sanofi Campus Val de Bièvre at Gentilly. Jean-Michel Wilmotte designed the future Green Office® at Rueil-Malmaison, as well as the O'Paris residential programme at Fort d'Issy in Issy-les-Moulineaux. The second phase of Ginko, the Bordeaux Lake eco-neighbourhood, was designed with Eduardo Souto de Moura, winner of the 2011 Pritzker Prize.

2.1.1.3 Customer satisfaction

Customer satisfaction is at the centre of Bouygues Immobilier's concerns. A customer call centre has been opened in order to

provide the best response to customer enquiries. It now takes nearly 4,000 calls a month, ensuring ongoing dialogue between the company and its customers.

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

2.1.2 Strengths and opportunities

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

- **Operations in all segments of property development** (residential, commercial and urban development) enable the company to cushion cyclical effects within each segment.
- **Affordable housing.** In a context of strong structural demand, Bouygues Immobilier takes an all-round approach designed to control all its production costs by overhauling design and construction methods, optimising purchasing and rethinking its line of products and services. The aim is to be able to offer a range of affordable products that meet the needs of first-time buyers, who account for two-thirds of demand. Some programmes have been marketed at a price of only €2,000 per m² with 7% VAT.
- **Office buildings tailored to users' new expectations.** Bouygues Immobilier's strategy in the commercial property segment is based on three priorities: turnkey projects, very high energy performance buildings with Green Office® and the rehabilitation of existing office buildings with Rehagreen®.
- **Genuine expertise in sustainable neighbourhoods.** With UrbanEra®, Bouygues Immobilier aims to support local authorities developing sustainable neighbourhoods and offers a wide range of services to improve residents' quality of life.
- **A proven capacity to adapt to changing market conditions,** with risk control a priority.
- **A robust business model** that guarantees Bouygues Immobilier a healthy financial structure.

2.1.3 Competitive positioning

With a market share of 12%¹, Bouygues Immobilier is France's leading residential property developer with Nexity, well ahead of its other main rivals Icade, Cogedim and Kaufman & Broad, which each have between 4% and 7%¹ of the market.

In the commercial segment, Bouygues Immobilier is a benchmark player that has opened up a real lead over its

⁽¹⁾ Source: ECLN (new housing survey) - data from developers (February 2013).

main competitors, Icade, Nexity and Sogeprom, proposing products at the cutting edge of environmental innovation (Green Office®, Rehagreen®).

At neighbourhood level, Bouygues Immobilier confirmed its leading position in sustainable urban development with its UrbanEra® initiative.

2.2 Business activity in 2012

In a contracting market, Bouygues Immobilier took 10,516 residential property reservations in 2012, 29% down on 2011, worth €1,687 million. A number of major contracts were concluded in the commercial property segment, such as the Sanofi Campus Val de Bièvre and Green Office® Rueil-Malmaison, in the Paris region, worth €581 million. Total reservations (residential and commercial) were worth €2.3 billion, down 29% versus 2011.

The order book stood at nearly €3 billion, with commercial property orders doubling to €0.6 billion. Although down by 3% on end-2011, the order book provides good visibility and represents 15 months of sales.

Sales came to €2.4 billion, down by 3% versus 2011. Thanks to the company's good commercial performance over the last two years, growth in residential property sales continued (€2.1 billion, up 7% on 2011). In commercial property, full-year reservations still only made a small contribution to sales, which came to €253 million in 2012, down by 46%, due to a very tough comparison base in 2011 (e.g. the sales of the Farman building in Issy-les-Moulineaux and of Green Office® in Meudon).

Current operating profit was robust at €179 million, representing 7.5% of sales, down 0.7 points versus 2011. The operating margin mainly reflects the impact of the adjustment measures carried out in response to the declining market in 2012.

Net profit attributable to the Group amounted to €107 million, down 11% on 2011.

As a result of compliance with prudential rules (minimum marketing conditions before buying land or starting works) and special deals to sell off properties, the number of completed but unsold units at end-2012 (only 23 units in France) represented less than one day of marketing.

Shareholders' equity at end-December stood at €544 million.

Bouygues Immobilier had a net cash surplus of €358 million at 31 December 2012, enabling the company to enter 2013 in good health.

2.2.1 Activity

2.2.1.1 Residential property

A year of market downturn

The residential property market in France dipped sharply in 2012, with sales down by 18% in the full year and down 28%

in the last quarter. The number of new housing reservations fell to 86,200, compared with 105,000 in 2011¹⁾.

The downturn was due to three main factors:

- the Scellier tax incentive scheme became less attractive to investors, with the tax break being cut from 22% to 13% at the start of the year;
- the French presidential election and concerns about taxation issues led to a wait-and-see attitude among potential buyers, especially private investors;
- banks tightened up their mortgage-lending terms, making it more difficult for many first-time buyers to go through with their plans to acquire a property despite historically low interest rates.

In these tough conditions, Bouygues Immobilier saw a 29% drop in commercial activity, taking 10,516 reservations worth a total of €1,687 million, though it remained the market leader in France.

Bouygues Immobilier has adapted its products to the new situation

Against this background, Bouygues Immobilier continued its strategy of targeting first-time buyers, in line with its entry-to mid-level positioning, and placed particular emphasis on reducing design and construction costs for its programmes. Since 2011, its aim has been to respond to the fall in households' purchasing power by offering high-quality, affordable housing.

Several programmes demonstrated that this was the right choice.

- the Cœur Bagatelle programme in Toulouse offered low-income families 65-m² two-bedroom apartments with a parking space from €99,000 and 81-m² three-bedroom apartments with a parking space from €139,000, with reduced-rate VAT. This controlled pricing policy was implemented in close consultation with the city authorities;
- the Symphony and Concerto programmes at Saint-Fons, in the Greater Lyon area, Villa Novella at Clermont-Ferrand and Opportuno at Colombelle, near Caen, were launched at a price of €2,000 per m² with 7% VAT;
- the second phase of the Noveo Park programme at Vénissieux, to the east of Lyon, was also highly successful, attracting 166 reservations. The apartments were sold at €2,600 per m², meeting the needs of young families looking to buy their first home;
- the Urban Park programme at Saint-Étienne offered 121 apartments, including 61 for private ownership, sold at €2,150 per m², 11% below the market price.

¹⁾ Source: ECLN (new housing survey) - data from developers (February 2013).

Housing at the cutting edge of environmental innovation

Since July 2010, Bouygues Immobilier has sought BBC-effinergie® certification for all its residential programmes. A new milestone in the quest for energy performance was passed in 2012 with the handover of Vert Eden at Aix-en-Provence, the first positive-energy residential programme in France. Two other similar projects were launched, L'Avance at Montreuil and Terrasse 9 at Nanterre, for handover in 2013 and 2015 respectively.

Managing energy consumption is another key issue for Bouygues Immobilier. Two home automation trials with smart meters were started in 2012, in Lille and Nanterre, with feedback and results due in 2013. The Bouygues Immobilier customers taking part can track their electricity, heating and hot water consumption in real time or over a given period. The aim is to give them better information and hence more precise control over their energy consumption at home.

Customer support at the heart of our strategy

Bouygues Immobilier has long had a policy of personalised customer relations based on a single contact person. The purchasing process is divided into a number of stages, from reservation to handover, so that customers can track their property project. Clear and illustrated, all the information is also accessible on www.bouygues-immobilier.com, the new version of the website launched in 2012. Customer satisfaction is regularly measured by means of satisfaction surveys conducted by an independent firm at each stage of the purchasing process.

2.2.1.2 Commercial property

Green property: a winning strategy

Closely correlated to conditions in the economy, the commercial property market remained sluggish in 2012. Companies have been postponing relocation plans for a number of years. The downturn was reflected in a fall in the number of transactions, a 6.5%⁽¹⁾ increase in vacant space and a fall in take-up, despite some large-scale projects that lifted the market towards the end of the year, such as the 135,000-m² French Ministry of Defence project in Paris and a 69,000-m² project for France Télécom at Châtillon, south of Paris.

Two broad trends defined market demand in 2012:

- the generation of savings: for businesses, the primary reason for relocating is to generate savings. Relocation strategies can be justified by the generation of savings from lower rents, the optimisation of work space and the reduction of operating costs;
- growing awareness of green value: in response to regulatory requirements, the rehabilitation of ageing office buildings is becoming a key issue for major investors looking to maintain the long-term value of their assets.

Despite the unfavourable economic environment, Bouygues Immobilier marketed 133,000 m² of office space in 2012 for a total of €581 million. This doubled the order book to €0.6 billion at end-December 2012. Commercial property sales in 2012 amounted to €253 million.

A number of large-scale projects marked Bouygues Immobilier's activity in the commercial property segment in 2012, thus endorsing a strategy based on three priorities: high energy performance buildings, green rehabilitation and turnkey projects.

- **Green Office*, from dream to reality:** one year after coming into operation, Green Office® Meudon, let to Steria, was more than true to its promises. Data provided by the energy consumption management and analysis software tool Si@go proved that the building is indeed positive-energy, producing 9% more energy than it consumed compared with an expected 3%. In practical terms, this performance enabled Steria to cut its operating charges by 40% in comparison with its previous site. Buoyed by this commercial success, Bouygues Immobilier launched two more projects, one in Nanterre and the other in Rueil-Malmaison, the latter being Unilever's future French headquarters.

- **Rehagreen® has found its market:** in 2012, Bouygues Immobilier launched a 50,000-m² rehabilitation project, the Sanofi Campus Val de Bièvre, at Gentilly, south of Paris. After an audit of the existing 30,000-m² site, occupied by Sanofi since the 1990s, the Rehagreen® teams proposed a complete demolition and reconstruction. The solution proved to be more attractive in terms of costs and optimisation of charges for both Sanofi and the owner, MACSF. On completion, Sanofi will have the advantage of a modern workplace at the cutting edge of environmental innovation. The campus, which looks onto a vast landscaped area, will house three times as many employees as the previous building. The ambitious project was made possible by exemplary cooperation between Bouygues Immobilier, the municipality of Gentilly, MACSF, the architects Valode & Pistre, and Sanofi.

- **Successful turnkey projects:** the outcome of ongoing dialogue with users, the turnkey strategy aims to design projects tailored to a specific customer. A number of large-scale turnkey projects were begun in 2012, including:
 - the Clarins Group's future headquarters in Paris (10,835 m²),
 - the headquarters of Banque Populaire Provençale et Corse in Marseille (11,318 m²).

A number of major projects were handed over in 2012:

- **the Paris Bar Law School** in Issy-les-Moulineaux was handed over in December 2012. Designed by the architects Wilmette & Associés, the building has a highly unusual "breathing" ventilated façade consisting of two glass walls enclosing vertical spruce slats for optimum thermal and acoustic insulation. The 1,300 student lawyers who arrived in January 2013 can now enjoy a building that combines

(1) Source: CBRE.

aesthetic appeal with comfort and cutting-edge technology. It boasts three lecture halls, including one with 360 seats, 34 classrooms, a media library and a cafeteria looking onto an indoor garden;

- **the Farman building**, the first office building in Paris to be awarded BBC-effinergie® low-energy certification, was handed over to Systra, a leading international firm of consultant engineers specialising in rail and urban transport;
- **in Grenoble, in south-east France, the Reflets du Vercors building** has been home to the regional staff of Atos Origin, France's leading specialist in secure on-line payment solutions for businesses, since June 2012. The positive-energy Alpha building at Échirolles, near Grenoble, was also handed over and now houses Cegelec's local staff.

2.2.1.3 Sustainable urban development

2012: the first UrbanEra® projects

With its UrbanEra® service, Bouygues Immobilier supports local authorities in their sustainable neighbourhood development projects. The UrbanEra® approach is based on seven pillars – buildings, energy, water and waste management, protecting biodiversity, mobility and transport networks, and services – all with the aim of improving residents' quality of life.

A number of UrbanEra® projects came to fruition in 2012.

- **Ginko: the first UrbanEra® neighbourhood comes to life**

A hundred or so residents moved into Ginko, the Bordeaux Lake eco-neighbourhood, in September 2012. In order to make their everyday life easier, Bouygues Immobilier has supported the creation of innovative urban services such as a neighbourhood concierge service run by La Conciergerie Solidaire, a Bordeaux-based company that helps the long-term unemployed back to work. The wood-fired heating

plant, which supplies the heating network designed to meet 80% of the energy needs of Ginko's residential and commercial buildings, was inaugurated in November 2012. The second and third phases of the programme are due to be handed over in April and June 2013.

- **Hikari: diverse usages combined with energy performance**

Designed by the Japanese architect Kengo Kuma, Hikari, in the Lyon Confluence district, is a complex of three buildings comprising offices, shops and housing. The buildings will be linked in order to pool their energy production and consumption and ensure that the block is energy self-sufficient. It is one way in which Bouygues Immobilier intends to gradually extend its positive-energy expertise. The project forms the property part of the Lyon Smart Community initiative, a showcase unique in Europe that aims to become THE model for energy-efficient neighbourhoods. Hikari is the outcome of a partnership between Bouygues Immobilier, Toshiba and NEDO, a Japanese government agency that supports renewable energy R&D.

- **IssyGrid®, energy management at the neighbourhood level**

Under the auspices of the municipality of Issy-les-Moulineaux, just outside Paris, Bouygues Immobilier teamed up with Alstom, Bouygues Telecom, EDF, ERDF, Microsoft, Schneider Electric, Steria and Total to lay the foundations of the future neighbourhood smart grid. The pilot project for France's first smart grid involves self-sufficient solar energy production, interconnected buildings, the configuration of energy management systems and the installation of smart meters in a hundred or so apartments. Overall, the scheme is designed as a real-life test of energy exchange, storage and compensation solutions between the connected buildings. Work on the project will continue in 2013.

2.3 Outlook for 2013

Bouygues Immobilier will continue to pursue growth founded on its major strategic priorities.

- **Residential:** in a tough economic environment, Bouygues Immobilier expects the market in 2013 to be stable at best and aims to strengthen its positions while continuing to adapt its range, offering residential properties and services that are consistent with what households expect and can afford.
- **Commercial:** on a sluggish market, Bouygues Immobilier continues to be in a favourable situation thanks to its highly

efficient buildings, which are perfectly suited to users' and investors' requirements, while its Rehagreen® initiative should also generate good business in 2013.

Bouygues Immobilier's order book provides good visibility and represents 15 months of sales. It therefore shores up 2013 sales, which are expected to reach €2,500 million, which represents an increase of 4% versus 2012.

At the same time, Bouygues Immobilier will continue its policy of aiming to maintain a robust financial structure.

3. COLAS, A WORLDWIDE LEADER IN TRANSPORT INFRASTRUCTURE CONSTRUCTION AND MAINTENANCE

Colas operates in transport infrastructure construction and maintenance in 50 countries worldwide.

Completing 100,000 projects a year, the group also spans the full range of upstream industrial activities in most of its lines of business.

Condensed balance sheet at 31 December

ASSETS (€ million)	2012	2011
Property, plant and equipment and intangible assets	2,563	2,614
Goodwill	480	450
Non-current financial assets and tax assets	817	817
NON-CURRENT ASSETS	3,860	3,881
Current assets	4,009	3,910
Cash and cash equivalents	435	446
Financial instruments ^(a)	21	18
CURRENT ASSETS	4,465	4,374
TOTAL ASSETS	8,325	8,255

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2012	2011
Shareholders' equity attributable to the Group	2,504	2,494
Minority interests	40	34
SHAREHOLDERS' EQUITY	2,544	2,528
Non-current debt	258	242
Non-current provisions	818	750
Other non-current liabilities	98	110
NON-CURRENT LIABILITIES	1,174	1,102
Current debt	50	48
Current liabilities	4,239	4,431
Bank overdrafts and current accounts	285	114
Financial instruments ^(a)	33	32
CURRENT LIABILITIES	4,607	4,625
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,325	8,255
NET SURPLUS CASH/(NET DEBT)	(170)	28

(a) Fair value hedges of financial liabilities.

Condensed income statement at 31 December

(€ million)	2012	2011
SALES	13,036	12,412
Net depreciation and amortisation expense	(457)	(461)
Net charges to provisions and impairment losses	(109)	(114)
Other income and expenses	(12,064)	(11,371)
CURRENT OPERATING PROFIT	406	466
Other operating income and expenses	-	-
OPERATING PROFIT	406	466
Cost of net debt	(24)	(24)
Other financial income and expenses	6	3
Income tax expense	(137)	(163)
Share of profits and losses of associates	59	59
NET PROFIT	310	341
Minority interests	(8)	(5)
CONSOLIDATED NET PROFIT (ATT. TO THE GROUP)	302	336

Key figures

EMPLOYEES AT 31/12/2012

62,806

2012 SALES

€13,036m (+5%)

2013 SALES TARGET

€13,200m (+1%)

2012 CURRENT OPERATING MARGIN

3.1% (-0.7 points)

2012 NET PROFIT ATTRIBUTABLE TO THE GROUP

€302m (-10%)

ORDER BOOK

€6.7bn (+4%)

2012 Highlights

ORGANISATION:

- Reorganisation of the roads activity in mainland France from 1 January 2013, based on seven regional subsidiaries, all under the single Colas brand name.
- Break-even point achieved in operational terms in Central Europe.

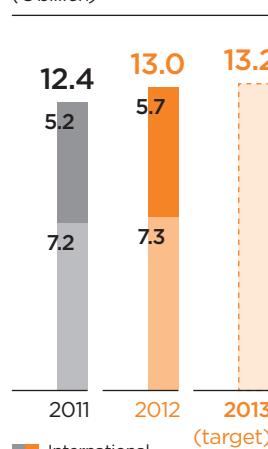
ACQUISITIONS:

- Pullman Rail (railways) in the UK.
- Aguilar (waterproofing) in Chile.
- Dust-A-Side (mining works) in South Africa.
- Rambaud (quarries) in France.
- Construction materials companies in New Caledonia.

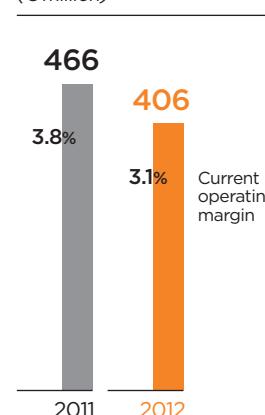
MAJOR CONTRACTS:

- Nîmes-Montpellier high-speed railway bypass.
- Extension of Line 1 of the Algiers metro.
- Road upgrading and maintenance in central London.

SALES (\$ billion)



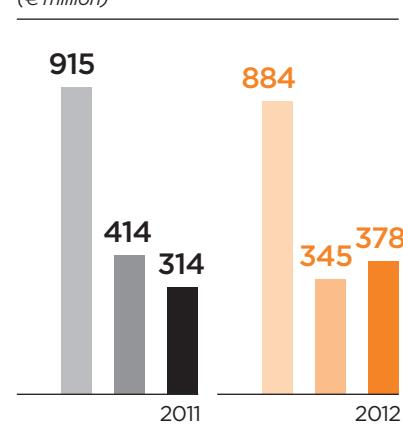
CURRENT OPERATING PROFIT (\$ million)



NET PROFIT^(a) (\$ million)

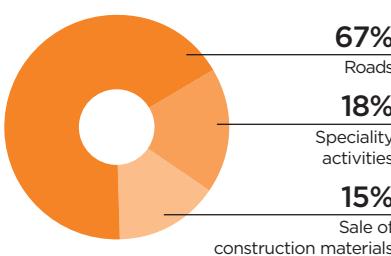


CASH FLOW (\$ million)

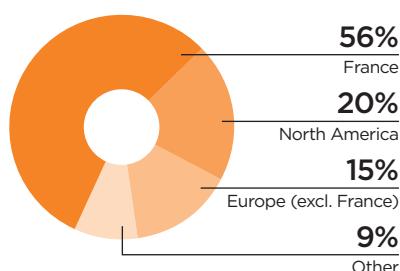


Cash flow
Net capital expenditure
Free cash flow (before change in working capital requirement)

SALES BY SEGMENT



SALES BY REGION



3.1 Profile

With 800 profit centres and 1,400 materials production units in some 50 countries around the world, Colas is a leader in transport infrastructure construction and maintenance and spans the full range of production and recycling activities associated with most of its lines of business. The group completes around 100,000 projects each year and much of its core business is of a recurrent nature.

With 62,806 employees, Colas reported sales of €13.0 billion in 2012, of which France accounted for 56%, Europe (excl. France) for 15%, North America for 20% and other countries for 9%.

Colas operates in all areas of transport infrastructure construction and maintenance through two main business areas: roads, its core business, and complementary speciality activities.

3.1.1 Roads (82% of sales)

The Roads business comprises two activities: roadbuilding and the production and sale of construction materials.

3.1.1.1 Roadbuilding (67% of sales)

Each year, Colas completes around 80,000 projects worldwide involving the construction or maintenance of roads and motorways, airport runways, port, industrial logistics and commercial hubs, urban roads and amenities, reserved-lane public transport (bus lanes and tramways), recreational facilities and environmental projects. Alongside the highly seasonal roads business (though the seasonal influence is more marked in some countries than others), Colas has a civil engineering activity spanning both small and large projects, and a marginal building activity in certain regions.

Colas' business covers many small-scale contracts as well as major projects that may involve complex contractual structures such as concessions, PPP (public-private partnership), PFI (private finance initiative) or MAC (Managing Agent Contract). In that context, Colas sometimes takes interests, generally minority shareholdings, in companies that hold motorway, urban road or urban public transport concessions. For example, Colas has a 16.7% interest in Cofiroute, holder of the motorway concession for the north-west quarter of France.

3.1.1.2 Production and sale of construction materials (15% of sales¹)

Upstream of roadbuilding, Colas produces and recycles construction materials through an extensive international

network of 683² quarries and gravel pits, 138 emulsion and binder plants, 567 asphalt mixing plants, 212 ready-mix concrete plants and two bitumen production plants. In 2012, Colas produced 102 million tonnes of aggregates, 1.6 million tonnes of emulsions and binders, 42 million tonnes of asphalt mix, 2.8 million cubic metres of ready-mix concrete and 1.1 million tonnes of bitumen³. As the world's leading producer of emulsions and asphalt mixes, Colas can also count on authorised reserves⁴ of 2.6 billion tonnes of aggregates (25 years' output), plus additional potential reserves⁵ of 1.8 billion tonnes.

3.1.2 Speciality activities (18% of sales)

Colas has five speciality activities.

3.1.2.1 Waterproofing (5% of sales)

Waterproofing (Smac) comprises the production and sale of waterproofing membranes, both in France and on international markets, as well as asphalt-based road- and groundworks (pavements, road surfaces, squares, etc.), the waterproofing of buildings, civil engineering structures and car parks, and the cladding and roofing of buildings, mainly in France. Smac has acknowledged expertise in projects requiring high-level technical skills.

3.1.2.2 Railways (5% of sales)

The railways activity (Colas Rail) comprises the design and engineering of complex, large-scale projects and the construction, renewal and maintenance of rail networks (conventional and high-speed lines, trams and subways), covering both installations and infrastructure, including track laying and maintenance, electrification, road safety and signalling systems, specific works, the manufacture of sleepers and a rail freight business. Colas Rail does most of its business in France and the UK, though it also has operations in Belgium, Romania, Venezuela, Egypt, Algeria, Morocco and Malaysia.

3.1.2.3 Sales of refined oil products¹ (3% of sales)

From a raw material called reduced crude oil, Société de la Raffinerie de Dunkerque (SRD) makes bitumen (249,000 tonnes produced in 2012) used in the manufacture of road products and waterproofing membranes for the needs of the Colas group, as well as base oils, paraffin and fuel oils used in non-road industries. SRD produced 251,000 tonnes of base oils, 334,000 tonnes of fuel oils and 53,000 tonnes of paraffin in 2012.

⁽¹⁾ Sales to third parties.

⁽²⁾ 2011 figure.

⁽³⁾ This figure corresponds to the entire output of the SRD plant at Dunkirk in northern France and of the Kemaman plant in Malaysia.

⁽⁴⁾ Authorised reserves (data at end-2011) correspond to the annual tonnages authorised by the government multiplied by the number of years remaining before the operating licence expires, for all the sites under the group's control. An upper limit is set on this figure according to the economically viable quantities (in number of tonnes) within the scope of the licence.

⁽⁵⁾ Potential reserves (data at end-2011) correspond to existing tonnages not already counted as authorised reserves on sites under the group's control for which there is a reasonable likelihood of obtaining a licence. The figure is limited to 50 years' output on the assumption that a licence will be granted or an existing licence renewed.

3.1.2.4 Road safety and signalling (3% of sales)

The road safety and signalling business is operated through Aximum, mainly in France, and consists of the manufacture, installation and maintenance of road safety equipment (guardrails and traffic control equipment), road marking (production of road paint and road marking work), road signs, signals, traffic management and access control equipment (traffic lights and equipment for toll barriers, parking lot barriers and access control barriers).

3.1.2.5 Pipelines (2% of sales)

The pipelines business (Spac), which mainly operates in France, encompasses the installation and maintenance of large- and small-diameter pipes and pipelines for conveying fluids (oil, gas and water), including the turnkey construction of gas compression stations, and for dry networks (electricity, heating and telecommunications).

3.1.3 Market position

Colas is the leader on a roads market in mainland France estimated by Euroconstruct to be worth around €20 billion², ahead of Eurovia (Vinci) and Eiffage Travaux Publics. It is also in competition with large regional firms (Ramery, Charrier, Pigeon, NGE) and an extensive network of small and medium-sized regional and local firms. Cement makers are competitors on the markets for aggregates and ready-mix concrete. In North America, Colas competes with local, regional and national firms as well as subsidiaries of multinationals. Colas has prime positions in the roadbuilding sector in most of the other countries where it operates, its main competitors being national firms or subsidiaries of large international firms.

In its speciality activities, Colas' main competitors in France are Soprema in the waterproofing sector and ETF (Eurovia), TSO (NGE), TGS (Alstom) and Eiffage Rail in the railways sector.

3.1.4 Strategy and opportunities

Colas' strategy of profitable and controlled long-term growth, incorporating a responsible development approach, is based on the following priorities:

- **strengthening and extending a network of profit centres** in France and around the world in order to establish and consolidate long-term leading positions on local markets and benefit from a degree of geographical diversification that helps to spread risk, in particular by making use of external growth;
- **controlling supplies of the materials and resources it needs for its activities**, in a process of optimised industrial integration that will increase security of supply, generate more value-added, improve competitiveness and allow quality control of products and materials;

- **continuing to develop existing speciality activities** that are close to its core roadbuilding activity in terms of the type of business and customers, thereby enhancing the range of products and services offered to customers, developing synergies and gaining a foothold in new regions and markets with likely high levels of growth;

- **developing an extended and innovative range of products and services:** Colas aims to continue developing complex projects (PPP, concessions, network management) that call on all its technical, financial and legal skills, as well as executing major projects that are complementary to its traditional core business. Colas' research and development policy also aims to anticipate customers' expectations in areas such as quality, comfort, safety and protection of the environment;

- **continuing to favour profitability over volume**, with the objective of constantly improving margins across all businesses.

3.1.5 Strengths and advantages

Colas has increased its sales and net profit by a factor of seven over the last 20 years. Its main strengths are:

- **positions on buoyant markets, given the very substantial needs for transport infrastructure worldwide**, underpinned by structural factors such as population growth, urbanisation, increased global trade, lack of infrastructure in emerging countries, renewal of existing infrastructure in developed countries, mobility and environmental challenges, etc. Colas' core business mix includes a substantial proportion of upkeep and maintenance activities that meet recurring needs and generate a large number of projects, helping to spread risk;

- **vertical integration** upstream of the production chain and a policy of controlling supplies of materials (aggregates, binders, asphalt mixes, ready-mix concrete and bitumen) that contributes to the group's operational performance;

- **a network of over 800 profit centres and 1,400 materials production units** in some 50 countries around the world, some of them dating back over a hundred years. The density of this network is an advantage in businesses where maintaining a local presence and close ties with customers are key success factors;

- **a decentralised organisation** with strong local roots that is flexible, responsive and adapted to market needs. Having a limited number of levels of management means that decisions can be taken at the most appropriate and effective level. Its organisational structure enables the group to react flexibly in operational terms and to adapt to changing market conditions;

- **human capital** that drives value creation through a **technical innovation policy** implemented by an extensive

(1) Until end-2012, 60% of products were sold to Colas and 40% to Total under a processing contract. That contract having expired, Colas has operated the business alone since 1 January 2013. A specialist division within Colas is responsible for internal sales of bitumen to group subsidiaries and for selling the other products to third parties.

(2) Euroconstruct survey in December 2012.

international network of 2,000 researchers and technicians (in addition to Colas' Campus for Science and Techniques, the road industry's leading private research centre, the network includes about 50 laboratories and 100 engineering consultancies), and a wealth of collective intelligence with values and a passion shaped by a long common history shared by more than 62,000 employees, handed down from one generation to the next and enhanced by a tailored human resources policy;

- **acknowledged technical, legal and financial skills in the execution of complex projects.** Capable of offering end-to-end services wherever it operates, including the design, construction, engineering and maintenance of major

transport infrastructure projects, Colas has achieved a number of major commercial successes and is able to grasp the opportunities associated with complex types of project (concessions, PPP, PFI, MAC, etc.) that offer an optimised response to customers' needs;

- a capacity to **grasp opportunities for external growth** and integrate the companies it acquires. Colas' expansion is based on both acquisitions and organic growth;
- a **robust financial structure** and a capacity to generate cash flow which, as well as being advantages in tendering for certain projects, enable the Colas group to pursue further growth by continuing to invest in targeted assets.

3.2 Business activity in 2012

Sales in 2012 amounted to €13.0 billion, a rise of 5%. As well as robust activity, this reflects higher production costs in the roads activity and higher sale prices for refined oil products. Sales rose slightly in France, up 2%, but most of the growth was generated on international markets, up 10%, with sales rising in all regions except for Central Europe. Like-for-like and at constant exchange rates, the increase was 3%.

Current operating profit amounted to €406 million, compared with €466 million in 2011, and the operating margin stood at 3.1%, compared with 3.8% in 2011. These developments were due to:

- losses at the sale of refined oil products business, because in a crisis-hit refining sector it was not possible to pass the full rise in the price of reduced crude oil used as a raw material on to the sale price of certain refined products;
- lower profitability in North America after a tough year in the United States due to:
 - pressure on markets in certain states,
 - delay in the approval of the US Highway Bill, not passed until June 2012, resulting in the postponement of investment by states,
 - the development of an itinerant low-cost maintenance activity in states where Colas does not have permanent operations.

However, it is important to underline:

- better results in Central Europe, where the objective of breaking even was achieved as a result of numerous adjustment measures since 2010;
- a good performance by the roads activity in mainland France, stabilising profitability despite poor weather in the first half of the year.

Net profit attributable to the Group amounted to €302 million, compared with €336 million in 2011.

Net capital expenditure, which includes the acquisition of the Rambaud group's quarries in France, amounted to

€345 million, €69 million less than in 2011, demonstrating the group's capacity to control and adjust the pace of its capital spending.

Colas continued a policy of proactive, targeted external growth in 2012, making acquisitions in construction materials (quarries), in line with its vertical integration strategy, and in railways, a sector with considerable growth potential. The group acquired Pullman Rail Ltd (railways) in the United Kingdom, Aguilar (waterproofing) in Chile, a 50% interest in Dust-A-Side (mining works) in South Africa and a 50% interest in construction materials companies in New Caledonia. The net cost of acquisitions in 2012 amounted to €59 million, compared with €82 million in 2011.

Colas has a robust financial structure with a high level of shareholders' equity (€2,544 million) and net debt of €170 million at end-December 2012. The change in comparison with end-2011, when the group reported a net cash surplus of €28 million, was due to an increase in the working capital requirement.

3.2.1 Roads (2012 sales: €10,735m)

Sales were 5% higher than in 2011.

3.2.1.1 Roads Mainland France (2012 sales: €5,187m)

Sales in 2012 remained at almost the same level as in the previous year, rising by 1%. Some of the delays caused by particularly poor weather in the first half of the year were caught up in the second half. However, taking account of a roughly 4% rise in production costs (bitumen, energy, raw materials, etc.), activity by volume fell. Market conditions varied considerably, especially between urban and rural areas, and competition remained fierce, with prices flattening out at a low level.

The roads activity in mainland France was reorganised in the last quarter of 2012. Based on seven regional subsidiaries, all under the single Colas brand name, the new organisation

became operational on 1 January 2013. All companies in the same region, whatever the name they trade under (Colas, Sacer or Screg), are grouped together within a single Colas regional subsidiary.

The new structure, designed to prepare for the future under the best conditions, will both simplify the group's roads activity in France and make it more efficient.

3.2.1.2 Roads Europe (2012 sales: €1,479m)

Sales remained at the same level as in 2011, rising by 1% like-for-like and at constant exchange rates, with growth in Northern Europe offsetting a decline in Central Europe.

Sales in **Northern Europe** increased by 6%, rising in the **UK**, thanks to a portfolio of activities that combines long-term road maintenance contracts with airport runway maintenance and the production of emulsions, and in **Denmark**. Sales were stable in **Switzerland, Belgium and Ireland**.

In **Central Europe**, where public spending continued to fall and the competitive pressure remained intense, sales stabilised like-for-like and at constant exchange rates (down 2%). In Romania, the divestment of SCCF Iasi was finalised in 2012 and activity is now reduced to the production and sale of construction materials. Overall, sales in Central Europe fell by 10%.

3.2.1.3 Roads North America (2012 sales: €2,583m)

Sales rose 10% (2% like-for-like and at constant exchange rates).

In the **United States**, sales fell back slightly like-for-like and at constant exchange rates. Market conditions were less favourable than expected, due to:

- delay in the approval of the US Highway Bill, not passed until June 2012, resulting in the postponement of investment in some states;
- recession-hit roads markets in certain states (North Carolina, South Carolina, Georgia, Pennsylvania and California);
- delays in some shale gas drilling projects due to the falling price of gas.

Sales in **Canada** advanced like-for-like and at constant exchange rates, reaching a record level despite the early arrival of winter in the west of the country at the end of the year, halting activity a month earlier than expected. Boosted by good market positioning, extensive geographical coverage and a vertically integrated business model, Colas' subsidiaries continued to benefit from a resilient economy and booming mining and oil sectors, once again turning in a satisfactory performance. A number of small acquisitions were made.

3.2.1.4 Roads Rest of the World (2012 sales: €1,486m)

Sales growth – up 15%, or 11% like-for-like and at constant exchange rates – reflects contrasting situations:

- sales were up 6% in **French overseas departments**. A fall in sales in **Martinique**, where the construction market is in recession, was offset by higher sales in **French Guiana**,

Mayotte and **Reunion Island**. Sales were more or less stable in **Guadeloupe**;

- sales rose 11% in **Africa** and the **Indian Ocean region**. They were stable in **Morocco**, where delayed public spending commitments in 2012 were offset by the completion of major projects (earthworks for the Tangiers-Kénitra high-speed rail link, the Casablanca tramway, a platform for the Renault-Nissan factory in Tangier) and a number of civil engineering structures. Sales fell in **West Africa**, with a low level of activity in **Benin, Ivory Coast and Togo** but a good year in **Gabon**. In **Southern Africa**, the manufacture and sale of emulsions activity was boosted by an increase in sales volumes. Sales rose in **Mauritius** and recovered slightly in **Madagascar**, where activity focused on services to mining firms as well as ongoing roads projects. Sales in **New Caledonia** remained at the same level as in the previous year;
- sales rose by 35% in **Asia/Australia**, where activity focuses on the production, distribution and sale of bitumen products via a network comprising a bitumen production plant in Malaysia, 17 emulsion plants and 18 bitumen depots. The increase in bitumen products sold was amplified by higher prices for oil products. Sales thus increased in **Australia, Thailand, Indonesia, India and Vietnam**.

3.2.2 Speciality activities (2012 sales: €2,275m)

Overall sales rose 6%, with trends differing from one line of business to another.

- **Waterproofing** sales held up well at €644 million, 2% down on 2011, despite a sluggish building market in France and poor weather conditions in the first half of the year;
- sales in the **railways** business rose 10% to €644 million, mostly due to projects on international markets, including ongoing construction of Line 2 of the Los Teques metro in Venezuela and extension of the Kelana Jaya light railway in Malaysia;
- **sales of refined oil products** increased sharply, rising by 28% to €431 million due to higher prices for the reduced crude oil used as a raw material;
- sales in **road safety and signalling** were practically stable at €349 million like-for-like and at constant exchange rates;
- sales in the **pipelines** business fell 12% to €207 million in the absence of any significant pipeline projects.

3.2.3 Projects

100,000 projects were completed in some 50 countries in 2012. The following examples illustrate the range and diversity of Colas' operations and projects.

Mainland France:

- continuation of work on the largest ongoing French motorway project, which involves upgrading a 105-km section of the A63 motorway in south-west France and widening it to 2x3 lanes under a concession agreement;

- resurfacing of sections of the A54, A11 and A6 motorways;
- construction of breakwaters for the LNG terminal at the port of Dunkirk;
- construction of tramways in Besançon, Tours and Valenciennes, extension of tramways in Grenoble and Toulouse, and completion of lines T2, T3 and T7 in Paris.

International and French overseas departments:

- Northern Europe: resurfacing of runways at Gatwick and Birmingham airports, relaying of track under multi-year contracts in the UK; extension of the R6 ring-road to the north of Malignes in Belgium; refurbishment of highway H144 at Villeneuve in Switzerland; resurfacing of the runway at Aalborg airport in Denmark;
- Central Europe: construction of the Poznan western bypass in Poland; construction of a section of the M0 Budapest ring-road in Hungary; construction of a wastewater treatment plant at Ivančice in the Czech Republic;
- United States: resurfacing of a 42-km section of Highway 71 at Limon in Colorado; renovation and widening of roads at Virginia Beach in Virginia; airport works at Cheffornak in Alaska;

- Canada: upgrading of Route 185 to Highway 85 in Quebec; construction of an intermodal rail logistics hub at Calgary in Alberta; upgrading of a terminal at Prince Rupert port in British Columbia;
- French overseas departments: construction of platforms for a port extension in Guadeloupe; construction of a runway and car-park for the Saint-Laurent-du-Maroni aerodrome in French Guiana; extension and refurbishment of Majicavo prison in Mayotte under a design-build contract;
- Africa and the Indian Ocean region: completion of construction of a 9-km section of the Casablanca tramway in Morocco; construction of 9 km of roads in an industrial zone in Gabon; refurbishment of a 52-km section of RN43 in Madagascar and of three roads with a total length of 41 km in the Comoros; resurfacing and extension of the runway and construction of a taxiway at Mauritius International Airport;
- Asia and Australia: resurfacing the deck of the Sydney Harbour Bridge, Australia; resurfacing of a runway at Bangkok International Airport in Thailand; maintenance of a mining road on the island of Borneo in Indonesia; construction of an extension of the Kelana Jaya light railway in Malaysia.

3.3 Outlook for 2013

Colas recorded a number of significant commercial successes in 2012. They included a 25-year public-private partnership contract for the Nîmes-Montpellier railway bypass, won in June 2012 by the consortium of which Colas is a member (Colas' share of the order is worth €310 million); an €85-million contract to extend Line 1 of the Algiers metro, with a little over half going to Colas Rail, leader of the consortium; and an 8-year road upgrading and maintenance contract in central London, the basic contract for which is worth an estimated £420 million, with Colas Ltd. getting 40%.

Colas thus entered 2013 with a strong order book worth €6.7 billion at end-December 2012, including €3.5 billion in mainland France. This represents a 4% year-on-year increase, up 5% in mainland France and 2% on international markets and in French overseas departments.

These factors mean that Colas started 2013 in good shape, though the economic conditions still do not afford much visibility.

The following assumptions have been made concerning trends on Colas' main markets in 2013.

- **Roads:**

- a market in mainland France close to the level in 2012: despite an uncertain economic environment, the market will be buoyed by ongoing work on major projects, urban public transport projects and the spur to complete many projects before the municipal elections in 2014,
- a market in the United States that should benefit from the new US Highway Bill approved in June 2012, a slight upturn in the US economy and an improvement in leading construction indicators,
- a high level of sales in Canada in 2013, though lower than the record level attained in 2012, in a market that remains buoyant in the medium term,

- a bright outlook for business in Asia/Australia,
- little change in activity in other regions (Europe, Africa and the Indian Ocean region, French overseas departments).

- **Growth in speciality activities:** the railways business should continue to expand, given the high level of orders and numerous opportunities on international markets. Although the refining market is likely to remain sluggish in 2013, sales of refined oil products should rise automatically with the ending on 1 January 2013 of the processing contract under which Total marketed 40% of SRD's output.

Colas has introduced action plans to improve its competitiveness, including:

- an action plan in the United States which includes the halting in 2013 of the activities that weighed on performance in 2012 and the launch of a targeted savings drive, with an estimated positive impact of US\$ 30 million in 2013,
- measures to gradually improve results at the sale of refined oil products business, including diversifying sources of supply and optimising production,
- reorganisation of the roads activity in mainland France, in order to prepare for the future in the best possible conditions. This should simplify operations, make operational oversight of the activity more efficient and do much to offset a possible contraction of the French roads market in 2014.

On the basis of available information, an initial sales target of €13.2 billion has been set for 2013, 1% higher than sales in 2012.

4. TF1, THE LEADING PRIVATE TELEVISION GROUP IN FRANCE

The mission of the TF1 group is to inform and entertain. While continuing to build on its core business of television with freeview and pay-TV channels, it has diversified into many other areas, including the web, audiovisual rights, production and licences.

The TF1 group continued to adapt its model in 2012. It expanded its offering and reinforced its leadership position in freeview television, and at the same time enhanced its digital offering. Diversifications fully played their role as growth drivers.

Condensed balance sheet at 31 December

(€ million)	2012	2011
Property, plant and equipment and intangible assets	347	373
Goodwill	874	874
Non-current financial assets and tax assets	187	175
NON-CURRENT ASSETS	1,408	1,422
Current assets	1,951	1,896
Cash and cash equivalents	259	36
Financial instruments ^(a)	-	-
CURRENT ASSETS	2,210	1,932
TOTAL ASSETS	3,618	3,354
(€ million)	2012	2011
Shareholders' equity attributable to the Group	1,685	1,575
Minority interests	117	12
SHAREHOLDERS' EQUITY	1,802	1,587
Non-current debt	14	18
Non-current provisions	39	40
Other non-current liabilities	10	10
NON-CURRENT LIABILITIES	63	68
Current debt	4	4
Current liabilities	1,745	1,641
Bank overdrafts and current accounts	4	54
Financial instruments ^(a)	-	-
CURRENT LIABILITIES	1,753	1,699
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,618	3,354
NET SURPLUS CASH/(NET DEBT)	237	(40)

(a) Fair value hedges of financial liabilities.

Condensed income statement at 31 December

(€ million)	2012	2011
SALES	2,621	2,620
Net depreciation and amortisation expense	(72)	(78)
Net charges to provisions and impairment losses	(13)	(30)
Other income and expenses	(2,278)	(2,229)
CURRENT OPERATING PROFIT	258	283
Other operating income and expenses	(48)	-
OPERATING PROFIT	210	283
Cost of net debt	0	1
Other financial income and expenses	6	5
Income tax expense	(71)	(89)
Share of profits and losses of associates	(6)	(14)
NET PROFIT	139	186
Minority interests	(3)	(3)
CONSOLIDATED NET PROFIT (ATT. TO THE GROUP)	136	183

Key figures

EMPLOYEES AT 31/12/2012

3,990

2012 SALES

€2,621m (=)

2013 SALES TARGET

€2,540m (-3%)

2012 CURRENT OPERATING MARGIN

9.8% (-1.0 point)

2012 NET PROFIT ATTRIBUTABLE TO THE GROUP

€136m (-26%)

SALES

(€ million)

2,620 2,621 2,540

2011

2012

2013
(target)

CURRENT OPERATING PROFIT

(€ million)

283 258

2011

2012

10.8%
9.8%
Current
operating
margin

2012 Highlights

RATINGS

- A 28.4%¹ audience share for the TF1 group (individuals aged 4 and over).
- The top audience rating of 2012 (all channels combined): 13.3 million¹ TV viewers for the *Les Enfoirés* gala concert on 16 March.
- Launch of HD1, the TF1 group's fourth freeview channel, on 12 December 2012.

STRATEGY

- TF1 and the Discovery Communications group announced a strategic partnership aimed at creating value in the complementary activities of the two companies.

FAIRNESS

- Continued efforts as part of the Diversity label².

(1) Médiamat 2012 by Médiamétrie.

(2) Certified by Afnor Certification (www.afnor.org).

NET PROFIT^(a)

(€ million)

183

2011

136

(a) Attributable to the Group.

PROGRAMMING COSTS

(€ million)

906 936

2011

2012

GROUP AUDIENCE SHARE^(a)

(individuals aged 4 and over)

29.1

1.9

3.5

23.7

28.4

2.1

3.6

22.7

NT1

TMC

TF1

(a) Source: Médiamétrie.

FREE VIDEOS WATCHED ON CATCH-UP TV

(million views per month)

46

2011

55

2012

4.1 Profile

TF1 is an integrated communications group. Alongside its core business of freeview television, the group has developed a range of activities in high-potential segments. Its corporate mission is to inform and entertain.

The group is present in freeview television with:

- TF1, France's no. 1 TV channel;
- TMC, the leading digital terrestrial television (DTT) channel, NT1 and HD1.

The group is also present in pay-TV with:

- Eurosport, the leading pan-European sports broadcasting platform received by 132 million households;
- TV Breizh, the no. 1 cable/satellite channel;
- the Discovery Division (Ushuaïa TV, Histoire, Stylia), which sets the standard for multi-channel offerings in France;
- LCI, a news and current affairs channel;
- TF6 and Série Club, owned jointly with M6.

Since 1987, when it was privatised and became part of the Bouygues group, TF1 has created new, high value-added activities in its core business.

TF1 today covers the entire audiovisual chain:

- upstream, in audiovisual and film production, the acquisition and trading of audiovisual rights and movie distribution;
- downstream, in the sale of advertising slots and the publication and distribution of DVDs and CDs.

TF1 has created a broad range of merchandising spin-offs from its main TV channel, covering home shopping and e-tailing, video content available on both catch-up TV and VOD, licences, musicals and board games. It is also present in the freesheet sector with *Metro France*.

Harnessing the growth of the internet and new technologies, TF1 produces, develops and publishes new interactive content and services for the web, smartphones, tablets, connected TV, and freesheets.

4.1.1 Strategy

TF1 has since 2007 successfully adapted to trends in the audiovisual and advertising sectors and to regulatory changes. The group's strategy is based on the following four key points.

4.1.1.1 Reinforcing the TF1 group's freeview offering

The TF1 group's strategy in the competitive freeview television market consists in reinforcing its positions by maintaining the power of the TF1 channel and developing TMC, NT1 and HD1 through top-quality programming with a complementary fit.

The group is adapting its broadcasting content to new media consumption modes, by developing a multi-screen offering for television, web, smartphones and tablets to match new TV viewer behaviour. This approach also involves strengthening dialogue between the group and its audience on the social networks.

4.1.1.2 Developing additional sources of revenue

The TF1 group brings operators a high-quality pay-TV offering comprising theme channels and the Eurosport international platform. It is forging closer bonds with consumers by extending its product and service range with DVDs, VOD, games and e-tailing. The signature in late 2012 of a promising strategic partnership with the US group Discovery Communications is aimed at strengthening group business in pay-TV and content production.

4.1.1.3 Unlocking resources for growth

While continuing to adapt its business model, the TF1 group aims to pursue the development of its growth activities. To address changes in its market environment, the group continued to adjust its business model in 2012 with the launch of phase II of the optimisation plan, targeting €85 million in recurring savings between now and the end of 2014, following the €155 million of savings already unlocked between 2007 and 2011.

4.1.1.4 Promoting issues specific to the media sector

The TF1 group maintains permanent dialogue with its stakeholders regarding their social responsibility expectations. It factors corporate social responsibility (CSR) policy into its strategic policy choices and produces reporting on sector-specific issues in line with new international guidelines (GRI Media).

4.1.2 Key strengths

With a 3,990-strong workforce at 31 December 2012, TF1 is an integrated communications group with complementary activities and a long-standing leader in freeview television.

The French freeview television market has changed considerably since 2005. It now comprises 25 channels, nineteen of which cover nearly 100% of the population and six of which are being rolled out gradually across France following launch in late 2012.

The TF1 group has successfully adapted to the market transformation and now operates a freeview offer consisting of four channels: TF1, the undisputed leader; TMC, the long-standing DTT leader; NT1 and HD1. The TF1 group competes against public television channels and private groups such as M6, Canal+ and NRJ. It nevertheless remains the leading

private player with a total group audience share of 28.4% at 31 December 2012¹, thanks to popular and diverse programming, compared with 14.4% for its main private-sector rival.

In 2012 the TF1 TV channel posted a 22.7% audience share and alone attracted 36.5% of the total gross advertising spend in the television market.

The TF1 group also competes against other media (press, radio, internet, billboard, cinema). But television remains the leader in advertising spend and the TF1 TV channel is the only mass media to reach more than 30 million people on a daily basis. The TF1 group has extended the business scope of TF1 Publicité, the group's advertising sales unit, to the press, radio and web markets.

The TF1 group has successfully rolled out its MYTF1 brand across all digital media. The website welcomes eight million unique visitors a month², while more than 4.5 million smartphone and tablet apps have been downloaded³ since their launch. The group is also strengthening ties with its audience and permeating its brands throughout all the social networks. TF1 is keeping a close eye on the potential arrival of the major web players in the audiovisual market. It is working

to raise the awareness of French and European authorities, the aim being to ensure that the regulatory environment evolves in step with these new market trends.

TF1 has developed a range of pay-TV channels in France with powerful brands including TV Breizh, Eurosport and LCI, distributed to all French operators. With Eurosport, TF1 proposes a dynamic international offering. In recent years Eurosport has undergone considerable geographic expansion and strengthened its offering with new channels and digital services. The strategic partnership signed in late 2012 with the US group Discovery Communications is aimed at further stepping up the development of these activities.

To diversify its revenues, the TF1 group has established strong positions in other markets, including audiovisual rights, distance selling and e-tailing, video via DVDs and online (catch-up TV, VOD, etc.), and board games.

TF1's extra-financial performance is widely recognised. The group is listed on three sustainable development indices: DJSI (DJSI World Universe, DJSI World Enlarged Universe and DJSI Europe Universe), FTSE4Good Europe Index and Ethibel Excellence Euro.

4.2 Business activity in 2012

4.2.1 TF1 transforms and holds up well in 2012

In a challenging economic environment, the TF1 group held up well in 2012 with stable sales and profitability.

In 2012 the TF1 group confirmed its position as undisputed leader in freeview television in France. The TF1 TV channel scored 88 of the top 100 audiences in 2012 and claimed a 22.7% share of the "individuals aged 4 and over" category and 25.5% of the "women under 50" category⁴. In DTT, TMC once again confirmed its place as France's no. 5 freeview channel and NT1 reported a strong increase in audience share, particularly on its advertising targets. Rounding out the group's offering is HD1, the TF1 group's fourth freeview channel, launched on 12 December 2012. These three channels have allowed the TF1 group to meet two challenges, namely reinforcing its core business and establishing a lasting position in the digital era.

In the digital sector, TF1 strengthened its position on all screens (television, internet, smartphones, tablets). By developing innovative digital services, the group bolstered the strength of a freeview offering which is now complementary and spans all media.

The group's efforts over the past five years to streamline and reposition its other diversification activities continued to produce results in 2012. These activities have provided a robust and profitable source of growth for a number of years now.

Mindful of the need to continue adapting its business model given today's unstable environment, the TF1 group launched phase II of its optimisation plan in 2012. The objective is to unlock €85 million in savings by the end of 2014. This amount is to be added to the €155 million in recurring savings already generated between 2008 and 2011.

TF1 and the Discovery Communications group signed a strategic partnership in late 2012 aimed at creating value in three key areas: pay-TV content distribution in France, the development of Eurosport's activities, and content production. As part of the partnership, Discovery acquired a 20% share in the capital of the Eurosport group and in the TV Breizh, Histoire, Ushuaïa TV and Stylia theme channels at the end of 2012.

The TF1 group is pursuing its work as a socially responsible group by developing initiatives in social ties and diversity. TF1 is included in the world ranking of companies in terms of the respect of human rights and the promotion of equality⁵.

(1) Source: Médiamat by Médiamétrie.

(2) Source: Panel Médiamétrie NNR - December 2012.

(3) Source: Xiti, eStat Médiamétrie, iTunes Connect, Google Play.

(4) Source: Médiamat 2012 by Médiamétrie.

(5) Source: VIGEO study, 4 September 2012.

4.2.2 Key figures in 2012

4.2.2.1 Stable consolidated sales

The TF1 group reported consolidated sales of €2,621 million in 2012, stable on 2011.

In a disrupted economic environment, the TF1 TV channel's advertising sales came to €1,403 million in 2012, down 7% year-on-year. This downturn was offset by a growth in sales from other group activities, which generated a total €1,218 million, up 9% on 2011. These activities confirmed their role as growth drivers for the TF1 group.

Total advertising sales for the TF1 group totalled €1,776 million. The decrease was limited to -3% through the contribution of the sales of the Eurosport group, e-TF1, and the TMC and NT1 channels, and via growth in the web activities and the consolidation of *Metro France*.

In 2012 group sales were generated 83% in France, 15% in the European Union (excluding France) and 2% in other countries.

4.2.2.2 Continued adaptation of the business model

Amid a worsening of the economic environment that dented advertising sales, TF1 continued to adapt its business model in 2012. At the start of the year, the group launched phase II of its optimisation plan, the objective being to generate €85 million in recurring savings by the end of 2014, of which €15 million were generated in FY 2012.

The TF1 TV channel's programming came to €936 million in 2012, up €30 million on €906 million in 2011. The increase resulted mainly from the early-year broadcast of first-run drama nearing the end of rights protection, in compliance with regulatory requirements, and from reinvestment that paid off in terms of audience figures, notably in the 5.30 pm to 8.50 pm slot. Other expenses (including amortisation and provisions) were down €4 million.

4.2.2.3 Resilient profitability

TF1 reported current operating profit of €258 million in 2012, compared with €283 million in 2011. The current operating margin was 9.8%, compared with 10.8% in 2011, with the decrease in TF1 TV channel revenues offset in part by the increase in profitability of the other activities. The latter once again improved their performance in 2012, with an operating margin of 12%, up from 9% in 2011.

The launch in 2012 of phase II of the group optimisation plan resulted in the generation of €48 million in non-current adaptation costs. Operating profit came out at €210 million, compared with €283 million in 2011.

The cost of net financial debt was low, the group being debt-free, and other financial income and expenses came to a

positive €6 million at end-2012, up €1 million on 2011. The share of profits and losses of associates increased by €8 million to reach a negative €6 million.

Net profit attributable to the group totalled €136 million in 2012, compared with €183 million in 2011.

4.2.2.4 Robust financial structure

On 24 July 2012 Standard & Poor's confirmed its BBB+/Stable Outlook rating for TF1, reflecting the group's sound financial structure.

Shareholders' equity attributable to the group stood at €1,685 million at 31 December 2012, for total assets of €3,618 million.

After receipt of the equity investment of the Discovery group in the Eurosport group and in the TV Breizh, Histoire, Ushuaïa and Stylia theme channels, the net cash position of the group stood at €237 million on 31 December 2012, compared with net debt of €40 million a year earlier.

4.2.3 An unrivalled television offering (source: Médiamat by Médiamétrie)

In a fiercely competitive environment, TF1 confirmed its leadership status with a 22.7% audience share of "individuals aged 4 and over" and a 25.5% share of "women under 50, who are purchasing decision-makers".

Faithful to its remit as a family and mainstream television channel, the TF1 TV channel scored 88 of the top 100 audiences across all programme categories in 2012. Furthermore, it posted the top audience rating of the year with its broadcast of the *Les Enfoirés* gala concert, which drew 13.3 million viewers on 16 March 2012.

TMC took a 3.6% share of the "individuals aged 4 and over" category, up 3% year-on-year. TMC was the leading DTT channel for the sixth consecutive year and remained fifth in the overall standings. NT1 continued to grow, with a 2.1% share of the "individuals aged 4 and over" category compared with 1.9% in 2011.

The gross advertising market, all channels combined (incumbent, DTT, cable and satellite) rose 4% year-on-year to €9 billion, bolstered by strong growth in DTT revenues. Television thus remained the number-one media in France in terms of advertising spend (source: Kantar Média).

Gross revenues for the TF1 TV channel rose 2% year-on-year. The channel took a 37% share of the market, all television channels combined.

TF1 TV channel net sales fell 7% year-on-year to €1,403 million, mainly owing to heightened competition and the economic downturn, which together led to significant price pressure.

TF1's digital offer, an essential complement to freeview television, continued to grow in 2012. Some 658 million¹ free videos were watched in catch-up in 2012, up 20% on 2011. At end-2012, two years after launch, the MYTF1 app for mobiles and tablets had been downloaded over four million times². This strong momentum helped to increase e-TF1 sales 19% to €101 million in 2012. At €18 million, current operating profit was double that in 2011. The innovative strategy rolled out by the group since 2008 is being reflected in strong and profitable growth in the digital sector.

4.2.4 Other streamlined and dynamic activities

The TF1 group's theme TV channels (freeview and pay-TV) generated sales of €320 million in 2012, up 4% on 2011, mainly on increased advertising revenues for TMC, NT1 and Eurosport France. Current operating profit for this division was down €7 million to €32 million.

Internationally, the Eurosport channel was received by 132 million households at end-2012. Present in 59 countries, Eurosport is broadcast through all pay-TV distribution platforms in Europe and airs in 20 languages. The Eurosport group had 92 million paying subscribers at 31 December 2012, up 4% year-on-year. Eurosport group audience figures were up 7%.

Eurosport International sales increased 10% to €406 million on international development and a rise in subscription revenues.

Operating profit stood at €58 million at 31 December 2012, down 11% on 2011, owing notably to the broadcast of the London Olympic Games in 2012.

TF1 Entreprises, grouping a range of activities including games, music, licences and live shows, grew sales by 15% in 2012 and reported current operating profit of €11 million, €5 million more than in 2011. The current operating margin was 19%.

The contribution of the Téléshopping group to 2012 consolidated sales was down 1% to €99 million. The growth of the e-tailing site Place des Tendances partly offset the fall in sales of the main brand. Current operating profit came out at €7 million, compared with €3 million in 2011.

Sales for the production business fell 3% to €26 million. Operating profit totalled €2 million, down €2 million year-on-year.

The Audiovisual Rights division enjoyed a growth year in 2012, both in terms of sales and profitability. Sales increased €14 million to €130 million for operating profit of €3 million, up €43 million. The 2011 financial year was impacted by a non-current charge stemming from a court case.

The efforts undertaken over a number of years to reorganise, revitalise and boost the profitability of all the diversification activities once again produced results in 2012.

4.3 Outlook for 2013

In a deeply disrupted economic environment, TF1 is maintaining its forecast of a 3% decrease in consolidated sales in FY 2013 to €2,540 million.

Consequently, the group has decided to step up phase II of its optimisation plan. The programming costs of the TF1 channel are expected to be €900 million at most in 2013.

The TF1 group's robust fundamentals and sound financial structure give it the means to meet its ambitions. The group is committed more than ever to reinforcing its freeview offer, strengthening its pay-TV offer and developing its offer for consumers.

⁽¹⁾ Source: eStat Streaming TV.
⁽²⁾ Source: iTunes.

5. BOUYGUES TELECOM, A PROVIDER OF MOBILE, FIXED, TV AND INTERNET SERVICES

The third operator on the French electronic communications market, Bouygues Telecom continues to innovate in order to enhance the digital experience of its 13.1 million customers.

Condensed balance sheet at 31 December

ASSETS (€ million)	2012	2011
Property, plant and equipment and intangible assets	4,553	3,872
Goodwill	25	21
Non-current financial assets and tax assets	26	11
NON-CURRENT ASSETS	4,604	3,904
Current assets	1,221	1,309
Cash and cash equivalents	41	35
Financial instruments ^(a)	-	-
CURRENT ASSETS	1,262	1,344
TOTAL ASSETS	5,866	5,248
LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2012	2011
Shareholders' equity attributable to the Group	2,843	2,371
Minority interests	-	-
SHAREHOLDERS' EQUITY	2,843	2,371
Non-current debt	684	601
Non-current provisions	237	129
Other non-current liabilities	51	72
NON-CURRENT LIABILITIES	972	802
Current debt	4	11
Current liabilities	2,044	2,060
Bank overdrafts and current accounts	-	1
Financial instruments ^(a)	3	3
CURRENT LIABILITIES	2,051	2,075
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,866	5,248
NET SURPLUS CASH/(NET DEBT)	(650)	(581)

(a) Fair value hedges of financial liabilities.

Condensed income statement at 31 December

(€ million)	2012	2011
SALES	5,226	5,741
Net depreciation and amortisation expense	(713)	(692)
Net charges to provisions and impairment losses	(92)	(44)
Other income and expenses	(4,299)	(4,444)
CURRENT OPERATING PROFIT	122	561
Other operating income and expenses	(118)	38
OPERATING PROFIT	4	599
Cost of net debt	(4)	(10)
Other financial income and expenses	(10)	(7)
Income tax expense	(2)	(211)
Share of profits and losses of associates	(4)	(1)
NET PROFIT/(LOSS)	(16)	370
Minority interests	-	-
CONSOLIDATED NET PROFIT/(LOSS) (ATT. TO THE GROUP)	(16)	370

Key figures

EMPLOYEES AT 31/12/2012

9,659

2012 SALES

€5,226m (-9%)

2013 SALES TARGET

€4,850m (-7%)

2012 CURRENT OPERATING MARGIN

2.3% (-7.5 points)

2012 NET LOSS ATTRIBUTABLE TO THE GROUP

€16m

2012 Highlights

JANUARY

- New B&YOU plan for €19.99 a month with unlimited calls and SMS/MMS and 3 GB of data.

MARCH

- Simplification of the eden call plans.
- Start of 4G network rollout.

JUNE

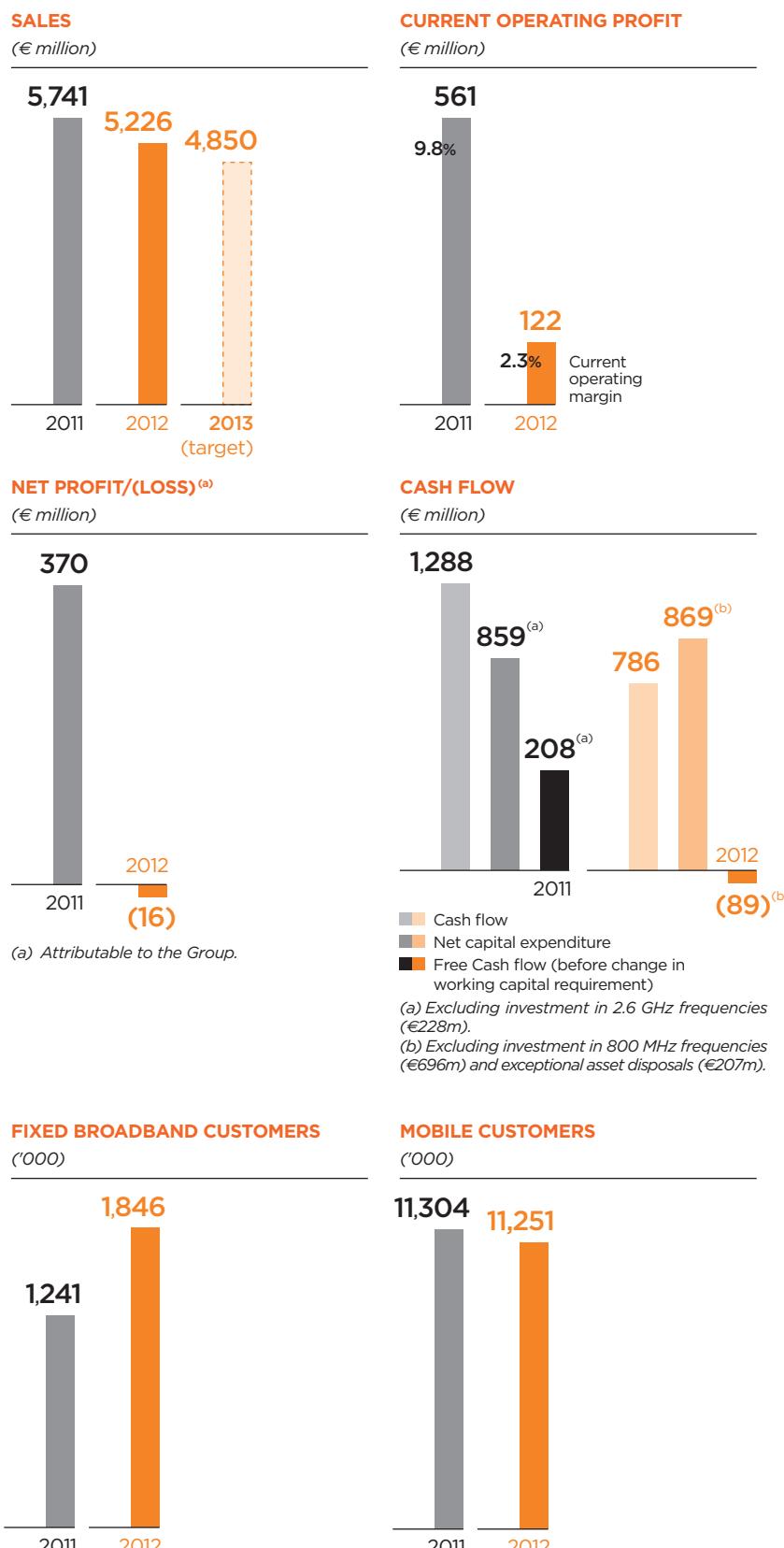
- Launch of the Bbox Sensation router/modem incorporating the most innovative technologies on the market.

AUGUST

- Marketing of Bouygues Telecom products and services in 226 Darty stores.
- Acquisition of Darty Telecom.

NOVEMBER

- Launch by B&YOU of the first plan with unlimited calls and SMS/MMS for €9.99 a month.



5.1 Profile

The third operator on the French electronic communications market, on which it has been a player for over 16 years, Bouygues Telecom continues to innovate in order to enhance the digital experience of its 13.1 million customers.

Inventor of the mobile call plan in 1996, Bouygues Telecom launched the first unlimited plans with Millennium in 1999 and Neo in 2006.

Bouygues Telecom acquired its own fixed network in 2008 and became an internet service provider (ISP) with the Bbox router/modem. That was followed in 2009 by the invention of ideo All-in-one, the first quadruple play offer on the market, and in 2010 by the launch of Bbox Fibre, Bouygues Telecom's first very-high-speed offering.

Bouygues Telecom was at the forefront of innovation again in 2011, creating B&YOU, the first Sim-Only/Web-Only service.

The highlight of 2012 was the launch of Bbox Sensation, the latest-generation router/modem.

5.1.1 Market position

Bouygues Telecom is France's third electronic communications operator by number of customers, behind Orange and SFR.

On a French mobile market¹ that numbered 70.5 million customers at end-2012, Bouygues Telecom was in third place with 11.3 million customers, behind Orange and SFR but ahead of Free Mobile and the MVNOs². Bouygues Telecom had a 16% share of the mobile market at end-2012, one point lower than at end-2011.

On a French fixed broadband market¹ with 24 million customers at end-December 2012, Bouygues Telecom was in fourth place with 1.8 million customers, behind Orange, Iliad and SFR. It had 7.7% of the French fixed broadband market at end-December 2012, 2.2 points more than at end-2011, and an 18% share of the very-high-speed¹ market, compared with 7% at end-2011.

Bouygues Telecom does not have any international operations.

5.1.2 Strategy and opportunities

In a changing telecommunications market that has seen the emergence of new segments and players, Bouygues Telecom adapts its strategy to developments on the market in order to preserve its image as an innovative player while continuing to create value.

This strategy is based on four priorities.

5.1.2.1 Increasing its share of the fixed broadband market

In a French broadband and very-high-speed services market that is growing both by volume (number of customers) and by value (sales), Bouygues Telecom clearly asserted its intention of continuing its expansion, begun in 2008.

The launch of the latest-generation Bbox Sensation in June 2012, combined with the advance of very-high-speed services, gives Bouygues Telecom everything it needs to pursue its strategy of winning new customers and increasing average revenue per user by offering an ever-wider range of services. Its partnership with Numericable already gives Bouygues Telecom very-high-speed coverage of 7 million households. It is continuing to extend its network under agreements with Orange and SFR which will enable the company to provide very-high-speed services to a potential 13 million households and hence expand its customer base.

This strategy is consistent with Bouygues Telecom's stated intention of becoming a benchmark player in home connectivity solutions in France.

5.1.2.2 Continuing to grow on the Sim-Only/Web-Only market

2012 saw the arrival of a fourth operator on the French mobile market, Free Mobile, and a new segmentation between traditional plans sold with a subsidised handset and a full range of services, and new, low-cost, Sim-Only/Web-Only plans. Bouygues Telecom stepped up its digitalisation strategy in July 2011 with B&YOU, offering a range of products and services sold exclusively on the web. The company aims to continue winning new customers on the emerging and fast-growing web-only market.

5.1.2.3 Taking advantage of growing data needs to recreate value

In a context where greater competition is pushing down the price of mobile services, Bouygues Telecom needs to innovate with products that meet customers' increasing data needs. Growing demand for bandwidth and unrestricted usage, coupled with more sophisticated hardware such as smartphones and tablets, are ushering in a new market on which value is driven by mobile internet applications. The imminent arrival of 4G will amplify this trend, giving Bouygues Telecom an opportunity to recreate value.

(1) Most recent data published by Arcep (French telecommunications regulator). Scope: mainland France for the mobile market, mainland France and French overseas departments for fixed broadband (including very-high-speed). Very-high-speed subscriptions are those with a peak download speed of 30 Mbit/s or more (Arcep definition).

(2) Mobile Virtual Network Operators.

5.1.2.4 Grasping opportunities on the B2B market

On a €15 billion¹ market for business services that is gradually opening up to competition, Bouygues Telecom, as a full-service operator, has the capacity to challenge its rivals. Over 200 major accounts and a great many SMEs already use the fixed, mobile, internet and network solutions offered by Bouygues Telecom Entreprises.

Bouygues Telecom also intends to stake out a place on the smart devices and cloud computing markets, where strong growth may be expected in the years to come.

5.1.3 Strengths and assets

A full-service operator on the French market for over 16 years, Bouygues Telecom has a number of strengths and assets.

5.1.3.1 A base of 13.1 million customers

After losing market share to the fourth mobile operator in the first half of 2012, Bouygues Telecom fought back and had 11.3 million mobile customers at year-end, plus a further 1.8 million fixed broadband customers.

5.1.3.2 Access to a wide frequency spectrum

At end-2012, Bouygues Telecom had 76 MHz of spectrum at its disposal in the various frequency bands (800, 900, 1800, 2100 and 2600 MHz). Having acquired frequency blocks in the 2600 and 800 MHz bands in late 2011, Bouygues Telecom is well placed to meet its customers' growing demand for data applications, and hence bandwidth, in the years to come.

5.1.3.3 An efficient mobile and fixed network

With over 15,000 base stations, Bouygues Telecom already offers its customers proprietary coverage of 99% of the French population in 2G and 96% in 3G+.

At the same time, the company started to roll out its 4G network in Lyon in March 2012 so that it will be able to offer all its customers speeds comparable to a very-high-speed fixed service (up to 115 Mbits/s) and very low latency, guaranteeing a seamless mobile internet experience.

While awaiting the commercial launch of its 4G LTE network in 2013, Bouygues Telecom enables its customers to use H+ at speeds of up to 42 Mbits/s, almost six times faster than 3G+, and already covers 58% of the population.

To make calling from or to other countries easier, Bouygues Telecom has concluded a large number of partnerships with foreign operators in over 270 destinations, including coverage of all European destinations.

In addition, under an exceptional agreement with Devicescape, any Bouygues Telecom user with an Android smartphone can connect to 8 million WiFi hotspots around the world.

Bouygues Telecom's ADSL offering covers 78% of French households in unbundled areas, while under an agreement with Numericable its very-high-speed offering covers over 7 million eligible households. The network is a factor in Bouygues Telecom's success on the fixed-line market and holds out the potential for growth in its broadband customer base over the years to come.

5.1.3.4 Increasingly innovative mobile and fixed products and services

After becoming the first operator to offer Sim-Only/Web-Only unlimited plans for less than €25 a month, in September 2012 Bouygues Telecom introduced the only prepaid card without an expiry date offering the market's lowest prepaid rates. More recently, B&YOU became the first operator to offer a plan with unlimited calls, SMS and MMS for €9.99 a month, demonstrating its capacity to remain attractive on a mobile market in upheaval.

At the same time, Bouygues Telecom invested heavily in order to pave the way for the release of its new Bbox router/modem in June 2012, incorporating new services and offering customers a new digital experience. Software design and development teams came up with a new two-in-one box (one single box incorporating router, modem and TV decoder), in partnership with two world leaders in electronics, Intel and Samsung. Complete control over the software gives Bouygues Telecom an exceptional capacity for innovation that will enable the company to remain a market mover.

5.1.3.5 A customer-centred distribution and support network

Bouygues Telecom provides its customers with day-to-day support through a high-quality customer relations service staffed by 2,000 customer advisers and a network of 650 Club Bouygues Telecom stores that employ 2,500 sales advisers.

In addition, Bouygues Telecom's mobile and fixed-line products and services have been sold through 226 Darty stores since 2012, underlining the company's ambition of offering genuine all-round solutions that include high-quality customer support.

Bouygues Telecom's website attracts over 5 million unique visitors a month on average and enables customers to manage their account and access products, services and assistance online.

5.1.3.6 A socially responsible company

Since July 2012, users have been able to sell their handsets via the B&YOU online store (www.revente-telephones.b-and-you.fr), launched in partnership with Recommerce Solutions. The scheme complements the one introduced in Club stores and on www.bouygestelecom.fr in 2010. Over €10 million have

(1) Arcep and Bouygues Telecom estimate.

been paid back to customers since launch. In 2011, Bouygues Telecom became the first French operator to open an online store selling pre-owned handsets from its own recycling operation. Available on www.bouygestelecom.fr and B&YOU.fr, the low-cost products are sold under warranty and are SIM card-unlocked.

In a market experiencing sweeping change, these strengths, on which Bouygues Telecom will continue to draw, will enable the company to continue its transformation plan and grasp the opportunities that will arise in 2013.

5.2 Business activity in 2012

5.2.1 Market changes in 2012

2012 was a year of upheaval following the arrival of a fourth operator on the French mobile phone market. The gradual expansion of a new segment offering low-cost, Sim-Only/Web-Only plans radically challenged the fundamentals on which the mobile phone market had been based until then.

In July 2011, Bouygues Telecom became the first operator to offer Sim-Only/Web-Only plans for less than €25 a month. The new segment continued to grow rapidly in 2012, accounting for approximately 10%¹ of the French market by the end of the year. The main characteristics of the segment are plans without a handset (Sim-Only) for a benchmark price of €20 including virtually unlimited voice/SMS/data, and very low entry prices (or even none at all) for voice/SMS plans.

Prices for plans with services fell sharply in 2012, upsetting Bouygues Telecom's price positioning.

5.2.2 Implementation of measures designed to transform Bouygues Telecom

Against the context of mobile market polarisation, Bouygues Telecom implemented all the measures to transform the company planned in 2012. They included:

- repositioning and simplifying products and services by reducing the number of differently priced plans and cutting prices;
- launching a plan to save €300 million by the end of 2013 by cutting marketing costs and operating costs in the mobile business. Bouygues Telecom had already made savings of €151 million under the plan by the end of 2012. The plan included:
 - a voluntary redundancy scheme in order to preserve competitiveness on a fast-changing market. The company shed 542 jobs under the plan, which came to an end on 24 January 2013,
 - optimisation of distribution in the mobile activity, including renegotiation of contracts with distributors and the divestment of its subsidiary Extenso Telecom, a wholesaler of telecommunications products and services, to the French group Innov8 in November 2012;

- disposing of assets:

- conclusion in November of a final agreement with Antin Infrastructure Luxembourg SA for the sale and management of 2,166 telecom towers in France for a total price of €205 million. 1,897 towers had been sold by end-December, with the remainder to be sold in the first half of 2013. Following the agreement, Bouygues Telecom has kept a 15% interest in France Pylônes Services (FPS), the company created to own and manage the towers,
- sale in December of the buildings housing Bouygues Telecom's three data centres to Digital Realty Trust, Inc., the world leader in data storage solutions. The transaction concerns only the property assets; Bouygues Telecom will continue to operate the sites and remains the owner of the servers, which are strategic assets for the company. The properties were sold for €60 million.

5.2.3 2012 in figures

Bouygues Telecom achieved its targets in 2012, recording consolidated sales of €5,226 million, 9% lower than in 2011. Sales from network followed the same pattern and amounted to €4,631 million, also down 9% versus 2011. This decline was due to two main factors.

- regulatory pressure on voice and SMS termination rates and on roaming charges:
 - sales were significantly affected by two successive revisions of maximum mobile voice termination rates (a 25% cut on 1 January 2012 to €0.015 per minute, followed by a 33% cut on 1 July 2012 to €0.01 per minute), combined with a 33% cut in maximum SMS termination rates on 1 July 2012 to €0.01 per SMS. Although Bouygues Telecom's voice prices are symmetrical with those of Orange and SFR, Arcep allowed Free Mobile a differential until 30 June 2013,
 - on 1 July 2012, under EU regulations, prices excl. VAT for roaming in an EU country were cut to €0.29 per minute for an outgoing call and €0.08 per minute for an incoming call, and to €0.09 per SMS sent. For the first time, the European Commission also regulated prices excl. VAT for data, setting a limit of €0.70 per MB;

(1) Most recent data published by Arcep for mainland France.

- lower revenue from the mobile activity linked to substantial cuts in the price of traditional plans sold with a handset and the growing popularity of low cost, Sim-Only/Web-Only plans. By the end of 2012, call plan prices for 58% of Bouygues Telecom customers had been revised down following the arrival of the fourth operator.

Without the cut in termination rates, sales from network would have fallen 1%. However, this overall drop masks a very satisfactory performance in the fixed broadband segment, where sales rose 51% on 2011 to €627 million in 2012.

Mobile ARPU¹, which had already incorporated successive cuts in termination rates in recent years, fell 11% in comparison with 2011 to €382 per customer per year at end-2012. The fall reflects the changes on the mobile market and the growing popularity of low-cost offers.

Broadband ARPU¹ amounted to €389 per customer per year at end-2012, 2% higher than at end-2011. This increase was linked to the arrival of Bbox Sensation in summer 2012, a latest-generation router/modem sold at a premium price, together with a significant increase in the number of very-high-speed customers enjoying speeds in excess of 30 Mbits/s thanks to the Numericable network.

In line with the target, consolidated EBITDA amounted to €908 million at year-end, 29% lower than at end-2011. The fall mainly reflects the lower contribution from mobile sales, with customers switching to lower-cost or enhanced-service offers. EBITDA was also affected by the ending of the termination rate differential, which had a negative impact of around €100 million.

Current operating profit amounted to €122 million, down €439 million on 2011, reflecting the fall in EBITDA as well as higher amortisation expense and provisions due to:

- a cyclical increase in provisions for trade receivables in the first half of the year due to a longer but more effective process for recovering arrears and an increase in the arrears rate due to the economic downturn;
- higher amortisation expense due in particular to a thriving fixed broadband business (the Bbox and service access costs are capitalised).

Operating profit amounted to €4 million, compared with €599 million in 2011, hit by a €152 million charge in connection with the adjustment plan and capital gains of €34 million on the divestment of the tower business and data centre buildings.

The year ended with a consolidated net loss attributable to the Group of €16 million, reflecting a €386-million decline versus 2011.

Consolidated net capital expenditure amounted to €1,358 million in 2012, €271 million more than in 2011. The main items were "golden" 4G frequencies in the 800 MHz

band for €696 million (€683 million for the acquisition cost of the frequencies and €13 million of capitalised interest); continued extension of the 3G network with upgrading to H+ in major cities, giving speeds of up to 42 Mbits/s; Bbox for new fixed broadband customers; and the rollout of optical fibre.

Excluding exceptional items (acquisition of 4G frequencies for €228 million in 2011 and for €696 million in 2012, and asset disposals for €207 million in 2012), capital expenditure in 2012 remained virtually the same as in 2011 at €869 million, an increase of €10 million.

Free cash flow was a negative €89 million, excluding the exceptional items mentioned above (4G frequencies and exceptional asset disposals), and a negative €578 million including them. Total net debt at end-2012 stood at €650 million.

Bouygues Telecom raised €700 million from its shareholders through a capital increase in early December in order to meet the substantial capital expenditure associated with the purchase of 4G frequencies for €924 million (€228 million for the 2.6 GHz band and €696 million for the 800 MHz band), which had a negative impact on its cash position.

5.2.4 Business review

5.2.4.1 The mobile market²

There were four network operators on the French mobile phone market in 2012. The market showed significant growth, up 7%, due to a 12% increase in the number of plan customers linked to rapid growth in Sim-Only/Web-Only plans. The prepaid market fell sharply by 7%.

Within the plan segment in mainland France:

- machine-to-machine SIM cards accounted for 9% of the customer base at end-2012 and 22% of new plan customers during the year;
- internet SIM cards (mainly USB dongles) accounted for 6% of the customer base at end-2012;
- the business market also grew.

The arrival of the fourth operator also affected the MVNOs, which captured only 4%³ of new additions to the total mobile customer base in 2012 (compared with 79% in 2011) and accounted for 11% of the market.

5.2.4.2 Mobile: a year of upheaval

In 2012, Bouygues Telecom, like its legacy competitors, experienced a difficult first half, recording a net loss of 450,000 customers following the arrival of low-cost offers sold by the fourth mobile operator. Growth returned in the second half of the year, when Bouygues Telecom captured 397,000 new customers, mainly thanks to its B&YOU offering. Net growth amounted to 245,000 customers, excluding acquisitions from Simyo and Darty Telecom.

(1) 12 month rolling Average Revenue Per User, excluding machine-to-machine Sim cards (mobile activity) and the ideo discount.

(2) Most recent data published by Arcep for mainland France.

(3) The integration in 2012 of Carrefour Mobile, Darty Mobile and KPN France into the network operators' customer base automatically reduced the MVNO base.

Bouygues Telecom thus ended the year with 318,000 more plan customers (including diversification) and 371,000 fewer prepaid customers, giving a net loss of 53,000 customers in the full year. The company confirmed its position as the third operator on the French mobile phone market in terms of the number of customers with a base of 11.3 million customers, virtually the same as in 2011.

B&YOU, ramping up in 2012

On 18 July 2011, with the launch of B&YOU, Bouygues Telecom became the first French operator to offer attractively priced call plans without a handset sold exclusively on the internet. This new type of "bare bones" service proved highly popular, with each of the four mobile operators launching their own brand. Bouygues Telecom signed up over 1 million B&YOU customers in one year and ended the year with a base of 1.1 million customers. This performance was primarily due to an adjustment of B&YOU's price positioning on 16 January 2012, with the launch of a plan offering unlimited voice, SMS and MMS plus 3 GB of data for €19.99 a month, followed in November 2012 by the first plan offering unlimited voice, SMS and MMS for only €9.99 a month. Since September 2012, B&YOU has also offered the only prepaid card without an expiry date.

With competitively-priced call plans and prepaid cards, B&YOU regularly adjusts its products and services to meet the needs of customers, who also benefit from Bouygues Telecom's high performance network.

Eden, a simplified range of call plans with services

In early 2012, Bouygues Telecom overhauled its range of plans with services sold with a subsidised handset and full customer support. Plans have been regularly simplified and repriced since then in order to make them more easily understandable to customers. After an initial price reduction for eden 24/24 and ideo 24/24 plans in January 2012, the eden range was simplified in March. The existing 14 plans were cut to six, including three with 24/7 unlimited calls. The specific benefits of the entire eden range were highlighted in order to differentiate them from the B&YOU plans:

- smartphone benefits: an extensive choice of smartphones at reduced prices, a cut in the smartphone price every 24 months, advice on how to use smartphones from in-store customer advisers and on the internet, free loan of a phone in the event of a technical problem;
- loyalty benefits: automatic reduction in the price of the plan if customers do not replace their handset after 12 or 24 months and the possibility of changing plan within the eden range without having to recommit to a minimum term contract.

Prepaid

The prepaid card market was also hard hit by the arrival of low-cost plans. Bouygues Telecom lost 371,000 prepaid customers in 2012, despite adding 103,000 Simyo customers

in the third quarter of the year¹. Bouygues Telecom had to rethink its products and services, launching the first prepaid card that is just as generous as a call plan: for €1 per day from a minimum €25 top-up, the 24/7 option includes unlimited calls and SMS 24/7 plus 250 MB of mobile internet. In addition, with the Maxi France & International version Bouygues Telecom introduced a highly competitive price for mobile calls to other countries in Africa and Europe. With these new options, Bouygues Telecom staked out its position on the French prepaid market, which still accounted for nearly one user in four at end-2012².

Business solutions

Bouygues Telecom Entreprises had 1.5 million business customers for its fixed and mobile services at end-2012.

As in the consumer segment, Bouygues Telecom simplified its range of products for small businesses (companies with fewer than ten employees) in March 2012, grouping all its plans under the "eden pro" name with "eden pro smartphone" and "eden pro évolutif", an upgradable plan. The plans were adjusted to better meet the specific needs of small business customers, with segmentation by data usage and priority given to mobile internet bandwidth (small business customers enjoy faster speeds than others at peak times). On 18 June, Bouygues Telecom introduced the Contrat Pro, a new offering designed to highlight the services that differentiate it from other plans in the segment, such as being able to make an appointment with an adviser at a Club store or pay invoices in several instalments or at a later date.

Bouygues Telecom Entreprises also offers innovative turnkey, machine-to-machine services (exchanges of information between Sim-card devices and a server, without human intervention) in a wide range of domains such as energy, transport and security. In 2012, in partnership with PSA Peugeot Citroën, Bouygues Telecom launched *Peugeot Connect Apps*, a suite of applications accessible in 2G or 3G from a dongle, controlled from a large in-dash touchscreen. With *Peugeot Connect Apps*, connected vehicle services became available to the general public in the Peugeot 208, the first car to incorporate the innovation. As connectivity is now one of the main areas of innovation for car makers, the new market holds out attractive prospects for Bouygues Telecom.

In September 2012, Bouygues Telecom Entreprises and Microsoft entered into a strategic and technological partnership to offer French small businesses easier access to cloud computing. The partnership gives Bouygues Telecom a foothold in this highly promising new market. Using Microsoft technologies, Bouygues Telecom Entreprises has developed a plug-and-play solution that offers its customers guaranteed flexibility and security at low cost. Bouygues Telecom Entreprises went on to launch its Business Cloud Solutions offering virtual server and workstation backup services from

(1) Bouygues Telecom acquired KPN France in December 2011 and integrated all its activities from 1 July 2012.

(2) Figures based on the most recent data published by Arcep for Q4 2012.

a user-friendly web portal. Customers can choose to store their data in Microsoft data centres in Europe or, from the first quarter of 2013, in Bouygues Telecom data centres in France. All the services are invoiced according to usage, requiring no minimum term contract or upfront investment. They will soon be extended to include server backup and collaborative solutions.

MVNOs

There were 1.8 million active MVNO customers¹ on the Bouygues Telecom network at end-2012, 200,000 more than at end-2011. The increase was mainly due to the agreements concluded between Bouygues Telecom and Lebara Mobile and Lycamobile, community MVNOs that target individuals looking for attractively-priced international calling.

5.4.2.3 The French fixed broadband market²

The French fixed broadband market grew by 5% in 2012 and numbered 24 million customers at year-end.

Bouygues Telecom accounted for 49% of total net growth of the French fixed broadband market in 2012, attracting 605,000 new customers, including 282,000 from the integration of Darty Telecom in the third quarter. It therefore had 1.8 million fixed broadband customers at year-end.

5.4.2.4 An innovative player on the fixed broadband market

Highlights of 2012 included the launch of Bbox Sensation, bringing cutting-edge technologies into the home, the acquisition of Darty Telecom and the rise in the number of very-high-speed customers, mainly on the Numericable network.

Bbox Sensation, a new digital experience in the home

Bbox Sensation, Bouygues Telecom's latest-generation router/modem launched on 18 June 2012, is available for all technologies (ADSL, cable, fibre). With Bbox Sensation, Bouygues Telecom offers its customers a complete, seamless and easy-to-use digital experience, with new services such as cloud gaming as well as an enhanced intuitive interface and a one-stop VOD shop. Bbox Sensation won the Best Broadband Experience award³ for the quality of its user interface. Bbox Sensation has proved highly popular, accounting for over 70% of Bouygues Telecom's box sales at end-2012.

Darty and Bouygues Telecom combine their expertise for the benefit of customers

Bouygues Telecom's acquisition of Darty Telecom in July 2012⁴ confirmed the operator's intention to step up its growth on the fixed-line market. As a result of the transaction, Bouygues Telecom acquired 282,000 Darty Telecom customers at the end of the third quarter of 2012, about a third of them with very-high-speed connections and the rest with ADSL. At the same time, Bouygues Telecom concluded an agreement to distribute its products and services in Darty's 226 stores. Bouygues Telecom Edition Darty packages, combining Bouygues Telecom products and services with Darty's high-quality customer support, offer comprehensive multimedia solutions with unique service quality that differentiates them from other offers. The partnership also provided a good platform for winning new customers when Bbox Sensation was launched.

Very-high-speed⁵: a reality thanks to the partnership with Numericable

The partnership with Numericable concluded in 2011 gave Bouygues Telecom a unique advantage in consolidating its position on the very-high-speed market. Through access to the Numericable network, which covers over 7 million households, Bouygues Telecom can offer its customers significantly higher speeds than ADSL (up to 100 Mbit/s). Through the Bbox Sensation, available from launch for all technologies (ADSL, cable and fibre) at the single price of €37.90 a month, Bouygues Telecom substantially increased its very-high-speed customer base. The operator had 289,000 very-high-speed customers at end-2012, representing 16% of its base. It had 18% of the French very-high-speed market in 2012, compared with only 7% in 2011.

At the same time, Bouygues Telecom continued its strategy of rolling out an FTTH optical fibre network. In January 2012, the company concluded an agreement with France Télécom-Orange concerning the rollout of optical fibre in very high population density and lower population density areas. The agreement supplements the co-investment agreement previously concluded with SFR.

(1) Estimate of the MVNO active customer base: customers who made at least one outgoing call in the previous month.

(2) Includes fixed broadband and very-high-speed subscriptions. Most recent data published by Arcep.

(3) The annual Broadband Infovision Awards honour the world's best fixed-line internet products, services and innovations.

(4) Darty Telecom's customers were consolidated into Bouygues Telecom's customer base from 1 August 2012 after approval of the transaction by the French competition authority.

(5) Arcep defines very-high-speed fixed subscriptions as those with a peak download speed of 30 Mbit/s or more.

5.3 Outlook for 2013

Bouygues Telecom faces two major developments on the mobile market in 2013. First, the Sim-Only/Web-Only segment is continuing to grow strongly, with very low-cost plans priced at under €5 attracting prepaid and capped call plan customers. The growth of such plans could ultimately give the Sim-Only/Web-Only segment more than 25% of the total mobile customer base. Second, further significant price cuts have already been made in the first quarter and starting prices for plans with services from Bouygues Telecom's rivals are approaching €20.

Against this background, Bouygues Telecom intends to continue the transformation begun in 2012 and is focusing on breakthroughs in two areas in particular: technical assets and the marketing of plans with services.

At the same time, the company will continue to pursue the strategic priorities set in 2012:

- to remain the most innovative player on the mobile market and to work on repositioning plans with services by recreating value through the growth of data applications and the arrival of 4G and by continuing to expand its B2B activity;
- to pursue growth in the fixed broadband segment through regular innovations for Bbox Sensation.

The aim of this new stage in the transformation of Bouygues Telecom is to stabilise EBITDA and improve the EBITDA minus capital expenditure item in 2013. The sales target for 2013 has been set at €4,850 million, 7% lower than the sales figure in 2012.

6. BOUYGUES SA

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

Key figures

EMPLOYEES AT 31/12/2012

171

2012 SALES

€68m (-1%)

2012 OPERATING LOSS

€19m (n.m.)

2012 NET PROFIT

€664m (-18%)

n.m.: not meaningful

6.1 Internal control – Risk management – Compliance

From its inception, the Bouygues group has made risk management one of the cornerstones of its corporate culture because its founder had a highly innovative vision of the construction business, the Group's first activity. Today Bouygues SA, the Group's parent company, regards internal control, risk management and compliance as being among its core missions. Many actions have been taken in this sphere in each of the five business areas over the last five years, on the parent company's initiative and under its supervision. They are organised around three strands: a reference framework for internal control, self-assessment of implementation of the core principles of this reference framework, and identification and monitoring of major risks. In accordance with the Group's Code of Ethics, compliance is one of the key objectives of these three policies.

A description of the Group's internal control and risk management system is given in the Report by the Chairman in chapter 5 of this document entitled "Corporate Governance", section 2.2.

6.2 Management

Bouygues SA pays particular attention to Group management, taking steps to encourage exchanges and share experience between support structures and businesses, motivate staff and develop team spirit within the Group. The main actions in this sphere in 2012 are described in chapter 3 of this document.

6.3 Services rendered to subsidiaries

As well as being responsible for the overall management of the Group, Bouygues SA provides a range of general and expert services to Group businesses in areas such as finance, communications, sustainable development, sponsorship, new technologies, insurance, legal affairs and human resources. For that purpose, Bouygues SA and the main Group companies conclude annual agreements under which each business area can call on general and expert services as necessary. The amounts invoiced for such services in 2012 are shown in *Financial flows* below and in the Auditors' report on regulated agreements in chapter 8 of this document entitled "Combined Annual General Meeting of 25 April 2013".

6.4 Creation of Bouygues Europe

Since April 2012, Bouygues Europe, a wholly-owned Belgian subsidiary of Bouygues SA, has represented the Bouygues group's interests to European institutions. Bouygues Europe works for both Bouygues SA and its subsidiaries, advising them and representing them in the European institutions as

well as monitoring legislation and regulation on issues of key importance to Group companies. Bouygues Europe has set up an advisory committee comprising a representative of Bouygues SA and each of the Group's five business areas in order to guide Bouygues Europe's action.

6.5 Alstom

On 1 October 2012, Alstom successfully completed a €350-million capital increase by private placement to institutional investors. The main purpose of the transaction was to finance Alstom's current acquisitions, especially the payment of a price supplement in connection with Alstom's

acquisition of a 25% equity interest in the Russian railway rolling stock manufacturer Transmashholding. Following the capital increase, Bouygues owned 29.4% of Alstom's capital and voting rights.

6.6 Bouygues Telecom

Bouygues SA contributed €678 million to the €700-million capital increase launched by Bouygues Telecom in November 2012. The transaction was intended to give Bouygues Telecom the additional financial resources it needs to meet the challenges facing the company, such as greater

competition, the rollout of 4G and the development of fixed-line business. Following the capital increase, Bouygues now owns 90.5% of Bouygues Telecom and JC Decaux Holdings 9.5%.

6.7 Financial transactions

On 9 February 2012, Bouygues SA launched an €800-million 10-year bond issue with a 4.5% coupon. On 2 October 2012, Bouygues launched a new, €700-million bond issue with a maturity of 10 years and 3 months and a 3.625% coupon.

The aim was to take advantage of the excellent conditions available on the bond market. Market response to the transactions was very positive.

6.8 Employee share ownership

It is Bouygues' belief that Group employees should be closely associated with the success of their companies, in which they place a key role. That is why it implements a proactive employee share ownership policy. In that context, in October 2012 Bouygues' Board of Directors decided to undertake a new capital increase reserved for employees. The leveraged scheme, called Bouygues Confiance 6, was completed successfully on 28 December 2012. It attracted over 17,500 employees, or 23% of those eligible. Detailed information about the scheme may be found in the Board of

Directors' and Auditors' supplementary reports in chapter 8 of this document.

At 31 December 2012, Group employees owned 23.7% of Bouygues' capital and 28.7% of the voting rights through a number of mutual funds. With over 60,000 employee shareholders, Bouygues is the CAC 40 company with the highest level of employee share ownership.

Two employee shareholder representatives have had seats on Bouygues' Board of Directors since 1995.

6.9 Financial flows

In 2012, Bouygues SA received dividends totalling €893 million from its subsidiaries as follows:

• Bouygues Construction	€226m
• Bouygues Immobilier	€120m
• Colas	€229m
• TF1	€51m
• Bouygues Telecom	€189m
• Alstom	€72m
• Other	€6m

In 2012, Bouygues SA invoiced its main subsidiaries the following amounts under service agreements:

• Bouygues Construction.....	€13.9m
• Bouygues Immobilier.....	€2.9m
• Colas	€17.0m
• TF1.....	€3.6m
• Bouygues Telecom	€7.3m

In 2012, Bouygues SA also received royalties under trade mark licence agreements with the main subsidiaries that use the "Bouygues" trade mark:

• Bouygues Telecom.....	€0.7m
• Bouygues Construction.....	€0.5m
• Bouygues Immobilier	€0.25m

There are no significant financial flows between Group subsidiaries. Cash management is centralised within financial subsidiaries wholly owned by the Bouygues SA parent company. This arrangement ensures optimum management of financial expenses, since the surplus cash generated by certain companies can be used in addition to or in place of confirmed lines of credit granted by credit institutions to other subsidiaries. When investing surplus cash, Bouygues has always avoided speculative instruments such as securitisation vehicles and hedge funds.

6.10 R&D, Human resources

See chapters 1 and 3 of this document.

6.11 Other activities

6.11.1 Finagestion

When Bouygues sold Saur in 2004, Finagestion was the holding company that took over Saur's water and power interests in the Ivory Coast and Senegal. Bouygues owned 20% of Finagestion at 31 December 2012. Finagestion has been consolidated by the equity method since 2009.

6.11.2 Serendipity Investment

Serendipity Investment is an investment fund wholly owned by Bouygues SA. Its portfolio at 31 December 2012 comprised the following equity interests:

- 30.6% of F4 (online video games);
- 25% of Légende (film production);
- 11.1% of Wonderbox (gift packs).

7. ALSTOM. BUILDING A MORE SUSTAINABLE WORLD

Operating in around 100 countries, Alstom's 92,800 employees apply their skills and expertise in four sectors – Thermal Power, Renewable Power, Grid and Transport – which are vital in addressing the challenges of sustainable development.

Bouygues owned 29.4% of Alstom's capital at 31 December 2012. The two groups are developing their industrial synergies while allowing themselves to work independently according to projects.

Figures for H1 FY 2012/13

(1 April/30 September 2012)

EMPLOYEES AT 31 DECEMBER 2012

92,800

SALES

€9,748m (+4%)

OPERATING MARGIN

7.2% (+0.5 points)

NET PROFIT ATTRIBUTED TO THE GROUP

€403m (+11%)

ORDER INTAKE

€12,129m (+19%)

Highlights

APRIL 2012: offshore wind turbines in France (€2 billion).

AUGUST 2012: ultra-high-voltage line in India (€400 million).

SEPTEMBER 2012: onshore wind turbines in Brazil (€270 million).

OCTOBER 2012: gas-fired power plant in the UK (€410 million).

DECEMBER 2012: combined cycle power plant in Germany (€350 million).

Regional trains in Italy (€440 million).

JANUARY 2013: hydro power equipment in Ethiopia (€250 million).

Alstom is an international group. In FY 2011/12, the group generated 42% of its sales in Europe, 21% in North and South America, 22% in Asia-Pacific and 15% in Africa and the Middle East. Its financial year ends on 31 March. In FY 2011/12, it reported a 5% drop in sales to €19.9 billion

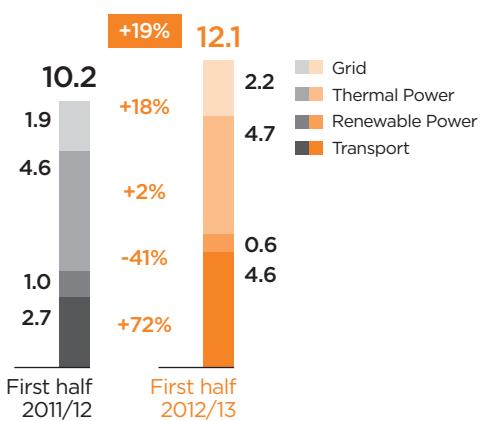
7.1 Bouygues as an Alstom shareholder

Bouygues acquired the French government's shareholding in Alstom, representing 21.03% of the capital, in June 2006 at a cost of €2 billion. Since then Bouygues has gradually increased its stake, which stood at 29.4% at 31 December 2012. The three-year commitment to keep the Alstom shares bought from the government expired in June 2009. Bouygues consolidates its interest in Alstom using the equity method.

7.2 Non-exclusive cooperation between Bouygues and Alstom

Alstom and Bouygues concluded a non-exclusive commercial and operational cooperation agreement in April 2006. By sharing best practice in project management and pooling their commercial resources, the two groups jointly develop integrated projects worldwide as they arise, drawing on Bouygues' expertise in civil engineering as well as on Alstom's know-how in systems, equipment and services for power generation and transmission and rail transport. However, the cooperation agreement does not contain any exclusivity clause and the two groups work together or separately according to projects, with or without other partners, in the interest of their customers.

ORDER INTAKE BY SECTOR (€ billion)



7.3 Profile

Providing power generation and transmission and railway infrastructure in over 100 countries, Alstom meets essential demands for economic, social and environmental progress by designing and offering its customers innovative solutions and technologies that respect the world in which we live.

7.3.1 Power generation

Spanning all power generation technologies (coal, gas, oil, nuclear, hydro, wind, tidal, geothermal, biomass, solar), Alstom offers the most comprehensive set of products on the market and leads the world in turnkey power plants, hydropower generation, air quality control systems and electricity generation services.

Thermal Power covers gas, steam and nuclear power generation plus Automation & Controls Services activities, while Renewable Power embraces hydro, wind, solar and other renewable energies.

A leading player in clean power, Alstom, in partnership with its clients, takes a pragmatic approach based on:

- developing low CO₂-intensive power generation technologies. The group has supplied nearly a quarter of global hydropower capacity and also boasts international projects for onshore wind farms. By investing in offshore wind, solar, geothermal and tidal energy, Alstom is continuing to expand its wide range of renewable energy solutions. The group is also a leading supplier of conventional islands for nuclear power plants;
- improving the energy efficiency and environmental performance of power plants, especially through its position as a world leader in air quality control systems;
- capturing and storing the CO₂ produced by power plants, a domain in which Alstom is a pioneer, with 16 pilot sites around the world.

Alstom also has extensive experience in retrofitting, upgrading, refurbishing and modernising existing power plants. It has supplied at least one of the main pieces of equipment in 25% of the world's power plants in operation.

7.3.2 Power transmission

Alstom Grid is a world leader in electrical grid technologies. It supplies integrated and tailored solutions to operators and industrial clients, such as alternating-current (AC) and direct-current (DC) substations from medium to ultra-high voltages. Alstom Grid solutions help to make electricity grids substantially more efficient through the development of smart grids and play a key role in supergrids, which connect countries and continents over long distances and incorporate electricity from renewable energy sources.

7.3.3 Rail transport

Alstom is one of the world's leading suppliers of rail transport equipment and services. Alstom Transport spans the entire rail transport market, from very-high-speed trains to light urban transport, including metros, suburban and regional trains and locomotives. In addition to rolling stock, Alstom provides infrastructure, signalling equipment, maintenance services and turnkey rail systems.

Alstom Transport is the world's leading maker of high-speed and very-high-speed trains, with over 1,000 trainsets in service, and is a world leader in urban light railway systems, having supplied a quarter of the world's metro cars and a third of its tramways.

7.4 Business activity in 2012

Alstom reported order intake of €21.7 billion in FY 2011/12 ending on 31 March 2012, 14% up on the previous financial year, taking the order book to €49.3 billion, representing 30 months' sales.

Alstom booked orders worth €17.2 billion in the first nine months of FY2012/13, 14% higher than in the same period of the previous financial year. Sales, at €14.7 billion, were 3% higher than in the same period of FY2011/12. The order book at 31 December 2012 stood at €52 billion, representing two-and-a-half years' sales.

7.4.1 Power generation

Thermal Power took orders worth €6.4 billion in the first nine months of FY 2012/13 (from 1 April to 31 December 2012).

A number of major contracts have been concluded since 1 April 2012:

- supply of three turbine islands for supercritical coal-fired power plants in India and Egypt;
- supply of conventional islands for a nuclear power plant in India;
- environmental control systems in Taiwan, the United States and Romania;
- renovation of steam turbines in a coal-fired power plant in South Africa;
- long-term service contracts for gas turbines in Jordan and Ivory Coast.

Renewable Power took orders worth €1.2 billion in the first nine months of FY2012/13 (from 1 April to 31 December 2012).

Several contracts have been concluded since 1 April 2012:

- supply, operation and maintenance of 150 onshore wind turbines in Brazil;
- supply of eight turbines and generator units for Colombia's largest hydropower plant;
- supply of turbines and generator units for the hydropower plant at Grand Renaissance dam on the Blue Nile in Ethiopia.

7.4.2 Power transmission

Orders worth €3.3 billion were taken in the first nine months of FY2012/13 (from 1 April to 31 December 2012).

Alstom Grid has concluded a number of major contracts since 1 April 2012:

- converter transformers and a network management system for an ultra high voltage direct current connection in India;
- turnkey substations in Algeria, Brazil, Saudi Arabia, Taiwan and the United Arab Emirates;
- gas- and air-insulated substations in Iraq, Libya and Qatar.

7.4.3 Rail transport

Alstom Transport took orders worth €6.3 billion in the first nine months of FY2012/13 (from 1 April to 31 December 2012).

Several major contracts have been concluded since 1 April 2012:

- supply of 8 Pendolino high-speed trains for the Swiss railways operator;
- orders from Germany and Sweden for 175 regional trains;
- supply of 70 double-deck trainsets for the RER A rapid transit line in the Paris region;
- signalling for the Amsterdam metro network;
- construction of Line 2 of the Los Teques metro in Venezuela;
- supply of 19 metro trainsets for the city of Lima in Peru;
- order for 70 regional trains from Trenitalia, Italy's state-owned rail operator.

7.5 Acquisitions, partnerships and investments

- **December 2012:** Alstom, its Russian partner Transmashholding and Kazakh railways (KTZ) inaugurated their new locomotive plant at Astana in Kazakhstan. Production started in January 2013 to fill the €1.3 billion order placed by KTZ in 2010 for 200 freight locomotives (KZ8A) and 95 passenger locomotives (KZ4AT) for the Kazakh rail network.

Alstom announced the acquisition of Asat Solutions Inc., a Canadian company located at Calgary (Alberta) that provides substation automation solutions.

- October 2012: Alstom increased its shareholding in BrightSource Energy, an American company specialising in concentrated solar thermal power, to over 20%. BrightSource, with which Alstom has had links since 2010, is a world leader in concentrated solar thermal power plants, a key solar energy technology.

Alstom announced the construction in Brazil of a factory to make wind turbine masts. It will be Alstom's second wind-power production facility in Latin America.

- **September 2012:** Alstom announced its intention to acquire the British company Tidal Generation Ltd (TGL), a Rolls-Royce subsidiary specialising in the design of tidal stream turbines.

Alstom acquired Translohr, a French maker of tyre-based tramways, from Lohr Industrie.

Alstom and Toshiba announced their cooperation in smart grid technologies with the aim of improving grid management and coming up with designs that incorporate renewable energies.

- **May 2012:** Alstom, in partnership with the Russian company RusHydro, launched the construction of a hydropower equipment manufacturing plant at Ufa, in the south-east of Russia.

Alstom started work on a new factory at Sorel-Tracy in Canada's Quebec province. The plant will assemble and integrate bogies for cars for the future Montreal metro.

Alstom opened a new welding workshop in its Elblag turbine plant in Poland.

- **April 2012:** Alstom confirmed the construction of four factories at Cherbourg and Saint-Nazaire to make 240 "Haliade 150" offshore wind turbines for the EDF EN consortium. The plants, which will generate 1,000 direct and 4,000 indirect jobs, are the first stage in the creation of a cutting-edge French offshore wind power industry.

7.6 FY2011/12 results

Alstom achieved its objectives with a high level of order intake, especially in fast-growing countries, where orders rose sharply in the fourth quarter.

The operating margin stood at 7.1%, compared with 7.5% in the previous financial year, yielding an operating profit of

€1,406 million, down 10%. Sales amounted to €19.9 billion, 5% less than in the previous period. Net profit attributable to the group rose to €732 million, compared with €462 million in the previous financial year.

7.7 First-half FY2012/13 results

Alstom's order intake between 1 April and 30 September 2012 held firm in a challenging economic environment, standing 19% higher than in the first half of the previous period at €12.1 billion. Transport recorded its best half-year result since 2008, taking orders worth €4.6 billion.

Half-year sales rose 4% to €9.7 billion. Operating profit also improved to €703 million, a rise of 12%. The operating margin was 7.2%, compared with 6.7% in the first half of FY2011/12. Net profit rose 11% to €403 million, while free cash flow turned positive at €101 million.

7.8 Innovation

Alstom has more than doubled its research and development spending in six years, from €333 million in FY2004/05 to €780 million in FY2011/12. This innovation policy enabled the group to pass key milestones in the launch of new products in 2012.

To give just some examples, Thermal Power launched its latest generation GT24 and GT26 gas turbines for 50 Hz and 60 Hz requirements, while Renewables developed the 6-MW

Haliade turbine for the offshore wind power market. Alstom Grid created a joint research centre with CEA, the French atomic energy commission, focusing on energy storage and the integration of renewable energies for the long-distance connection of wind farms. Alstom Transport has launched its new very high-speed train, AGV.italo, and a compact tramway for medium-sized towns.

7.9 Alstom share price

The Alstom share price stood at €30.135 at 31 December 2012.

7.10 Financial situation and outlook

Alstom remains in sound financial health and in October 2012 successfully completed a €350-million capital increase by private placement and a €350-million bond issue.

With the assurance of a substantial order book, in May 2012 Alstom presented new three-year targets, including 5%-plus

sales growth in FY2012/13 and in each of the following two financial years, a steady improvement in the operating margin to around 8% in March 2015, and positive free cash flow in each of the three periods.

For more information, go to: www.alstom.com

Chapter 3

Human resources, environmental and social information

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1. GROUP CSR POLICY

This report contains only the CSR indicators that are applicable at Group level. To consult other CSR indicators, please visit the Bouygues group website at www.bouygues.com.

Through its five business areas, the Bouygues group is committed to building and fostering relationships in order to enhance quality of life for all. To achieve this goal, the group aims to set the standard for responsible and innovative solutions. This entails establishing high standards of behaviour in the human resources, environmental and social spheres. Bouygues has made corporate social responsibility

(CSR) a mainstay of its strategy and adapts its business models accordingly.

Olivier Bouygues, Deputy CEO of the Bouygues group, oversees Group-wide sustainable development initiatives. A constituent part of the Group's strategy is that each business area is given responsibility for CSR. However, the Group Sustainable Development and Quality Safety Environment (QSE) Department within the parent company coordinates overall policy in conjunction with support divisions and circulates information about best practices, especially by coordinating Group-wide committees.

1.1 Our people: respect, the key value of human relations

The core human resources values at Bouygues which determine the Group's mindset are respect, trust and fairness. Working with these values every day is an essential part of its attractiveness as an employer.

The Group enables all staff to take on responsibility and rewards professional accomplishment with individual promotion. Since it works on a decentralised basis, responsibility is delegated to people on the ground because they are most familiar with their working environment. Employees are soon given responsibilities, proof of the trust placed in them.

Bouygues ensures that priority is given to promotion from within the firm and goes beyond its statutory obligations where training is concerned: in France, it devotes the equivalent of 4.5% of the total payroll to training. Training programmes are provided at Group level and in each business area to support employees' career development. As a contributing factor to career development, internal job mobility is an important strand of Bouygues' human resources policy. In addition to the arrangements made by

each business area, the Group has set up a unit in the parent company to oversee job mobility between business areas and an intranet site that posts all vacancies within the Group.

Construction businesses, which involve working on different projects in different places, inevitably impose constraints on people's workloads. The Group takes steps to ensure that this does not adversely affect its employees' personal lives. Measures include time savings accounts and the use of new technologies so that people can work from home or on the move.

The commitment to fairness is reflected in a desire to reward individual success, whatever the person's profile or background. TF1 and Bouygues Telecom have both been awarded the Afnor Diversity label. More generally, all the business areas have introduced an anti-discrimination policy focusing on the issues of gender equality, age, disability and origin.

Respect for employees within Bouygues group is reflected in a proactive health and safety policy, especially on worksites.

1.2 Environment: helping to protect the planet

The Group's greatest environmental impact stems from the use of the structures it builds. By constructing low-energy buildings, or even buildings that are net producers of renewable energy, and by carrying out energy rehabilitation of existing buildings, Bouygues as a business is working actively to protect the environment. In pursuit of these goals, it taps into cross-disciplinary innovation. Besides research laboratories within its subsidiaries, the Group has a specialist R&D team called "e-lab", which designs innovative products and services. It also acts as a think-tank on energy issues, looking especially at ways of controlling costs in new buildings.

This contribution is of course accompanied by proactive policies to reduce the environmental footprint of business activities, together with a comprehensive disclosure policy.

The Group has implemented a strategy to save energy and cut carbon emissions. In order to measure the impacts of its activities and implement priority actions to reduce them, in 2012 Bouygues released the first consolidated balance of the Group's greenhouse gas emissions. This carbon balance gives the Group the necessary information to frame a policy to reduce the carbon intensity of its activities. With this in mind, the Group is developing new construction models, for example, that make greater use of timber.

Bouygues is committed to recycling and eco-design. Colas uses recycled materials to build roads. Bouygues Construction proposes buildings that limit the environmental impact of operations, from their design to their deconstruction, and is taking part in the development by the CSTB of Elodie®, a building lifecycle analysis software tool. Bouygues Telecom is taking initiatives such as eco-designing its stores. Bouygues and its subsidiaries also collect and recycle their old IT and electronic equipment.

The construction businesses are committed to protecting biodiversity. In its quarries and gravel pits, Colas works closely with conservationists and non-governmental organisations to encourage and facilitate the presence of protected or endangered species and foster their habitats. The sites are

subsequently restored when deposits are exhausted. At Bouygues Construction, the Biositiv structure was created in 2012 to address biodiversity issues associated with infrastructure projects. The aim is to go beyond mere offsetting and head towards a positive biodiversity strategy, i.e. one that creates biodiversity. Biositiv was selected by the French Ministry of Ecology, Sustainable Development and Energy to take part in the National Biodiversity Strategy. The media and telecoms businesses are taking initiatives to raise awareness of biodiversity among employees and viewers, for example with the Ushuaïa TV channel.

In the fight against toxicity, Bouygues Immobilier and Bouygues Construction are implementing a policy to improve indoor air quality in their building programmes.

1.3 Social responsibility: playing a positive part in community life

Bouygues' positive contribution to community life is underpinned by a commitment to business ethics, a point that has been strongly asserted on many occasions by Martin Bouygues, the Chairman and CEO. Many awareness-raising programmes are run at Group level and at all levels within individual companies. Whistleblowing procedures, available to all staff, have been introduced. The Group systematically initiates legal proceedings against any employee who wilfully breaks the law in the realm of business ethics.

The commitment to respecting others is extended to suppliers and subcontractors through a structured responsible purchasing policy with a particular emphasis on health and safety.

Social policy is implemented at Group level, within business areas and at local level through a large number of community initiatives with a particular focus on inclusion of the vulnerable, such as the partnership between Colas and EPIDe or between Bouygues Construction and FACE.

The Group plays an active part in community life wherever in the world it operates. At parent company level, Bouygues' sponsorship policy focuses on three main areas: medical research, education and culture, with special attention paid to projects supported by Group employees. The Francis Bouygues Foundation, which sponsors motivated school-leavers facing financial difficulties (426 to date), is an illustration of the type of educational initiative carried out.

To meet major environmental challenges more effectively, the Group has also set up research partnerships with a number of bodies such as MINATEC IDEAs Laboratory in Grenoble – a venture between the CEA and several companies focusing on the T.H.E.M.A. project (*Territoires, Habitats, Energies, Mobilités, Arts et cultures*) – and ENSAM and ESTP for the advancement of sustainable construction techniques.

2. HUMAN RESOURCES INFORMATION

2.1 Human resources reporting methodology in the Bouygues group

2.1.1 Indicators

The Bouygues group is a diversified industrial group.

Human resources reporting indicators are chosen and defined by consensus through two monitoring committees.

The Human Resources Reporting Improvement Committee, made up of experienced human resources managers from the parent company and the Group's business areas, determines reporting priorities (e.g. constructive industrial relations, health and safety) and draws up a map of indicators likely to illustrate them, in keeping with the specific features of each business line.

It reviews each data collection exercise with a view to continuous improvement in terms of both processes and the reliability and relevance of the indicators.

The HRIS (Human Resources Information System) and Indicator Tracking Committee is an offshoot of the Human Resources Reporting Improvement Committee, made up of employee management oversight staff. It precisely defines each indicator in terms of scope, computation formula, frequency, deadlines, etc.

All the indicators are summarised in a methodological guide, circulated Group-wide.

As the committee is decentralised, its members communicate with each other via BYpedia, the Bouygues group's collaborative extranet site.

2.1.2 Consolidation

Data are collected, verified and consolidated using a reporting software package that includes a workflow process with an internal validation circuit.

There are two main data sources:

- Group HRIS data, supplied monthly or quarterly from business area payroll systems.
- Specific business area data, entered directly.

2.1.3 Methodological limitations

Indicators may have methodological limitations due in particular to changes of definition between two collection exercises that may affect their comparability. If that is the case, and unless stated otherwise, indicators relating to previous years are recalculated.

2.1.4 Consolidation rules

- For the following indicators the scope is global:
 - headcount, breakdown by gender, external recruitment by type of contract, accident frequency and severity rates.
- For all other indicators the scope is France only, because information systems are decentralised and different reporting systems are used outside France. The following indicators therefore concern only France, representing 58% of the Group's registered workforce at 31 December 2012:
 - headcount by age range, number of dismissals, average annual salary by job category, working hours, absenteeism, turnout in elections for employee representatives, collective agreements negotiated, work/study training contracts, training indicators and disabled employees.

The policy for consolidating Bouygues group human resources data is as follows:

- Data are gathered and collated for the period from 1 January to 31 December.
- Human resources data provided by Group companies are fully consolidated if the Group has managerial control over the company, regardless of the Bouygues group's equity interest. If not, this data are not consolidated.

The main exceptions to the Group policy are as follows:

- For workforce indicators:
 - At Bouygues Construction, human resources data relating to joint ventures are included in proportion to the consolidated equity interest.
 - At Colas, companies in 50/50 ownership are included at 50%. Below this threshold, no data are included except for the special case of industrial consortia in mainland France (mainly asphalt mixing plants), whose workforces are fully consolidated wherever Colas is responsible for administrative management as defined by FNTP (the French civil works federation).
- For other human resources indicators (excluding workforce):
 - Data relating to Colas' international operations are fully consolidated even where Colas group does not have managerial control. Data for the recruitment indicator are taken from a specific annual survey covering a rolling 12-month period from 1 October (prior year) to 30 September (current year).

2.2 The workforce

2.2.1 Total headcount and breakdown of employees by gender, age and region

HEADCOUNT BY REGION AT 31 DECEMBER 2012^(a)

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total	2011 Group Total
France^(b)	355	23,535	1,516	38,277	3,701	9,655	77,039	76,970
Europe (excl. France)	6	8,032	66	9,090	266	-	17,460	17,081
Africa and Middle East	-	9,428	-	8,610	7	-	18,045	16,842
North America	-	623	-	5,290	2	2	5,917	5,543
Central/South America	-	812	-	-	-	-	812	943
Asia-Pacific	-	12,951	-	1,539	14	2	14,506	13,448
International	6	31,846	66	24,529	289	4	56,740	53,857
France + International	361	55,381	1,582	62,806	3,990	9,659	133,779	130,827

(a) Registered workforce, i.e. permanent and fixed-term.

(b) Mainland France and overseas departments and territories.

Commentary

Within the **Bouygues group**, the non-French workforce is the largest in the construction businesses. With the exception of Bouygues Construction, the French workforce is always in the majority. The regional breakdown of **Bouygues Construction's** workforce is largely similar to 2011. The geographical breakdown of business in 2012 shows the higher headcount in Asia-Pacific and Europe, with the addition in the UK of 750 employees from Leadbitter Group and 550 employees from Thomas Vale. The total headcount at **Colas** at 31 December 2012

was almost unchanged relative to 31 December 2011. The headcount in France was stable, in line with business trends. In Europe, the 9.5% reduction in headcount was due chiefly to restructuring of subsidiaries in central Europe (Hungary, Poland and Croatia), a downturn in business and the divestment of a subsidiary in Romania. In other regions, changes in headcount reflected trends in business activity, with a slight advance in North America (up 3.9%), a rise in the Indian Ocean, Africa and Middle East region (up 5.9%) and a surge in Asia-Pacific (up 19.9%). At **TF1**, staff located outside France are mainly Eurosport employees. No significant changes took place in 2012.

GENDER EQUALITY^(a)

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total	2011 Group Total
Percentage of women, France	34.3%	17.5%	48.3%	8.4%	48.2%	46.4%	18.8%	18.7%
Managerial	33.6%	22.8%	37.4%	13.69%	46.5%	34.5%	26.4%	26.0%
Clerical, technical & supervisory	35.7%	31.6%	77.1%	23.2%	53.4%	56.9%	35.3%	35.9%
Site workers	-	0.9%	-	0.6%	-	-	0.8%	0.8%
Women managers^(b)	17.7%	8.3%	25.4%	6.3%	34.7%	21.4%	12.4%	12.6%
Percentage of women, global^(c)	-	15.2%	31.9%	11.9%	30.8%	25.0%	13.8%	-
Managerial & technical	-	22.3%	70.2%	20.6%	30.8%	25.0%	21.9%	-
Site workers	-	10.2%	-	7.6%	-	-	9.0%	-

(a) As a proportion of the total number in the job category concerned.

(b) As a proportion of employees in supervisory or more senior grades in France.

(c) Excluding France.

Commentary

As much of its workforce is involved in construction activities, **Bouygues group** has a majority of male employees. In France, however, a gender equality policy is firmly in place. At **Bouygues Construction** in France, the proportion of women employees is around 17%, though more women are being hired (they account for 27% of new clerical, technical & supervisory and managerial staff) and there are more women in upper levels of management. Women are abundantly represented in support departments (45%) but account for only 8% of the

workforce in operational roles. At **Bouygues Immobilier**, despite a sharp increase in recent years, most notably within operational decision-making centres, the proportion of women in managerial positions edged down in 2012. At **Colas**, in the activities where most of the work involves outdoor construction, the employment rate of women is low. **TF1** is taking steps to increase the already significant number of women in managerial positions. The proportion of women managers at **Bouygues Telecom** is rising. Almost half of all managers hired in 2012 were women.

WORKFORCE BY AGE RANGE^(a)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total	2011 Group Total
Under 25	3.7%	8.7%	4.7%	6.6%	5.7%	9.9%	7.6%	8.4%
25-34	36.3%	33.2%	32.3%	23.9%	29.6%	41.1%	29.5%	30.4%
35-44	28.2%	25.5%	32.4%	27.3%	35.3%	37.6%	28.5%	28.7%
45-54	18.8%	23.6%	22.0%	29.1%	23.1%	9.6%	24.5%	23.6%
55 and over	13.0%	9.0%	8.6%	13.0%	6.3%	1.8%	9.9%	8.9%

^(a) Permanent and fixed-term staff.

Coverage: 58% of Group headcount.

Commentary

The **Bouygues group** treats all employees equally regardless of age, making sure that it hires enough young people while placing a premium on loyalty. As a result, age distribution in French operations is relatively well balanced, with an average age of 39 and average length of service of 10 years. Given national demographics, special attention must be paid to older workers. At **Bouygues Construction**, the average age in France is stable at around 39 for all types of staff, due to the intake of a large number of younger employees over the past two years. **Bouygues Immobilier** fulfilled its pledge under an agreement on older workers concluded in 2009 to keep 101

employees aged over 55 at 31 December 2012. Age distribution at **Colas** in France is relatively homogeneous. The breakdown between the different age brackets has not changed markedly, although the proportion of workers aged over 55 rose by 1.5 points. **TF1** has complied with its commitment under an agreement signed in 2009 to have at least 184 older workers in service. The proportion of employees aged under 25 has risen by 2.1 points, the same as for those aged over 45. **Bouygues Telecom** has confirmed its commitment to retain older workers by exceeding its original target of 160 employees aged 55 and over at 31 December 2012.

2.2.2 Recruitment and dismissals

EXTERNAL RECRUITMENT BY JOB CATEGORY

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total	2011 Group Total ^(a)
France^(b)	51	3,004	193	4,252	615	1,552	9,667	10,812
Managerial	19	1,150	109	533	298	196	2,305	2,774
Clerical, technical & supervisory	32	1,066	84	913	317	1,356	3,768	4,166
Site workers	-	788	-	2,806	-	-	3,594	3,872
International^(c)	-	7,578	14	3,347	37	-	10,976	11,577
Managerial & technical	-	2,067	14	912	37	-	3,030	3,258
Site workers	-	5,511	-	2,435	-	-	7,946	8,319
France + International	51	10,582	207	7,599	652	1,552	20,643	22,389

^(a) Data for 2011 restated following a change in data collection methodology.^(b) Permanent (including single-project contracts) and fixed-term staff.^(c) Permanent staff.

Commentary

Despite the crisis, the **Bouygues group** continued to recruit heavily in 2012, spurred on by robust business trends in construction industries both in France and abroad.

2012 was another strong year for **Bouygues Construction** in terms of hiring, especially in the core activities of building work, sales/marketing and technical operations. Over 30% of those hired were experienced staff.

At **Colas**, recruitment increased by 5%, remaining at a high level. New hires dipped in France except for managerial

positions (both newcomers and veterans), for which recruitment was up 28%.

In view of economic uncertainty, external hiring at **TF1** was less extensive in 2012. Employees leaving the company were not systematically replaced.

Bouygues Telecom scaled back recruitment in 2012, focusing on areas – the RCBT store network, customer relation centres, modem/router development and digital activities – not concerned by the voluntary redundancy programme.

NUMBER OF DISMISSALS (PERMANENT AND FIXED-TERM EMPLOYEES)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total
Number of dismissals	3	806	26	361	92	316	1,604

New indicator: no past data; limited to France because dismissal is not treated in the same way outside France.

Coverage: 58% of Group headcount.

Commentary

Between 2011 and 2012, the number of dismissals at **Bouygues Immobilier** was stable. In France in 2012, as in 2011, the number of dismissals at **Colas** was small (361) in relation to 2,750 departures and a headcount of over 38,000. Of the 361 dismissals, 339 were individual and 22 were redundancies in a division of Aximum (Aximum Produits Electroniques), which secured approval from its works council for a job-saving programme under which four factories will be merged into one. At **TF1**, 26 employees working for TF1 Vidéo were made redundant with effect from 2013 as a result of the sharp contraction in DVD sales. On 3 July 2012, **Bouygues Telecom** initiated a voluntary redundancy plan concerning 556 jobs as a means of safeguarding competitiveness in a rapidly changing market.

Group and business area policies

In 2012, business areas stepped up their activity on web-based social networks for recruitment purposes.

The **Bouygues group** seeks to promote staff retention wherever possible, which has resulted in an average length of service exceeding ten years. If business drops off in a given sector or region, internal job mobility is systematically considered as an option for cushioning the negative consequences in terms of employment. In addition to the arrangements made by each business area, the Group has set up a unit in the parent company to oversee job mobility between business areas. An intranet site posts all vacancies while encouraging internal job mobility by showcasing all the various professions available within the Group.

Bouygues Construction is an active recruiter in France. Going beyond mere figures, the company has sought to enhance its brand image as an employer to improve its reach and appeal. Initiatives include a new version of the Bouygues Construction Challenge competition ("Défi Bouygues Construction"), a business game for students, communication on social networks, the launch of a recruitment website in early 2013 and new partnerships with educational establishments and public institutions.

To attract talent and make the company more appealing, in 2012 **Bouygues Immobilier** developed a new recruitment website that asserts its credentials as an innovative, learning and responsible employer. In the careers section, potential applicants can discover the company's values, activities and opportunities through employees' own stories. The section also contains advice on interview technique. In addition, as part of its policy of reaching out to and interacting with stakeholders, Bouygues Immobilier has become far more active on social networks with the aim of creating a lively community of potential applicants. A careers page on Facebook targets recent graduates, Viadeo and LinkedIn give access to more experienced candidates and the company has a video channel on YouTube.

Colas continues to recruit through close contacts with educational establishments, campaigns aimed at young people and the hiring of final-year students as interns, which is prioritised as the main channel for recruiting engineering graduates. These initiatives are rolled out both in France and internationally. In many regions, especially North America, Europe, the Indian Ocean region and Asia, school initiatives are encouraged and employees give students practical support. In 2012, Colas focused its recruitment drive on the web and on social networks used by business professionals (Viadeo and LinkedIn) and the general public (Facebook and Twitter). In order to attract students and recent graduates Colas launched its own film festival, "Golden Roads", open to interns (most first-time managers are former interns) and promoted on Facebook and YouTube. Colas was rated sixth in the "Happy Trainees" ranking of companies with more than 5,000 employees in which interns are the most satisfied.

At **TF1**, priority is always given to internal applicants if candidates are equally well qualified. In 2012, 37% of vacancies were filled from within the company.

2.2.3 Compensation

AVERAGE ANNUAL GROSS SALARY BY JOB CATEGORY IN 2012 (PERMANENT STAFF) AND TREND^(c)

Scope: France (€)	Holding company and other	Bouygues Construction	Bouygues Immobilier ^(a)	Colas	TF1	Bouygues Telecom
Managerial ^(d)	76,536	57,559	61,926	57,784	66,752 ^(e)	58,222
Clerical, technical & supervisory	29,327	31,198	30,181	32,432	37,102	26,139 ^(b)
	(-8%)	(+2%)	(+6%)	(+6%)	(+1%)	(+2%)
Site workers	-	26,037	-	24,109	-	-
	-	(+3%)	-	(+4%)	-	-

(a) Excluding sales staff.

(b) Including customer relations advisers.

(c) Trend at year-end taking account of staff leaving and joining in each category.

(d) Trend not available for managerial positions due to a change in the indicator's scope.

(e) Including journalists.

As the information systems of international activities are not integrated into those of French operations, full consolidation is not possible.

Coverage: 58% of Group headcount.

Group and business area policies

The **Group's** pay policy is a key factor in attracting, motivating and retaining staff. Individual compensation rewards potential, performance and professionalism. Pay is also proactive, based on external elements (rises above the inflation rate, attractiveness to potential candidates) as well as on the company's financial performance. In France, specific budgets are earmarked to increase the lowest wages and to equalise pay between men and women. Depending on the country, wages are supplemented with benefits such as profit-sharing, additional social protection, pension savings plans, a thirteenth month's pay, top-up contributions and social and cultural activities. Several business areas provide each employee with a personalised document summarising all these benefits to give them an overview of their total compensation.

In France, as in previous years, **Bouygues Construction's** policy has been to increase wages by more than inflation, paying special attention to the lowest paid and to gender equality. Bouygues Construction uses collective compensation to enable staff to share in the company's financial performance. On average, profit-sharing represented 0.7 months of gross pay per employee in 2012. Profit-sharing agreements due to expire in 2012 were renegotiated and new agreements were concluded for 2012-2014. The guiding principles, namely a mostly even distribution and the recognition of safety factors together with business-related criteria, have been carried over into the new agreements.

Pay policies for international subsidiaries and other entities naturally depend on the local business and regulatory context. However, the basic tenets of Bouygues Construction's pay policy also apply to foreign subsidiaries, including a process defined at Group level (schedule, finalisation, recommendations by job category), performance-related pay reviews (instead of or in addition to across-the-board increases) and a common grading system.

Bouygues Immobilier took into account increased economic uncertainty as well as findings from the in-house perception survey entitled "Well-being and Performance 2011" to amend its pay policy in 2012, locking in a portion of the performance-related component for certain managers in operational positions, such as programme and technical managers. At **Colas** in France, average wages for all categories rose in 2012 despite the economic downturn. Employees benefited from discretionary and non-discretionary profit-sharing agreements. At **TF1**, the average increase agreed in mandatory annual negotiations was in line with inflation to avoid overburdening the total payroll. The average salary at TF1 is higher than at similar media groups. Employees paid the lowest gross salaries (equal to or lower than €2,600 per month) were awarded a further increase equivalent to 1% of their total salary. In 2012, the average wage increase at **Bouygues Telecom** was above inflation. Sums paid out under discretionary and non-discretionary profit-sharing schemes were lower than in 2011.

2.3 The workplace

2.3.1 Worktime organisation

CALCULATION OF WORKING HOURS (PERMANENT STAFF)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total
Hourly	21.8%	58.4%	28.6%	54.1%	30.0%	20.3%	49.4%
Monthly	22.3%	5.1%	-	29.3%	0.5%	34.8%	20.2%
Annual (incl. senior executives)	55.9%	36.5%	71.4%	16.6%	69.5%	44.9%	30.4%

New indicator: no past data available. The indicator is specific to France and thus excludes international data.

Coverage: 58% of Group headcount.

The **Bouygues group's** policy on worktime organisation aims to strike a balance between two priorities. One is meeting the needs of customers and adapting to patterns of activity in its various businesses; the other is maintaining a healthy work/life balance as far as possible. All business areas have introduced time savings accounts so that employees can manage their worktime more flexibly.

In France, three worktime systems are in place at **Bouygues Construction** (excluding senior executives). Clerical, technical & supervisory staff work on flexitime, as do managerial staff on a fixed-hours schedule. Mobile and autonomous managers are employed on the basis of a fixed annual number of days, while site workers are employed on an adjustable worktime basis.

Thanks to the flexibility of this system, Bouygues Construction does not have to resort to short-time working. The specific nature and organisation of worksites frequently requires work-scheduling changes, which are submitted in advance to the relevant works council for consultation. Even in this context, night work is very occasional. Because activity is organised by project or worksite, practices for managerial staff have to be flexible. To keep travelling to a minimum and provide flexibility, most managerial staff carry laptops and have remote network access. Likewise, headquarters have guest offices or work cubicles that can be used by mobile or site personnel. Some entities are also experimenting with working from home. All French-based staff have time savings accounts whereby they can save up worked rest days or certain holidays and take time off at a later date or convert this time worked into pay.

Bouygues Construction operates a specific policy in two areas that are vital to its appeal as an employer: the work/life balance and parenting. As a result, many initiatives have been taken to make daily life easier for staff both in France and abroad. Foreign postings also take the family dimension into account.

Bouygues Immobilier has sought to retain a certain degree of flexibility in the management and organisation of worktime while also taking better account of customers' expectations. At the same time, it is looking to promote quality of life at work and ensure a healthy work/life balance. With this in

mind, in May 2012 it changed the status of customer relations managers, offering them a fixed-day basis and a pay increase of at least 5% in addition to the normal annual pay review. The company also initiated negotiations in 2012 with the aim of finding solutions that better adapt working time to operational constraints, busy periods and staff expectations. Amongst other things, the agreement sets out a framework for the development of mobile working and working from home.

Worktime scheduling at **Colas**, which in France is established by agreements signed with trade union representatives, is based on a yearly cycle so that seasonal business fluctuations can be managed. Consequently, 54% of employees at the Colas group in France work according to an annual number of hours, while 17% work on a number-of-days basis.

A significant proportion of employees at **TF1** are assigned to shift work or specific time slots to ensure continuity of service, especially those working for TV channels. Several different arrangements co-exist (at TF1 SA, there is an agreement for technical and administrative production staff and seven annexes, each one relating to a different form of worktime organisation). The arrangements are as follows:

- Annual number of days: e.g. reporting/mobile video crews, who work a set number of 200 days a year and three to five, or sometimes six, days a week.
- Invariable schedules: e.g. employees working in viewer relations, who work 35 hours a week between Monday and Sunday.
- Cyclical staff (managerial and non-managerial): e.g. employees in master control rooms who work three 12-hour shifts per week over a four-week cycle).
- Journalists: fixed number of days per year or cyclical (e.g. at the LCI news channel).

The wide variety of jobs at **Bouygues Telecom** has resulted in varied worktime arrangements, defined in agreement with labour organisations. Employees in customer relations centres work on an hourly basis in accordance with an annual number of hours, making it possible to adapt to call volumes and busy periods in the life of the company. In-store sales staff that are part of a team may be required to work from

Monday to Saturday depending on outlet opening hours. Network operations personnel work on an hourly basis with on-call periods and service trips for work on site to ensure network availability and quality. Network supervisors work in

shifts so that the network can be monitored 24/7. Clerical, technical & supervisory staff working in other activities have flexitime. The vast majority of managerial staff work on the basis of a fixed number of days per year.

2.3.2 Absenteeism

ABSENTEEISM (PERMANENT STAFF)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total
Absenteeism	1.33%	3.59%	2.47%	4.16%	2.06%	3.92%	3.81%

New indicator: no past data available. The indicator is specific to France and thus excludes international data.

Absenteeism is defined as the number of calendar days absent as a result of workplace accidents, commuting accidents, occupational diseases and other illnesses compared with the [average number of permanent staff x 365].

Coverage: 58% of Group headcount.

These figures cannot be compared with those for 2011 due to a change in calculation method.

2.4 Labour relations

2.4.1. Labour relations, especially procedures for informing, consulting and negotiating with staff

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

The interest of Group staff in the quality of these discussions between employees and management is reflected in the turnout for workplace elections in France (81% in 2011), which was much higher than the nationwide average (63.8% in 2006 - Source: Direction de l'animation de la recherche, des études et des statistiques (Dares)). This gives employee representatives a high degree of legitimacy.

In France, Group companies have concluded numerous agreements with trade unions on all the issues that affect

employees' lives, such as profit-sharing, the organisation of working time, disabled workers, etc. In all these areas, progress has been driven by constructive labour relations based on mutual respect. To give just one example, following agreements with trade unions, employees in all business areas now benefit from a profit-sharing scheme.

In France, more than 600 elected representatives sit on works councils within **Bouygues Construction**. The absence of labour disputes testifies to the quality of workplace relations and of the company's human resources policy. Proving the quality of dialogue between labour and management at **Bouygues Immobilier**, every collective agreement negotiated in 2012 was signed by all the trade unions represented. At **Colas** in France, management-labour consultation takes place within 356 works and central councils. At **TF1**, it is carried out within each legal entity (30 companies), with the number of employees determining the type of consultative body. Employees are represented by five different trade unions. At **Bouygues Telecom**, employees are consulted via a central body and ten works councils (nine at Bouygues Telecom SA and one at the RCBT store network). These representative bodies are located nationwide so that issues arising within the company can be explained and discussed in full.

TURNOUT IN ELECTIONS FOR EMPLOYEE REPRESENTATIVES (1st ROUND, PRINCIPALS)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total
Turnout in the most recent works council elections	85%	85%	76%	80%	75%	73%	80%

The indicator is specific to France and thus excludes international data.

Coverage: 58% of Group headcount.

Commentary

Turnout in elections for employee representatives exceeds 80% at **Bouygues Construction** in France. Electronic voting has become the norm in units where all employees have a computer workstation. No elections took place at **Bouygues Immobilier**

in 2012. The high turnout at **Colas** in France reflects its people's strong commitment. Turnout was also high in the companies concerned within **TF1**. 73.2% of staff at **Bouygues Telecom SA** voted in elections for employee representatives in 2012, and 70.5% at the RCBT store network.

2.4.2 Summary of collective agreements

COLLECTIVE AGREEMENTS NEGOTIATED

	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total	2011 Group Total
Number of collective agreements negotiated, including mandatory annual negotiations	6	104	4	69	43	11	237	179

Coverage: 58% of Group headcount.

In France, regulations stipulate collective bargaining must be followed by an action plan or an agreement with labour organisations on matters that include compensation, gender equality, age management and arduous work. All subsidiaries situated in France conduct such negotiations on a regular basis, since the Group's decentralised structure means that virtually all agreements are negotiated at that level. It is the **Bouygues group's** policy to systematically favour this approach. Consequently, most human resources policies within the Group's business areas are covered by agreements.

At **Bouygues Construction** in France, labour negotiations are conducted on a range of matters that go beyond its statutory obligations, such as long-distance travel, individual training entitlements, time savings accounts and budgets for social and cultural activities, generally resulting in the conclusion of agreements. Agreements on profit-sharing and jobs and career planning were renewed in 2012.

In addition to mandatory annual negotiations, on 12 November 2012 the planned reorganisation of **Colas'** roads activity in mainland France was approved by 15 of the 16 central works councils consulted and the six works councils within shared service centres.

In 2012, **Bouygues Immobilier** began to renegotiate its agreement on jobs and skills planning in France. The agreement focuses on four issues: retaining skills through job mobility and responsible management practices that combine respect and performance; developing strategic and business-specific skills so that employees can draw on a common core through sharing expertise, networking and access to training material; ensuring the company's long-term growth and making staff more employable; and sustainably developing the skills needed for the future by increasing retention of all types of talent.

TF1 prolonged the group-wide "Working better together" agreement and the group-wide collective agreement on supplementary healthcare benefits. Outside France, a global agreement on fundamental labour rights was signed between Eurosport and UNI MEI (an international trade union organisation) and a collective agreement was signed at TMC.

At **Bouygues Telecom**, the main events in 2012 were a fixed-term agreement on the organisation of work at B&YOU, determination of the profit-sharing threshold, jobs and skills planning and non-discretionary profit-sharing, and the voluntary redundancy programme.

2.5 Health and safety

2.5.1 Workplace health and safety

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

Health and safety are a priority for all **Bouygues group** employees and have been for many years. It is an important issue for all business areas. Road safety and psychosocial risk

prevention campaigns are carried out in all Group businesses, but it is on worksites, where there is an inherent risk of danger, that the need for accident prevention is crucial. The construction businesses are particularly aware of that fact and redouble their efforts to promote health and safety, achieving good results, though the aim remains to eliminate accidents altogether. To improve on this record, Colas and Bouygues Construction have rolled out ambitious training programmes on health and safety issues, especially addiction. In France, workplace health and safety policies are always implemented in consultation with health and safety committees.

At **Bouygues Construction**, the main health and safety issues in building activities are assessed annually in France using risk-assessment forms distinguishing between office, worksite and after-sales service activities.

Worksite accident risks can be grouped as follows: falling from a height or stumbling; being hit by falling objects; and risks relating to the stability of formwork equipment and concrete parts, slinging and lifting gear, workplace plant and machinery, the use of tools and the handling of chemicals, and noise and vibrations. For Bouygues Construction's Energy and Services arm, the risks are as above plus the risk of electrocution. Issues such as contagious diseases, weather conditions and hygiene, related to health conditions in countries where Bouygues Construction operates, are also assessed and managed by the company in conjunction with occupational health services. This concerns both expatriates and local staff. Other health risk factors, especially workstation ergonomics and addiction risks, are common to both office and worksite activities.

Bouygues Construction's accident prevention policy aims to keep its businesses and worksites accident-free. It is coordinated by a committee which ensures the sharing of best practice and consistency in progress initiatives and monitoring.

In addition to action plans, each year a safety day is organised for employees in building and energy and services entities, comprising worksite events and business conferences. In 2012, a first Global Safety Week was held in all Bouygues Bâtiment International entities and subsidiaries. The initiative brought together more than 20,000 people between 23 and 30 September 2012.

In late 2011, Dragages Hong Kong, a long-time subsidiary, opened a Safety Training Centre, a one-of-a-kind training unit that offers safety workshops on subjects including worksite simulation, working at heights, confined spaces, scaffolding and lifting operations. Since its inception, the centre has trained 2,000 employees and 1,500 subcontractors. All new workers must visit the centre for training within the first seven days of their contracts before they are allowed to work on-site.

Outside France, health and safety for local staff also covers the quality of living quarters, which are generally on-site. Bouygues Bâtiment International has made a firm commitment in this respect by establishing formal standards, applicable to all subsidiaries, for all new on-site living quarters installed on or after 1 October 2012.

In France, Bouygues Construction's health and safety policy also covers temporary workers. For example, Bouygues Bâtiment Ile de France has signed framework agreements with temporary employment agencies and set health and safety targets for improvements in accident prevention. Similarly, in late 2011, Bouygues Entreprises France Europe signed an agreement with Adecco, Randstad and the Domitis network on health and safety issues and accident prevention for temporary workers, the first such agreement in the construction industry. All these preventive measures aim to cut accident rates, especially among temporary personnel, for whom the accident risk is particularly high.

As part of agreements in France on the prevention of psychosocial risks, a stress observatory and a hotline have been set up in Bouygues Construction entities. A mental-health questionnaire has been added to regular medical check-ups with doctors from the occupational health service, and this has pinpointed specific areas that need to be monitored.

Ergonomics is another occupational health priority for Bouygues Construction, which has introduced warm-up exercises for site workers before they start work, recruited occupational therapists and introduced equipment and materials that are easier to use.

To avert health and safety risks in its units, **Bouygues Immobilier** has trained all site managers in the various issues that come under their responsibilities in areas of health, safety and workplace law. The goal of these training courses, run by in-house legal consultants, is to give participants a clearer understanding of rules, risks and preventive measures as well as offering a forum for exchanging experience and internal best practice.

The company's code of conduct now contains a whistleblowing procedure to be used in the event of harassment, giving staff in difficult situations access to an internal support structure.

Similarly, Bouygues Immobilier has set up a counselling service with an outside consultancy. The service, available to human resources managers and to employees in distressing situations, offers an expert ear and full confidentiality.

As from 1 March 2012, management and labour representatives opted to modify the terms of the supplementary healthcare scheme so that all employees in France can benefit from a higher employer contribution, with a particular focus on the lowest-paid. For those earning less than €2,100 per month, the company covers 51% of the premium.

Health and safety policy at **Colas** aims to foster and strengthen a genuine accident prevention culture across all its units. To implement this policy in the field, senior managers at subsidiaries can draw on a global network of health & safety coordinators. In 2006, Colas initiated a huge programme both in France and internationally to train employees in first aid. Today, almost one-third of employees know life-saving skills. As well as benefitting employees, this first-aid training is of benefit to family members and the general public. Results of safety initiatives are measured every six months and shown in rankings, giving subsidiaries a strong incentive to make improvements.

Colas has set itself three targets for 2015: an accident frequency rate below 5 in France and in Europe and below 3 elsewhere; 35% of personnel trained in first aid; and 300 units in France without workplace accidents involving time off work.

Several actions were carried out in 2012, such as the launch of a group-wide campaign to raise awareness about crushing-related dangers; the continuation of an information and awareness-raising campaign on bitumen fumes and the risks of prolonged UV exposure; a research project to classify best health, safety and environmental practices in North American subsidiaries (for subsequent application to the whole of

Colas); revised editions of handbooks on personal protective equipment and workplace clothing; and the rollout of an anti-addiction toolkit in France.

Reflecting its commitment to road safety, Colas is a signatory of a road-safety charter with the French government and the National Health Insurance Fund for Employees (CNAME), first signed in 1997 and renewed at regular intervals since then. Members of staff specially trained as road-safety liaison officers implement an accident prevention campaign promoting the code of best practice drawn up by the national occupational road-risk prevention steering committee, which is part of the Road Safety and Traffic Directorate.

Health and safety have been high on **TF1's** agenda for several years and are an integral part of its business activities. TF1 takes steps to raise awareness of occupational risk prevention and the need for safety measures in all areas of its business. Its two occupational health units go beyond statutory requirements. Health and safety policy is tailored to the various business lines and risks, e.g. journalists working in dangerous parts of the world, those working in production studios and road safety. A group-wide agreement has been signed on stress prevention and better working conditions in general. TF1 has a fitness centre and a sports club. Health and safety training is offered to the various categories of personnel.

The main events in 2012 included: a screening campaign for cardiovascular diseases; one-year renewal of the TF1 group-wide agreement "Working better together"; implementation of first-aid training following the conclusion of a "healthy heart" charter in 2011; introduction of occupational health reforms and the appointment of health and safety officers; free flu vaccination in France and the provision of alcohol breathalysers at events such as business conferences.

Breathalysers are also given to users of company cars and pool vehicles.

As part of network development at **Bouygues Telecom** (upgrade from 2G to 3G base stations and the rollout of 4G), an initiative was undertaken at its 15,000 base station sites to achieve a balance between security requirements and simplified procedures for interventions by outside companies. This resulted in implementation of multi-site accident prevention plans for operations that consistently use the same procedures, carried out in areas free of specific risks with access accorded and work performed on a collective-safety basis.

Health and safety teams organised campaigns on the prevention of cardiovascular and smoking-related risks which were highly popular among employees.

Bouygues Telecom has implemented a procedure for receiving and handling complaints relating to harassment and violent behaviour in the workplace. To accompany the voluntary redundancy plan, measures to prevent psychosocial risks were stepped up and meetings were held of committees monitoring workload and workplace atmosphere.

2.5.2 Summary of workplace health and safety agreements with trade unions and employee representatives

See heading 2.5.1 "Workplace health and safety". This type of policy is always put into place in consultation with health and safety committees in France (of which there are more than 470 across the Group). Agreements on arduous work were signed or are the subject of consultation at **Bouygues Construction** and **Colas** in France. Psychosocial risks are covered by specific agreements in force within all business areas.

2.5.3 Workplace accidents (frequency and severity) and occupational illnesses

WORKPLACE ACCIDENTS

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total	2011 Group Total
Frequency rate ^(a) of workplace accidents among staff	3.38	5.85	3.61	8.15	3.54	3.15	6.59	6.34
Severity rate ^(b) of workplace accidents among staff	0.01	0.36	0.07	0.59	0.06	0.16	0.44	0.36 ^(c)

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

(b) Number of days off work as a result of a workplace accident x 1,000/number of hours worked.

(c) Restatement of values in 2011 following a change in data collection methodology.

Severity rate calculated using actual hours worked at Bouygues Construction and Colas and using assumptions for TF1, Bouygues Telecom, Bouygues Immobilier, the parent company and other entities.

OCCUPATIONAL ILLNESSES

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total
Recognised occupational illnesses	-	101	-	69	-	1	171

This is a new indicator so there are no past data. The indicator is specific to France and thus excludes international data.
Coverage: 58% of Group headcount.

Commentary

Accident rates at **Bouygues Construction**, though still well below the industry average, rose slightly in spite of the continuation of proactive accident prevention policies. The increase was concentrated in the second half of the year, at a time of brisk business activity both in France and abroad.

In 2012, the frequency rate at **Colas** improved while the severity rate was stable. In France, only a small proportion of staff relative to the total suffers from a recognised occupational illness. At **Bouygues Telecom**, frequency and severity rates rose in 2012. As accidents are rare, any increase in one year has a direct impact on these rates.

2.6 Training

2.6.1 Training policies

Corporate universities within the **Bouygues group's** business areas offer staff training related to their jobs as well as management modules. The proportion of payroll allocated to training is well above the minimum legal requirement. Arrangements are also in place, both in France and elsewhere, to provide refresher training to employees who so wish (e.g. literacy and numeracy).

Furthermore, the Gustave Eiffel apprentice training centre, which is supported by the Group, prepares its students for vocational examinations in construction, electrical engineering and service trades. Qualifications range from the CAP vocational training certificate to BTS and degree-level technical diplomas. The pass rate for the 163 students who took exams in 2012 was 76%. 36% of apprentices from the Gustave Eiffel centre work in the Bouygues group.

In 2012, **Bouygues Construction** continued to invest in training at all its entities in France in spite of uncertain economic conditions. To ensure that training is of high quality and suited to the needs expressed, intra-company training is given priority and is the norm. Training is also one of the main strands of human resources policy in international activities. Bouygues Construction University continues to offer programmes to managers and local staff, and key modules are now available in English as well as in French. Bouygues Bâtiment International has three training centres: one in Paris, another in Asia and a third in London, opened in September 2011. Decentralisation helps to foster in-house networks and spread the Group's corporate culture. Between 1,000 and 5,000 people each year benefit from training at these three centres.

Priority areas of training in 2012 at **Bouygues Immobilier**, as defined by the Strategy Committee, emphasised customer satisfaction, sustainable development, responsible management practices and improved collaborative work ("Working better together"). As part of a co-construction process whereby training can be tailored to business requirements, in 2012 Bouygues Immobilier set up a committee where human resources managers and sponsors from operating units can discuss training needs and decisions to be taken.

At **Colas** in France, the priority in training was given to developing skill-sets, with a particular focus on water

legislation and geo-technical methods for design teams, contract management programmes (for complex large-scale projects) and onsite technical training to ensure the smooth completion of works. An in-house training campaign was launched in response to new regulatory requirements on transportation. Other initiatives included induction training for new unit managers in addition to Colas Campus programmes (including Colas University¹ phases 2 and 3), safety training, career development support and continued training on appraisal interviews. In France, the breakdown of investment by category of beneficiary remained stable (around 50% of training hours for worksite personnel, 30% for clerical, technical & supervisory staff and 20% for managerial staff). More than 30% of the total number of hours were dispensed through Colas Campus courses and programmes.

Training policy at the **TF1** group aims to foster enhanced performance and has three objectives:

- 1.** To improve management quality: a two-year programme has been set up for each new manager, seminars were created on "Managing managers" and "Responsiveness and project management", and a financial skills-building day was organised for the 160 members of the Management Committee.
- 2.** To support strategic development and expertise in core skills: innovative training approaches were introduced, such as modules on sales techniques for Téléshopping staff and studio skills for the TF1 television news team; staff involved in the launch of the new channel HD1 received training; and comprehensive tailored training packages were put together for staff working in areas such as journalism, research, finance and human resources, run by in-house and outside experts.
- 3.** To continue investment in training relating to the diversity policy: between the start of 2010 and the end of 2012, more than 1,100 employees, including managers, journalists, film editors, researchers, human resources staff and employee representatives, took a one-day training course on fighting discrimination and promoting diversity.

The strategic aims of **Bouygues Telecom's** Plan 2012 focus on the following areas: the digital world and the web culture; technology issues relating to the emergence of new occupations and the anticipation of paradigm shifts, especially

⁽¹⁾ Colas University is a centre for training and exchange whose purpose is to act as a long-term incubator for group managers. It offers a three-phase, professionally-oriented curriculum.

as they affect network equipment upgrades; new methods and the optimisation of information systems expertise; agile project management for Network and Router/Modem projects; strengthening retail and corporate sales teams;

digital lifestyle support; helping managers to implement pledges arising from the Diversity label; and developing in-house talent. The rollout of Plan 2012 will promote e-learning and multimodal training.

WORK/STUDY TRAINING CONTRACTS^(a)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total	2011 Group Total
Number of apprenticeship contracts	2	340	36	732	49	85	1,244	823
Number of professional training contracts	0	136	44	420	122	410	1,132	987
Total	2	476	80	1,152	171	495	2,376	1,810

(a) Joining in 2012; 2011 data have been restated following a change in methodology.
Coverage: 58% of Group headcount.

Commentary

The **Bouygues group** actively promotes work/study training, which is an excellent means of attracting young people to its business activities and integrating them into teams.

In 2012, **Bouygues Construction** continued to host young people on work/study contracts in all its entities in France, through various initiatives:

- Increasing the intake of young people in higher education.
- Continuing to train mentors and apprentice masters.
- Discussing an action plan to improve the hosting of work/study students which would involve a work/study liaison network, a needs analysis process, a mapping of available training specific to each business area, and support and development for mentors and apprentice masters.

Bouygues Immobilier continued to invest in work/study contracts, which represent a useful channel for early recruitment and are pivotal for the integration of young people in all job areas. The proportion of staff on work/study contracts rose further, to 3.14% at 31 December 2012.

In 2012, **Colas** continued to emphasise work/study hiring in order to meet its need for skills. At the same time, mentoring is becoming increasingly common.

TF1 remains committed to work/study contracts (apprentice training and skills acquisition). The proportion relative to the headcount subject to the statutory employment quota scheme in 2011 was 2.82%, and the overall number increased by 15% in 2012. In 2012, **Bouygues Telecom** forged partnerships with several web training schools to support the company in new business lines linked to its fixed-line and internet activity.

2.6.2 Total training hours

TRAINING (PERMANENT STAFF)^(a)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total	2011 Group Total
Percentage of payroll spent on training	2.8%	4.9%	3.2%	3.7%	2.5%	5.1%	4.1%	4.5%
Average number of days training per employee per year	2.44	2.39	2.51	1.75	2.52	3.48	2.24	2.77

(a) Actual figures for 2011-2012 for Bouygues Construction and Colas, whose training year is 1 March-28 February. Estimates for 2012 for other Group entities. As the information systems of international activities are not integrated into those of French operations, full consolidation is not possible.
Coverage: 58% of Group headcount.

Commentary

In line with a policy regularly reaffirmed by the **Bouygues group**, training provision by business areas in France consistently exceeds legal requirements.

Despite the uncertain economic outlook, **Bouygues Construction** continued to provide the same level of training within all its French entities. To ensure that training is of high quality and suited to the needs expressed, intra-company

training is given priority and is the norm. New programmes were offered at the corporate university in line with the company's commitments to sustainable development, diversity, gender equality and business ethics. Wishing to enhance the skills of experienced staff and aware of the benefits of sharing expertise, **Bouygues Immobilier's** corporate university offered a large number of training modules led by 23 in-house trainers, representing 13.7% of training hours in 2012. A team of 49 in-house trainers has

been formed to support and coordinate the initiative. At **Colas** in France, the training budget has been around 4% of payroll for many years; it was set at 4% for 2010, 3.7% for 2011 and 4% for 2012.

2.7 Equal opportunity

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

All Bouygues businesses have a diversity officer and have continued their many initiatives to encourage diversity and equal opportunity, with a particular focus on gender equality, disability and integration. **TF1** and **Bouygues Telecom** were awarded the Diversity label in December 2010 and June 2011 respectively.

2.7.1 Measures to promote gender equality

The promotion of diversity and equal treatment of men and women are goals shared by all **Bouygues group** subsidiaries. As construction has always been a predominantly male industry in France, the challenge for Bouygues Construction and Colas is to make themselves more attractive to female job applicants. They are carrying out communication campaigns in universities and schools.

All Group companies have conducted an audit of the proportion of women in managerial positions and are taking steps to improve the situation. Special budgets are earmarked during wage negotiations to help equalise pay.

Bouygues Construction is especially committed to diversity and gender equality. This was the main topic at the most recent human resources managers meeting in 2012, which recalled initiatives to date, including the creation of an equality scorecard and a diversity handbook.

To encourage diversity in the workplace, Bouygues Construction in France is active in several areas, including the image of the construction industry among women, access to operating positions, efforts to overcome stereotypes, and guaranteed gender equality in career development. The company is looking to improve its overall appeal by raising awareness among young women about the possibilities offered by a career in the construction industry. Several Bouygues Construction companies have conducted awareness-raising actions, such as visits by female staff to targeted schools and universities and open days for those interested in internships. International units have also embraced the cause: women at Bouygues UK, for example, organised a "Young Women at Work" day in order to showcase the company's activities. 32% of the workforce at Bouygues UK and 20% of top management are women.

The provision of training by **TF1** in 2012 was on a scale similar to 2011, though internships have tended to become shorter.

However, seeking to change perceptions, especially the masculine image of the construction industry, is not enough. There are real objective hurdles that must still be overcome. Several Bouygues Entreprises France Europe entities have developed the "Ergo Tour", a travelling roadshow that visits worksites to instruct crews about ergonomic principles, including correct movements and postures.

Additionally, training and integration have been carried out successfully for women in occupations such as crane operator, formworker and other technical jobs. At Bouygues Construction in France, average pay increases for men and women each year are equivalent or slightly favourable to women, as in 2012. Special reviews are conducted at important milestones in women's careers (job mobility, promotion, return from maternity leave) to ensure that pay situations are fair for equivalent skills and the same lines of work.

Bouygues Immobilier is seeking to bridge pay gaps (at equivalent skill levels) and is especially attentive to special situations when conducting salary reviews. Through monitoring committees established under its Equality agreement, Bouygues Immobilier pays particular attention to the number and qualifications of recent graduates hired as programme managers, a key position in its business. There has been a slight increase in the number of female managers, and the gap in average compensation for positions filled by recent graduates is less than 0.68% in favour of men.

Colas subsidiaries in France have signed agreements or implemented action plans on diversity and equal opportunity for women and men. Initiatives cover recruitment (more women in the workforce), vocational training (ensuring equal access), workplace conditions (reducing heavy loads and providing personal protective equipment adapted to women), actual compensation (equal pay and a catch-up facility in the event of an unwarranted gap) and reconciliation of work and family duties (restrictions on meeting times and reservation of nursery places). Similar initiatives are being taken outside France. In Canada, for example, a partnership has been established with Women Building Futures, an organisation that helps women learn trades. All these actions are part of a wider policy to combat discrimination.

Questions on how to achieve further progress in equality were included in the 2012 opinion survey at **TF1** and Women Up, a networking organisation for young graduates set up to promote diversity, was commissioned to carry out a study. A training course in leadership for women was launched in October 2012 and a course in managing diversity will be added to the catalogue for 2013. In 2012, as in 2011, an equal pay budget was used to close gaps between women and men. 156 employees benefited from this measure in 2012, 30% of them men.

Bouygues Telecom runs an equal opportunity programme, the chief aim of which is to ensure greater diversity both in technical jobs and at the highest levels of management. The programme includes several measures to combat the usual objective obstacles to women's advancement in management, a pledge to make progress (without quotas) and the promotion

of two interlinked values: diversity and expertise. The second equal opportunity agreement was signed in 2012, containing a commitment to greater diversity in management. During the 2012 salary review, 0.1% of the payroll was assigned to equalising men's and women's pay.

2.7.2 Measures to promote the employment and integration of disabled people

DISABLED WORKERS (FIXED-TERM AND PERMANENT STAFF)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total	2011 Group Total
Number of disabled workers	5	760	23	987	81	263	2,119	1,997
Number of disabled workers hired	-	56	3	37	15	34	145	164
Sales with sheltered workshops and inclusion programmes	€3,141	€1,807,790	€426,748	€1,292,000	€321,852	€1,255,429	€5,106,960	€4,552,473

International consolidation not yet been carried out.

Coverage: 58% of Group headcount.

Commentary

The progression of indicators relating to the employment of disabled workers within the **Bouygues group** is the result of proactive policies. At **Colas** in France, the rise in the number of disabled employees reflected initiatives over the past two years under the agreement with Agefiph, a fund to promote the employment of disabled people. The number of disabled workers at **TF1** rose in line with the roadmap set out in the group's second agreement on the subject.

Group and business area policies

A structured disability policy is firmly established in all the **Bouygues group's** business areas in France, including disability officers to coordinate actions and training for human resources managers and staff. Purchases from sheltered workshops and disability-friendly companies have increased substantially across the board as a result of internal and external awareness-raising campaigns, including skills enhancement for disabled workers. (See heading 4.3.1 "Integrating social and environmental criteria into purchasing policies".) Specific policies exist to help retain the Group's disabled employees and adapt working hours to their needs.

Bouygues Construction's disability policy in France is based on a network of disability officers, specific agreements (including with Agefiph, a fund to promote the employment of disabled workers) and commitments in four areas: raising awareness among staff, recruitment, ongoing employment and subcontracting to the sheltered sector. Several initiatives have been taken to change the perception of disability and Bouygues Construction companies have stepped up awareness-raising campaigns. Bouygues Construction entities are attentive to the working environment of all their staff. Consequently, a number of arrangements have been introduced in France to safeguard the employment and safety of disabled workers. They include improved workplace accessibility, workstation adaptation, early reemployment analysis after an employee has been off work for longer than three months and the introduction of services with Cesus

Handicap, a scheme which offers home-help vouchers. Bouygues Bâtiment International also takes action to integrate disabled workers.

In 2012, **Bouygues Immobilier** extended the scope of its initiatives to promote access for disabled employees to high-level, job-related training. For example, in March 2012, Bouygues Immobilier entered into a partnership with ESTP, an elite civil engineering school, to finance study grants for disabled students, supplemented by tailored follow-up with a mentor from within the company. Bouygues Immobilier now supports three such students. Through human resources managers, Bouygues Immobilier's disability task force supports disabled employees by offering coverage of the full cost of supplementary health insurance contributions together with ergonomic audits of workstations and time off for medical appointments or administrative formalities.

At **Colas** in France, awareness-raising and information campaigns continued throughout 2012. They included a poster campaign, three films, articles on retaining disabled employees in in-house magazines, the distribution of a disability guide, and an employee retention guide for managers. Disability awareness-raising initiatives are also a regular fixture at Colas University.

The employment of disabled workers on work/study contracts was developed at **TF1**, partly to make up for the lack of qualified candidates. Several sourcing initiatives were undertaken, including a partnership with Mozaïc RH (a non-profit recruitment agency), participation in the Handi2days virtual forum, seminars with Manpower and Adecco, and membership of Arpège, a non-profit organisation.

Bouygues Telecom's policy has yielded several achievements, including a steady year-on-year increase in the number of disabled employees and compliance with hiring commitments under the three-year agreement on the integration and retention of disabled workers (2010-2012), which has resulted in an intake of 60 people in three years. More than 95% of disabled employees at Bouygues Telecom

are on permanent contracts. In addition, the company has taken an active part in meetings, forums and job fairs aimed at the disabled and runs in-house training for managers and employees in general to dispel the myths surrounding disabilities. Various measures are reserved for disabled employees, including the adaptation of workstations and the office environment, a specially adapted mobile phone and a transport assistance programme.

2.7.3 Anti-discrimination policy

Within the **Bouygues group**, integrating people of all social and cultural origins and backgrounds into the workforce has been a priority in the construction businesses for many years. Generally speaking, this is an essential element of diversity policies in all business areas.

Bouygues Construction has set up a “Diversity and Equal Opportunity” centre of expertise to manage and coordinate various topics relating to diversity for all its operations. Each entity pledges at a local level to respect the company’s diversity policy and commitment to society. In France, Bouygues Construction’s anti-discrimination stance is reflected in its policy to encourage the hiring of people from diverse backgrounds. (See section 4.1 “Local, economic and social impact of the company’s business activity – Employment and regional development”.)

Bouygues Bâtiment International’s commitment to diversity and equal opportunity was recognised by the award of the Afnor Diversity label in July 2012. This certification applies to employees in France and expatriates, equating to 845 people. Bouygues Bâtiment International also has a human resources development indicator, in the form of a self-assessment framework by which entities can assess their human resources results and set targets for progress on the basis of 17 objective criteria. This application has been rolled out in all the company’s entities, both in France and abroad. Some are particularly well-advanced in this area, such as Warings in the UK, which obtained an Investors in People Gold rating after a six-day audit.

At the end of 2012, over 460 managerial staff and human resources managers had taken the equal opportunity training module, introduced in 2007. All entities in France and abroad provide employees with information about diversity through newsletters, magazines, intranets and internal meetings.

At **Bouygues Immobilier**, a two-person team in the Human Resources division is responsible for non-discrimination issues, the implementation of diversity policy in the company and the promotion of quality of life at work.

It coordinates annual monitoring committees, which act as a forum for discussion and deliberation with labour organisations

on future initiatives, raises awareness of non-discrimination issues among employees through communication campaigns and in-house events, especially during disability week, helps to design training courses for managers, conducts internal perception surveys and monitors local action plans.

Colas’ anti-discrimination policy focuses on four priorities: social inclusion, disability, diversity and the employment of older workers. Initiatives to raise awareness of non-discrimination are regularly carried out at Colas University. Concerning social inclusion, subsidiaries in France are expanding the recruitment of long-term jobseekers in areas of high unemployment. As part of this policy, it has developed a partnership with Adecco Insertion in France. Non-discrimination as a principle has been clearly reaffirmed in diversity and gender equality charters. Outside France, a whole host of initiatives have been carried out. For example, in the province of Saskatchewan, ColasCanada is promoting recruitment from among indigenous populations. In the UK, Colas has introduced indicators to gauge progress in diversity, the aim being for the company to reflect the whole spectrum of society.

As a mainstream television broadcasting group, **TF1** has always sought to appeal to all kinds of people, a commitment that it reaffirms to the CSA, the French broadcasting regulator, every year. Since 2007, when the TF1 Foundation and Disability Task Force were founded, the TF1 group has operated an internal diversity policy focusing on four areas (gender equality, diversity of backgrounds, disability policy and older workers) determined by an independent review and an in-house survey. The award of the Diversity label in 2010 confirmed that TF1’s policy and procedures in this area comply with Afnor Certification’s exacting requirements. Certification commits the company to continuous improvement. The latest Afnor audit in 2012 confirmed the achievements of TF1, the only media group to date to have obtained the Diversity label. The four priority areas are the subject of group-wide agreements, including a three-year disability agreement approved for the second time by Directte, the French regional government agency with responsibility for labour matters. In 2012, a counselling unit was set up for employees who believe they have been victims of discrimination.

Bouygues Telecom signed up to the Diversity Charter in 2007 and has held the Diversity label since 2011. This government-sponsored label, awarded by Afnor Certification for a four-year period and subject to regular audits, reflects Bouygues Telecom’s commitment in its human resources policy to promoting diversity and preventing discrimination. Bouygues Telecom has also implemented a system for receiving and dealing with complaints relating to diversity and discrimination issues.

2.8 Compliance with International Labour Organisation (ILO) conventions

Respect for human rights is a fundamental commitment that the **Bouygues group** has always observed in its operations. This was publicly asserted in 2006 when the Group signed up to the UN Global Compact, which recognises freedom of association and the right to collective bargaining while seeking to eliminate discrimination and forced and child labour. Each year, the Group reaffirms its commitment to these objectives. The Group's Code of Ethics and Human Resources Charter, widely circulated internally and available on the internet, remind all staff of its expectations in this regard. In sometimes complex circumstances, operational managers have a duty to prevent any infringement of human rights in areas relating to their activity. That vigilance must be an integral part of their day-to-day work.

2.8.1 Freedom of association and the right to collective bargaining

The **Bouygues group's** Human Resources Charter underscores the value it places on labour consultations at both individual and collective levels: "Good labour-management relations should lead to a good understanding and integration of individual and collective aspirations, which is key to smooth human relations." This strong belief in the need for high-quality industrial relations applies to all national contexts, regardless of country.

Its actions both in France and abroad are guided by respect for the essential values and principles of human rights. These principles are echoed in the Bouygues group's Code of Ethics and Supplier CSR Charter. Compliance with ILO conventions is a prerequisite for the development of relations with business partners and subcontractors.

Due regard for industrial relations is a key element of the Group's Human Resources Charter and of **Bouygues Construction's** human resources policy in France and in foreign subsidiaries. Several Bouygues Bâtiment International subsidiaries, in Morocco and Equatorial Guinea for example, have employee representative bodies.

Within **TF1**, Eurosport and Uni Global Union (an international trade union) have signed a global agreement on fundamental labour rights.

2.8.2 Non-discrimination in employment and occupation

The **Bouygues group's** Code of Ethics states that "the Group shall apply a fair human resources policy that is consistent with the law. It refrains from all discrimination on unlawful grounds." Fair treatment and equal opportunity are fundamental principles of the Human Resources Charter and apply in all professional contexts, from recruitment and training to promotion, information and communication.

This commitment is reinforced by specific equal opportunity training at **Bouygues Construction's** corporate university. Bouygues Bâtiment International's Diversity certification also strengthens compliance with this commitment at foreign subsidiaries through local action plans. Four areas have been identified where equal opportunity must be promoted: gender, age, background and disability. Special training is being introduced for local managers within foreign subsidiaries, modelled on the equal opportunity programme.

2.8.3 Elimination of forced or compulsory labour

The **Bouygues group's** actions, both in France and abroad, are guided by respect for the fundamental values and principles of human rights. These principles are echoed in the Bouygues group's Code of Ethics and Supplier CSR Charter. Compliance with ILO conventions is a prerequisite for the development of relations between Group companies and business partners and subcontractors. The Supplier CSR Charter forbids all use of forced or compulsory labour.

2.8.4 The effective abolition of child labour

See previous heading. The Supplier CSR Charter forbids all use of child labour.

3. ENVIRONMENTAL INFORMATION

For further information, please visit www.bouygues.com.

3.1 Methodology for environmental and social reporting

3.1.1 Indicators

Two types of indicator are used for Group reporting as published in the Registration Document:

- indicators for which information is collated at Group level;
- specific indicators for each business area, i.e. Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom. Some indicators do not cover all the company's activities but rather a limited scope corresponding to the organisational entity that reports the indicator. The scope is specified next to each business-area indicator, stating the percentage of sales concerned.

Certain indicators reported by Bouygues Construction and Colas have specific features, discussed below.

3.1.2 Bouygues Construction

3.1.2.1 Methodology

In order to ensure that indicators are uniform across the entire Bouygues Construction group, a reporting methodology handbook in French and English is circulated to all staff involved in providing the data from which the indicators are constructed. The handbook is updated after the previous year's data have been consolidated, with contributors being invited to give feedback. It describes the methodologies to be used for providing data, including definitions, methodological principles, units, computation formulae and conversion factors. All reporting support tools can be downloaded from a specific area of the Bouygues Construction intranet site.

Data for sustainable development indicators are collected, verified and consolidated using a reporting software package that includes a workflow process.

3.1.2.2 Scope

In 2012, the "Global" criterion in the reporting software covered 96% of Bouygues Construction's consolidated sales, compared with 94% in 2011. Sales-related indicators are computed on that basis.

As the Concessions division's activities are not consolidated for financial purposes, no sales-related indicators have been taken into account. Only social data relating to Concessions are included in the report.

Where an indicator does not cover the entire scope, the portion covered is stated. For France, the indicators cover 53% of Bouygues Construction's total sales.

3.1.2.3 Inclusion of data relating to consortia and joint ventures

Where a project is carried out by a consortium that includes several Bouygues Construction companies, data relating to the project are provided by the lead firm only.

Barring exceptions, where a project is carried out by a joint venture, data are prorated to the sales generated by the Bouygues Construction company concerned.

3.1.2.4 Choice of indicators

A working group comprising a representative from each Bouygues Construction entity and coordinated by the Sustainable Development department has prepared a reference framework of environmental, social and human resources indicators that track the progress of the Bouygues Construction group's sustainable development policy, called "Actitudes". The group is continuing to work on refining the scope of indicators.

3.1.2.5 Consolidation and validation

After collection, the data are checked and validated by the Bouygues Construction group's operating units. The Sustainable Development department consolidates the data and carries out consistency checks.

For the first time, an external consultant (Ernst & Young) audited a set of key indicators using 2011 data. The audit concerned several operating units and covered the various stages of consolidation (operating units, then Bouygues Construction).

3.1.3 Colas

3.1.3.1 Environmental data

All environmental indicators (listed below) are strictly defined. They are collected globally using SAP software and calculated on the basis of a non-calendar year from 1 October to 30 September. Given the length of time needed to collect and process data, this allows for more thorough analysis. Since 2011, indicators have been consolidated in proportion to equity interests using an extended scope encompassing all companies in which Colas has a holding, in addition to the companies that it controls or consolidates for financial purposes. Consequently, figures may differ relative to accounting and financial reporting.

The scope of indicators relating to production sites has been extended to sites owned jointly with outside companies where Colas does not always have control over the environmental aspects (e.g. sites of which Colas is a minority owner). Although 100% reliability is hard to achieve for that reason, the indicators reflect the scope of the Colas group's risks and responsibilities to a very great extent.

3.2 General environmental policy

3.2.1 Corporate structures to take account of environmental concerns and, where applicable, environmental assessment and certification procedures

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

The department heads a number of Group-wide committees (Sustainable Development, QSE, Responsible Purchasing, Energy-Carbon Strategy, etc.) in addition to overseeing traditional functions. The role of the committees is to circulate the principles of sustainable development more

effectively and to coordinate initiatives on specific cross-disciplinary issues.

Bouygues uses ISO standards to consolidate and improve managerial performance in relation to quality (ISO 9001), safety (OHSAS 18001 or ILO) and the environment (ISO 14001). The QSE function, with approximately 1,000 employees, helps to manage operational risk – employee safety being a priority – and plays a role in meeting stakeholders' expectations. QSE staff guarantee the effectiveness of the company's management systems.

The Group has devised and implemented a reporting system that gives account of its performance to stakeholders. The system covers all components of the Group's management, whether financial, business, human resources-related, social or environmental. The Bouygues group collects and compiles indicators of its CSR performance.

BOUYGUES CONSTRUCTION

Indicator	Scope (activity or region)	Coverage	2012	2011	Remarks
Sales covered by an ISO 14001-certified environmental management system (EMS)	Global (excl. Concessions) ^(a)	96% of Bouygues Construction's consolidated sales	89%	88%	Extending certification to an increasingly wide range of activities helps to mitigate the environmental impact of Bouygues Construction's activities
R&D spending devoted to sustainable construction	Global	96% of Bouygues Construction's consolidated sales	49%	46%	
Buildings with environmental labelling or certification in the order intake for the year	Global building activities	74% of Bouygues Construction's consolidated sales	57% (268 buildings)	55% (266 buildings)	
Buildings with environmental labelling or certification in the order intake for the year for which Bouygues Construction has design/build responsibility	Global building activities	74% of Bouygues Construction's consolidated sales	58% (110 buildings)	74% (130 buildings)	

(a) Since the Concessions business is not consolidated for financial purposes, none of the indicators relating to its sales revenue have been taken into account. Only human resources and social data relating to Concessions are included in this report.

At **Bouygues Construction**, environmental issues are managed through Attitudes, the group's sustainable development policy. The policy is coordinated by the Innovation and Sustainable Construction department, which oversees the actions of the Sustainable Development department, the Marketing and Planning department (created in 2012) and the Research & Development and

Innovation department. Sustainable construction is a priority R&D theme, accounting for half of expenditure over the past three years. The Sustainable Development department is assisted by a committee comprising representatives of operating entities and support services. It also coordinates a network of around 100 liaison officers at subsidiaries, about 30 of whom work specifically on environmental issues.

Bouygues Construction's aim is to build a sustainable living environment by delivering projects to its customers that protect the environment while ensuring comfort and well-being for users. This is apparent at every stage of its projects.

- In the design phase, Bouygues Construction uses environmental certification schemes such as BREEAM^{®1}, LEED^{®1} and HQE^{®1}, applied to over half its building order intake.
- In the construction phase, environmental issues relating to worksites are encapsulated in a single policy, Ecosite, which aims to lessen their ecological footprint. Ecosite, a proprietary initiative launched in 2010, ensures compliance with environmental standards derived from the most stringent regulations on issues ranging from managing waste and protecting biodiversity to minimising disturbances

for local residents. The Sustainable Development department has designed a scorecard for the Ecosite label, awarded only after an internal audit by a QSE manager who has no links with the worksite in question. Control of environmental impacts is also enhanced by a prevention policy based on an ISO 14001-certified environmental management system.

In the operation and maintenance phase, Bouygues Construction supports customers in managing and limiting final energy consumption by offering special software (Hypervision), an energy-optimisation service, on-site guidance and awareness-raising materials. Business proposals may include performance commitments, particularly in the form of the Energy Performance Contracts (EPCs) that Bouygues Construction has recently signed for residential and commercial projects.

BOUYGUES IMMOBILIER

Indicator	Scope (entity or regional)	Coverage	2012
Sales with a commitment to environmental labelling or certification schemes (H&E, BBC-effinergie[®] for residential property, HQE[®], LEED[®] or BREEAM[®] for commercial property)	France	100%	91%

At **Bouygues Immobilier**, sustainable development comes under the aegis of the Marketing, Communication and Sustainable Development department, the manager of which sits on the company's Strategy Committee. Committed to urban sustainability, Bouygues Immobilier has been actively pursuing a sustainable development policy since 2006:

- in the design phase, at the start of the development process;
- on worksites where contractors are building the company's projects.

BBC-effinergie[®] low-energy certification has been sought for all Bouygues Immobilier's new residential programmes

since 2010. In 2012, Bouygues Immobilier developed several positive-energy residential programmes, including L'Avance in Montreuil, near Paris, and Vert Eden in Aix-en-Provence. 97% of housing units sold already have or are awaiting BBC-effinergie[®] certification.

In order to combine environmental management of its operations with high standards of comfort and health in its development projects, Bouygues Immobilier is committed to environmental certification schemes in areas such as clean worksites, choice of materials, water and energy management and acoustic comfort, through the Habitat & Environment (H&E) and High Environmental Quality (HQE[®]) schemes.

¹ BREEAM[®]: Building Research Establishment Environmental Assessment Method - LEED[®]: Leadership in Energy and Environmental Design. LEED[®], BREEAM[®] and HQE[®] (High Environmental Quality) certification, from the USA, UK and France respectively, is awarded to buildings in recognition of environmental performance.

COLAS

Indicator	Scope (entity or region)	Coverage	2012	2011
Environmental certification of materials production sites (% of sales)	Materials production activities worldwide	100% of sales	60%	59%
Total environmental certification (% of sales)	All activities worldwide	100% of sales	50%	50%

At **Colas**, environmental policy is a component of its responsible development policy, identified by the Chairman and CEO as one of the company's core values. The Environment director, who oversees Responsible development as a whole, guides discussions on the subject with support divisions (such as Human Resources and Communications) and operational divisions. The Environment department has six staff members and a network of approximately 30 environment managers in subsidiaries, who themselves are supported on the ground by several hundred environmental officers and auditors. These positions are generally combined with other roles such as quality assurance and health and safety.

The scope of indicators relating to production sites has been extended to sites owned jointly with outside companies where Colas does not always have control over the environmental aspects (e.g. sites of which Colas is a minority owner). Although 100% reliability is hard to achieve for that reason, the indicators reflect the scope of the Colas group's the risks and responsibilities to a very great extent.

Since 2010, rates of environmental certification (ISO 14001 or equivalent) and environmental self-assessment using checklists have been rising steadily at production sites. Colas is targeting 100% for both indicators, an ambitious goal given that some subsidiaries have outside shareholders, some of which have a majority stake.

The checklists are also incorporated into Colas' internal control procedures.

Environmental certification indicators reflect compliance with regulatory requirements and Colas' efforts to analyse environmental risks and mitigate them through action plans.

Indicators of environmental self-assessment based on proprietary checklists reflect the level of internal evaluation. The checklists define a practical reference framework for assessing the environmental performance of fixed installations and help to fine-tune priorities in the ensuing improvement plans. They apply to the following fixed installations: laboratories, works centre depots, workshops, hot and cold asphalt mixing plants, emulsion and binder plants, bitumen depots, quarries, gravel pits, recycling platforms, concrete plants and prefabrication plants, representing over 1,700 locations worldwide.

At **TF1**, environmental responsibility is coordinated by a member of the Executive Committee. Even though TF1 is not subject to environmental assessments or certifications, given the nature of its business, several different entities take environmental issues into consideration by:

- Raising awareness among the general public (programme units and the newsroom at TF1 and other TF1 group channels). Many issues are covered in news programmes, whilst Ushuaïa TV is dedicated to sustainable development.
- Seeking environmental certification for corporate headquarters (General Affairs and Information Systems departments). HQE® Operation certification is being sought for the group's three headquarters buildings in Boulogne-Billancourt. The first certification, for the Delta building, was obtained in November 2012.
- Raising awareness among programme producers (the CSR department). TF1 is a founding member of the Ecoprod initiative, which develops resources for measuring and reducing the environmental footprint of audiovisual productions.
- Promoting responsible purchasing. TF1 group's Purchasing department defines the environmental and social criteria included in purchasing specifications and terms and conditions.

Environmental policy and actions are defined by the CSR committee, which brings together all those leading these initiatives.

At **Bouygues Telecom**, a sustainable development team within the Innovation department oversees implementation and monitoring of environmental policy. Every year, it issues a roadmap setting out the company's targets and priorities in this field. To achieve its goals, the team coordinates a sustainable development committee, meeting bimonthly, and is backed up by a network of liaison officers in operating departments. Committees comprising a representative from each department concerned (network, IT, property) meet twice a year.

In 2012, 10% of the total surface area of administrative premises (excluding stores) and data centres was certified compliant with ISO 50001.

3.2.2 Environmental training and information modules for employees

The **Bouygues group's** QSE department provides staff working in this field with training modules like the QSE and Excellence awareness-raising programme and organises web conferences on issues in specific business areas.

Issues relating to biodiversity and toxicity are raised in Corporate Social and Environmental Responsibility training

for the Group's senior managers. 12 one-day seminars have been held since the inception of this training module (2009), with 136 senior managers attending to date.

The Group also organises Abby seminars based on a self-assessment software application developed in-house. It is used by subsidiaries' executive committees to assess their management practices and situate themselves in relation to best practice as defined by the EFQM (European Foundation for Quality Management) model and ISO 26000. The seminar, held 51 times since 2007, has an environmental dimension.

In 2009, the Group launched BYpedia, a collaborative extranet. In November 2012, at a ceremony organised by Cegos and *Entreprises & Carrières* magazine, the site received the collaborative company award in the communities and collaborative work category. BYpedia offers employees from all functions (sustainable development, QSE, HR, etc.) a forum for discussing practice, enhancing the collective knowledge base, pooling know-how and strengthening networks.

Bouygues Construction implements various programmes to train and raise awareness among employees, providing general and cross-disciplinary training within the parent company and modules with a greater focus on operational issues in the subsidiaries.

The "Ulysse" module, part of the management training programme at Bouygues Construction University, includes two days devoted entirely to sustainable development issues. Environmental protection is also covered in several training programmes for the professions most concerned, such as the training offered by Bouygues Construction University to all sustainable development officers, the "Campus Commerce" course for sales staff and the "Pericles" module for large-scale project managers.

Awareness of these issues has also been raised in the property development activity, since two of its training modules include units on sustainable construction and the city of the future.

In addition, Bouygues Construction and its subsidiaries regularly conduct awareness-raising initiatives to encourage eco-friendly behaviour by employees, especially site crews.

Bouygues Immobilier has created a Responsible Corporate Citizen section on its intranet, identifying 12 ways in which employees can help to protect the environment in their daily lives by saving energy, sorting waste and recycling.

Colas does not prepare specific performance indicators for environmental training or awareness-raising among employees. However, the requirements of environmental certification schemes, especially ISO 14001, include the assessment and, where relevant, the introduction of environmental training for personnel, especially newcomers, and the provision of information to external partners (section 4.4.2 of ISO 14001). Training and information initiatives take different forms depending on country, subsidiary and business area.

Staff at **TF1** are regularly made aware of sustainable development issues via specific sections in in-house publications, on the intranet and through special events.

At **Bouygues Telecom**, the Sustainable Development department provided training on changes in rules governing classified installations under environmental protection regulations, waste treatment and energy-efficiency. Sessions were held for operational staff and those operating office buildings, data centres and technical facilities.

Initiatives have been introduced for the workforce as a whole, in the form of special events and information circulated via the intranet and websites. Sustainable development information is shown on information screens at corporate locations once a month on average or whenever important news breaks. These actions reach 95% of employees.

3.2.3 Resources devoted to environmental risk prevention and pollution control

Risk management is a key concern of the Group's managers. Bouygues and its subsidiaries operate internal control and risk management procedures that cover environmental risks.

In France, which has stringent environmental regulations, sites with a significant environmental impact or a proven environmental risk are governed by specific protection and prevention measures in accordance with the French Environmental Code. This applies in particular to sites identified as classified installations for environmental protection purposes.

The bulk of Bouygues' business activity is covered by an ISO 14001-certified environmental management system, whose main task is to structure preventive measures for environmental protection.

BOUYGUES CONSTRUCTION

Indicator	Scope (entity or region)	Coverage	2012	2011
Worksites with Ecosite^(a) label	Global (excl. VSL)	93% of Bouygues Construction's consolidated sales	79%	76%

(a) Ecosite is an in-house environmental label for worksites.

At **Bouygues Construction**, environmental risk prevention and pollution control is conducted in line with ISO 14001 certification.

ISO 14001 is incorporated into Bouygues Construction's proprietary Ecosite scheme. Risks are subjected to prior analysis, which provides a basis for procedures by which units can address the environmental issues relating to their particular activity. Environmental officers ensure that preventive measures are implemented all the way down to worksite level.

The Sustainable Construction skill centre at Bouygues Construction, in partnership with the CSTB, the French building technology research centre, has developed a lifecycle analysis application called Elodie®. The application gives teams an overview of all environmental impacts (upstream and downstream) arising from use of a product or process, ensuring that fuller consideration is given to a project's environmental footprint.

Before launching a development, **Bouygues Immobilier** has a risk prevention policy that involves systematically retaining the services of an environmental consultancy firm as soon as it becomes interested in purchasing a plot of land. If the report raises question marks, the firm is then asked to perform a more detailed analysis and to prepare a full site rehabilitation programme with an optimal profile in terms of technical, business and environmental factors.

During the construction phase, Bouygues Immobilier applies environmental risk prevention to its operations through a clean worksite charter. This is systematic for commercial property developments and is being phased in for residential programmes. The procedure involves the appointment, before work begins and at the building contractor's expense, of an environmental coordinator who is present throughout the project in order to limit environmental risks. The role of these coordinators is to gather, store and classify all environmental data required to ensure a low-impact worksite, as well as to ensure compliance with measures in force. Each trade also designates an environmental officer who is the coordinator's contact person. These officers raise awareness of environmental issues and possible pollution hazards among the various worksite participants and provide the coordinator with all the necessary materials and documents for the application of environmental risk prevention measures.

Colas does not prepare consolidated indicators for monitoring budgets earmarked for environmental risk prevention or pollution control, or comprehensive indicators for tracking preventive measures. Such spending comes under general operating expenses. For example, it is difficult to reassign certain types of investment expenditure or major maintenance spending simply because they include an environmental aspect. The basic documentation for every ISO 14001-compliant site includes an environmental assessment report and prevention plans providing information for a management review, the purpose of which is to improve environmental performance by controlling impacts.

Operating permits for classified installations generally include stringent environmental requirements, regardless of country (OECD or not). ISO 14001, which compels compliance in this area, gives Colas robust assurance that this is the case (see the "Total environmental certification" indicator under heading 3.2.1). Compliance with administrative requirements is also incorporated into the checklists used by Colas. These requirements are therefore taken into account on non-certified sites, which are instead subject to annual self-assessment (see the "Environmental certification of materials production sites" indicator under heading 3.2.1).

At **TF1**, developments in environmental and health and safety regulations are monitored by the Legal Affairs, Social Affairs and General Affairs and Safety departments.

At **Bouygues Telecom**, careful monitoring of technical facilities is carried out for buildings subject to regulations on classified installations. Bouygues Telecom has HQE® Operation certification for three of its buildings (the customer relations centre in Bourges and its two main sites in the Paris region, Sequana and the Technopôle) and uses the HQE® (High Environmental Quality) benchmark to optimise the operation of all its buildings, certified or not. Disposing of used electrical and electronic equipment is one of the main environmental risks facing Bouygues Telecom. The company has introduced measures to control this aspect of its business, which includes mobile handsets and telecommunications hardware (see heading 3.3.2 "Measures for the prevention, recycling and elimination of waste").

3.2.4 Amounts of provisions and guarantees set aside for environmental risks, unless information is likely to cause serious prejudice to the company in an existing dispute

In the normal course of its business, **Bouygues Construction** is exposed to direct pollution risks, which are both limited in nature and strictly controlled. As such, provisions for environmental risks are not significant.

Pollution risk is included in **Bouygues Immobilier's** major-risk map. Land purchasing procedures provide for preliminary soil testing. Obtaining a report certifying the absence of any soil or sub-soil pollution is a necessary precondition before signing a contract for the purchase of land.

Colas sets aside a provision for the cost of decontaminating polluted sites and soil where amounts are defined by an independent audit and a date for the site's rehabilitation has been set (e.g. with the competent authority) or is known (e.g. through the expiry date of a lease).

With regard to financial guarantees and provisions for rehabilitation, many sites around the world, especially quarries, are subject to a rehabilitation requirement when production ceases and generate provisions for operating risks. Such guarantees give rise to several types of instrument (securities, insurance, escrow accounts, provisions, etc.)

depending on national legislation and a country's taxation and accounting rules. The amount of provisions corresponding to site rehabilitation obligations totalled €158m at 31 December 2012 (see Chapter 4 "Risk Factors": "Industrial and environmental risks" 1.3.8.2 "Environmental risks", "Rehabilitation of operating sites").

There has been no indication to date that these arrangements have been insufficient, either during assessments at subsidiaries by the Audit department, or in the event of damage or third-party proceedings.

There are no business-related environmental risks at **TF1** and **Bouygues Telecom** that would warrant the constitution of provisions.

3.3 Pollution and waste management

3.3.1 Measures for preventing, reducing and rectifying very environmentally harmful air, water and soil pollution

ISO 14001 certification is the main resource available to **Bouygues** for limiting the impacts of its activities, especially all forms of pollution (waste and air, water or soil pollution). In addition, Bouygues and its business areas promote High Environmental Quality benchmarks to customers with a view to curbing such pollution.

At **Bouygues Construction**, action to reduce environmental impacts is covered by the ISO 14001 management system. This is backed up by the Ecosite initiative, which encourages project managers to take a comprehensive approach to the environmental impacts of their operations, ensuring greater consistency in preventive measures. Air, water and soil pollution are dealt with by several Ecosite environmental standards:

- The "hazardous products" standard, covering exposure and pollution risks, outlines the extent of the contractor's responsibilities, sets minimum standards with which either its own staff or subcontractors must comply, provides for awareness-raising resources (posters) and proposes best practices (substitute products, eco-alternatives, involvement of subcontractors, staff training on potential environmental risks, etc.).
- The Ecosite standard on air pollution covers two major issues for worksites: dust and smoke, fumes and odours.
- Water management involves controlling the quantity and quality of water used on-site.

At the outset, worksite crews are reminded of the strict rules regarding pollution. This includes the ban on extracting water from the natural environment without authorisation, disposal (voluntary or otherwise) of waste or substances that are toxic or harmful to human health, plants or wildlife, and the release of water into the public sewage system without authorisation or an agreement with the network manager. Other topics include recognising habitat vulnerabilities, waste-water discharges, pollution from infiltration, and drilling, hole-boring and underground works.

Worksite-related environmental standards are supplemented by specific preventive measures and equipment requirements for site accommodation and offices.

Bouygues Immobilier's commitment is chiefly based on the HQE^{®1} (High Environmental Quality), LEED^{®1} and BREEAM^{®1} certifications and the BBC-effinergie[®] label.

- During the design phase: HQE[®] aims to improve the environmental quality of new and existing buildings by offering constructions whose impact on the environment is kept to a minimum over their entire lifecycle.
- During the construction phase: an HQE[®] worksite must ensure that all types of pollution (air, water or soil) are systematically curbed during construction.

Efficient water management is one of the five key criteria subject to an independent audit under the LEED[®] global certification scheme. Bouygues Immobilier uses LEED[®] certification for its office developments, together with BREEAM[®], which has a separate Pollution and Emissions category for air, water and soil pollution caused by a building throughout its lifecycle.

Bouygues Immobilier has also developed a clean worksite charter to guard against and reduce air, water and soil pollution (see heading 3.2.3 "Resources devoted to environmental risk prevention and pollution control").

Colas does not prepare consolidated indicators for measuring the prevention, reduction or rectification of air, water or soil pollution. However, the basic documentation for all environmentally-certified sites contains an environmental analysis report, monitoring charts and prevention plans (especially for pollution management where this is identified as a significant issue), providing information for a management review, the purpose of which is to improve environmental performance by controlling impacts. Checklists supplement the standard in areas such as administration, site layout and storage, management and management control, management of impacts and risks (water, air, waste, natural and technological risks as well as noise and vibration) and dialogue with the local community (see indicators and commentary under heading 3.2.1).

(1) LEED[®], BREEAM[®] and HQE[®] certifications are from the USA, UK and France respectively and are awarded to buildings in recognition of environmental performance.

The buildings occupied by **TF1** are chiefly headquarters located in the Paris region (83% of permanent staff worldwide and 90% of permanent staff in France) and are therefore subject to prevailing French legislation. None of their activities result in water or soil pollution.

In the context of classified installation reporting requirements for its office buildings, **Bouygues Telecom** regularly ensures that it complies with requirements relating to air-conditioning systems and generators. Under the HQE® initiative, Bouygues Telecom regularly monitors air quality in its office buildings. No plant protection products are used in the upkeep of grounds on its sites. All waste (e.g. grease in kitchen extractor hoods) is disposed of using filtration equipment that is inspected regularly.

3.3.2 Measures for the prevention, recycling and elimination of waste

As major producers and users of building materials, the construction businesses endeavour to recover and recycle waste and used materials. They also use eco-design to

manage this issue throughout product lifecycles. Colas has implemented processes for reusing asphalt mixes and construction waste. Bouygues Construction uses new design applications such as bespoke software solutions and building information modelling (see heading 3.4.2) to optimise concrete and steel usage. The media and telecoms businesses produce waste electrical and electronic equipment (WEEE) and take appropriate action to deal with this.

For example, for the recycling and elimination of waste, Bouygues draws on measures taken in the context of ISO 14001 certifications and has introduced specific Group-wide initiatives. As a result, Bouygues and its subsidiaries have improved the processing of waste electrical and electronic equipment, which includes workstations, laptops, screens, printers and servers. ATF Gaia, a disability-friendly company, has handled all the Group's WEEE processing since 2010. Since the start of the contract, this initiative has collected 43,407 items of equipment (including 17,596 in 2012). In total, 55% of the 404 tonnes of collected waste equipment has been destroyed and 45% reused.

BOUYGUES CONSTRUCTION

Indicator	Scope (entity or region)	Coverage	2012	2011	Remarks
Percentage of non-hazardous waste recycled	Global	96% of Bouygues Construction's consolidated sales	67%	67%	These figures include incineration, with or without energy recovery

Consistent with all **Bouygues Construction's** other environmental issues, measures for the prevention, recycling and elimination of waste are covered by Ecosite. A specific standard defines regulatory requirements, provides a waste-classification system for projects (definition, examples, appropriate sorting actions and traceability measures that should be implemented), lists actions to reduce the amount of waste and to recover and recycle waste, specifies signage to be used on skips, provides for actions to raise awareness

about sorting waste among crews and proposes eco-materials and best practices that will allow for further progress.

For all **Bouygues Immobilier's** commercial property programmes and some residential property programmes, waste recycling is mandatory under the clean worksite charter, which includes a waste management plan. An audit is carried out before work begins in order to plan waste recovery and recycling accordingly. Monitoring and tracing ensure the reliable disposal of collected and treated waste.

COLAS

Indicator	Scope (entity or region)	Coverage	2012	2011
Recycled materials in relation to the volume of aggregates produced	All activities worldwide	100%	12%	14%
Recycling rate of asphalt mixes in order to recover bitumen	Material production activities worldwide	100%	13%	12%
Pavement recycled in-place (million m ²)	Works activities worldwide	100%	10	9
Waste oil recovery rate^(a)	All activities worldwide	100%	65%	-

(a) The "waste oil recovery rate" indicator is recent. Reliability is improving but remains questionable.

Recycling is a vital issue for **Colas** as a major producer and user of construction materials, and one of its responsible development priorities.

A recycled materials indicator has been introduced to measure subsidiaries' achievements in transforming waste into building materials. Recycling helps to reduce the extraction of aggregates (and hence the opening of new quarries) and the amount of landfill. Colas recovered and recycled nearly 10 million tonnes of materials in 2012, representing 12% of its total aggregate production, equivalent to the average output from 30 Colas quarries. The recycled materials rate fell slightly in 2012 versus 2011, although the quantity remained broadly the same. The change in rate was due to increased production of aggregates.

Reclaimed asphalt pavement yields sizeable gains. Energy consumption and greenhouse-gas emissions are reduced, wastage is cut by recycling a non-renewable raw material (bitumen) and aggregates are reused. This means savings for the customer (often from the public sector), who can obtain

the same high-performance roadways as before but at a lower cost.

65% of waste oil produced in 2012 was recovered.

To measure its waste management performance, Colas has introduced a specific indicator to track the management and elimination of waste oil arising from the activities of all its subsidiaries and lines of business. Waste oil is regulated as hazardous waste in most countries and is the main hazardous material generated by Colas' activities. The indicator calculates the ratio of recovered waste oil (hydraulic and engine lubricating oil) to the total amount of oil purchased. The optimum level is assumed to be around 80%, taking into account consumption and combustion by plant and vehicles. ISO 14001 certifications and annual self-assessments using checklists take account of all waste management (see indicators on environmental certification and self-assessment under heading 3.2.1).

Details of measures taken by **TF1** to prevent, recycle and eliminate waste can be found in TF1's own annual report.

BOUYGUES TELECOM

Indicator	Scope (entity or region)	Coverage	2012	2011	Remarks
Handsets collected for recycling (units)	Bouygues Telecom group	100%			Recycling rate: 96%
• from customers (Bouygues Telecom Club stores, general public and business customers on the internet, employees)			142,812	94,636	
• through the after-sales service			26,612	52,321	

Bouygues Telecom offers existing and potential customers a handset recycling service through its 650 stores, its website and the B&YOU website. Retail customers can trade in their handsets, with the possibility of donating proceeds to a charity. Business customers help to fund a reforestation scheme. After collection, handsets are sorted, tested and wiped of personal data by social enterprises. Handsets not in working order are recycled by approved specialists. The rest are repackaged and sold on, with warranties, through Bouygues Telecom and B&YOU pre-owned handset stores.

The cooperation between Bouygues Telecom and its partner Recommerce Solutions in providing these innovative services was recognised in 2012 by the Large Firm/Innovative SME award in the ICT category, attributed by a panel of judges from the IE Club, an organisation that promotes innovation in small businesses, at a ceremony held at the Medef summer academy.

3.3.3 Dealing with noise and any other type of pollution arising from a business activity

The **Bouygues group** deals with noise and related matters by listening to local residents and taking remedial measures wherever possible. (See heading 4.2.1 "Conditions for dialogue with local residents and organisations").

One of the 11 standards of **Bouygues Construction's** Ecosite initiative specifically addresses the question of noise and the management of noise pollution in consultation with project stakeholders.

The standards set out the company's responsibilities in areas such as compliance with local regulations, liaising with authorities in connection with particularly noisy phases of works, keeping local residents informed and taking appropriate precautions. Specific arrangements are defined for limiting noise pollution, divided into five categories:

- worksite planning: worksites are organised to limit the impact of traffic movements and so that noisy plant, equipment and activities are kept at a distance;
- phasing and scheduling (using software to model disturbances to local residents, adjusting working hours, scheduling noisy activities at the same time, organising traffic flows, etc.);
- behaviour (turning off devices when not in use, limits on noisy equipment, adaptation of operating practices to curb excess noise);
- equipment, materials and methods (less noisy alternatives,

preference for electric motors, use of self-compacting concrete for a shorter vibration phase, etc.);

- communication (informing and liaising with local residents).

Bouygues Construction is also involved in several R&D projects that seek to measure and limit noise.

Bouygues Immobilier checks noise levels on sites covered by the clean worksite charter (all commercial property developments). Where necessary, remedial measures can be taken to reduce disturbances resulting from excessive noise or vibrations. A weekly report is compiled systematically to provide details of worksite noise levels.

COLAS

Indicator	Scope (entity or region)	Coverage	2012	2011
Production sites covered by a local dialogue structure	Materials production activities worldwide	100%	45%	44%

At **Colas**, acceptance of production sites by local residents is an increasingly sensitive issue worldwide. Disturbances (from smells, dust, traffic and noise) and effects on the environment and health are particular concerns. Colas group has identified the issue of public acceptance of its sites as one of the strategic challenges of responsible development and has introduced action plans in two areas.

- Exemplary behaviour: each site has a duty to go beyond mere compliance with the regulations. The preferred way of achieving this outcome is through environmental certification, such as ISO 14001. Progress is measured and documented by means of environmental checklists that form an integral part of the operational internal control system, covering most materials production worldwide (see environmental certification and self-assessment indicators under heading 3.2.1).
- Initiating dialogue with local residents and authorities: a special indicator is used to assess the extent of the dialogue with local residents and authorities.

In addition, Colas is developing products that reduce noise pollution resulting from road traffic, including fractal noise barriers and, above all, low-noise road surfaces (Nanosoft®, Rugosoft® or similar products) that cut vehicle noise by as much as 9 decibels. In 2012, 820,000 m² of these surfaces were laid.

Bouygues Telecom's technical facilities do not produce noise pollution and comply with radiofrequency regulations. A safety perimeter is set up for all of Bouygues Telecom's radioelectric stations, ensuring compliance beyond the perimeter with the exposure limits defined by the decree of 3 May 2002. Perimeters are established on the basis of European and French standards (ANFR guidelines). Base stations are turned off before any work is carried out within these perimeters. Internal and external inspections are carried out along with electromagnetic field measurements.

3.4 Using resources sustainably

3.4.1 Water consumption and supply in accordance with local conditions

In its construction businesses, **Bouygues** offers customers buildings that use less water. Several aspects are taken into consideration, including a comprehensive approach to the water cycle, reduction of consumption, use of rainwater and recycling of waste-water.

In civil engineering (dry works), processes have been implemented to curb water consumption.

BOUYGUES CONSTRUCTION

Indicator	Scope (entity or region)	Coverage	2012	2011	Remarks
Water consumption of worksites <i>(thousands of m³)</i>	Global	96% of Bouygues Construction's consolidated sales	3,414	467	These data, reported for the first time in 2011 (but covering only Bouygues Entreprises France-Europe and Bouygues Bâtiment Ile-de-France), were collected from all Bouygues Construction entities in 2012
Water consumption of units operated by the entity for own use, <i>(thousands of m³)</i>	Global	96% of Bouygues Construction's consolidated sales	1,438	29.1	

Bouygues Construction's activities have a dual impact on water resources, arising during different phases of its operations.

- Water used on worksites during the building phase

One of the 11 Ecosite standards addresses the issue of resource management, including water. Crews are made aware of the importance of reducing water consumption through on-site initiatives, eco-friendly behaviour, eco-materials that optimise consumption and other best practices.

- Controlling end-customers' water consumption, in both the design phase (decision) and operation (outcomes)

Environmental certifications, awarded to 268 structures built by Bouygues Construction, systematically contain water consumption targets. Innovations introduced in these structures aim to reduce the amount of water needed for operation through measurement and management systems.

Challenger, Bouygues Construction's headquarters, is undergoing a vast environmental renovation. On the specific issue of water consumption, performance targets aim to reduce the building's water use by 60%, especially through the introduction of filter gardens, which use phytopurification to recycle waste water and rainwater.

Several R&D programmes at Bouygues Construction aim to develop solutions that will reduce buildings' water consumption.

Domestic usage is considered in the context of the ABC (Autonomous Building Concept) project. Research associated with this programme is looking into how to recycle rainwater

in such a way that buildings become independent of existing water networks.

Water management is a major concern for **Bouygues Immobilier** when designing and building its programmes. Water is one of the themes covered by the HQE® label on certain residential and commercial property operations. Some programmes make provision for recovery and storage of rainwater, which is then used to irrigate grounds and/or green roofs, as in the Ginko eco-neighbourhood in Bordeaux.

The issue of water use varies in importance from one part of the world to another. Crews working for **Colas** subsidiaries in southern Morocco and Djibouti (and across Africa as a whole) take steps to factor in local water constraints. Water management is covered by ISO 14001 criteria (see environmental certification and self-assessment indicators under heading 3.2.1).

The Colas group's water consumption in Europe and North America is not deemed a key issue for the following reasons:

- water use is low and very diffuse (some 100,000 worksites annually, each lasting about a week on average);
- needs cannot generally be reduced;
- in quarries and gravel pits, water for washing aggregates is used through a closed circuit on the site itself, resulting in very low net consumption.

As a telecoms operator, **Bouygues Telecom** has little impact on water consumption. The issue is covered under its HQE® Operation certification.

3.4.2 Use of raw materials and measures to improve efficiency

Given the scale of its construction businesses, the **Bouygues group** is a major user of raw materials. Aware of the consequences of its business activities on the environment, it employs recycling and eco-design procedures and devotes a substantial portion of R&D to the issue, for example in partnership with the CSTB, the French building technology research centre. A Group eco-design committee was set up in 2011 to consider ways of using resources more sustainably and limiting the environmental effects of its products. Each business area is introducing targeted actions to optimise consumption.

On this issue, **Bouygues Construction** is working in two main areas.

- Concrete: Aware of the importance of addressing the environmental impact of concrete, Bouygues Construction plays an active role in the nationwide "Recybeton" project and sits on its executive committee.

This R&D project aims to promote the reuse of all products recovered from concrete rubble. It is also looking into ways of recycling hydraulic materials recovered from crushing for use as the raw material in the production of hydraulic binders.

Besides contributing funding, Bouygues Construction has made its in-house resources available for the project (for further information, see www.pnrecybeton.fr).

In order to limit the use of concrete, Bouygues Construction is looking at alternative construction methods and has developed its expertise in the use of timber in its constructions. A timber skills centre was set up in 2010. The company has completed more than 60 new-build and rehabilitation projects

involving timber construction, demonstrating a clear trend towards timber-frame façades on concrete structures.

R&D programmes looking into new technical solutions, especially hybrid structures, are also under way at Bouygues Construction.

- Eco-design: Bouygues Construction has been working on eco-design since 2007, first with CarbonEco®, an in-house application that computes CO₂ emissions, and, since 2009, with lifecycle analysis (LCA). This work has brought improvements to the Elodie® building lifecycle analysis application developed by the CSTB. Using LCA, Bouygues Construction can evaluate a project's environmental impacts from design to demolition. Bouygues Construction is also part of Benefis, a public research project into building lifecycle analysis overseen by the CSTB. Benefis will help to improve existing building lifecycle management methodologies and software.

Building information modelling (BIM), now becoming a fully-fledged eco-design resource, makes it possible to study the environmental impact of different building designs from the outset. In its dealings with customers, Bouygues Construction has already taken the decision to include LCA in various bids, and this is set to become more frequent. To improve organisation, a specially trained LCA liaison officer has been appointed in each building subsidiary.

Bouygues Construction is also creating a database of eco-friendly building products, called Polygreen, which lists construction products according to sustainable development criteria.

Initiatives to reduce the use of raw materials are part of a wider-ranging policy to optimise construction costs. **Bouygues Immobilier** is also working with the CSTB to optimise eco-design in property development projects.

COLAS

Indicator	Scope (entity or region)	Coverage	2012	2011
Volume of recycled materials (millions of tonnes)	All activities worldwide	100%	9.8	10.4
Volume of aggregates from recycled pavement (millions of tonnes)	Materials production activities worldwide	100%	4.9	4.5

Colas takes a number of measures to reduce the use of raw materials. Its first aim is to maximise the recycling of all types of debris, rubble and inert waste from construction activities, reducing landfill needs and the consumption of new materials. In most countries, there is much more of this type of mostly inert waste than of industrial or household waste. Consequently, Colas has drawn up indicators that count the volume of materials actually recycled in its industrial processes and compare the findings with the amount of new materials it produces, rather than merely counting outgoing waste flows (see heading 3.3.1).

New products developed by Colas laboratories use eco-design procedures that minimise the use of new raw materials, especially non-renewables (see heading 3.3.1).

Colas has long been a driving force in both the design of eco-friendly alternatives for its customers (chiefly by resizing structures to reduce the amount of materials used) and the development of eco-comparing tools for assessing alternatives. Seve®, an eco-comparing software tool used by the roads industry in France that includes a materials saving indicator, has been particularly successful. Colas played a key role in developing the application and making it available to the

industry and to customers. Eco-friendly alternatives offer better energy efficiency and lower greenhouse gas emissions than baseline solutions.

Thus, Colas measures savings of raw materials rather than tracking total consumption. Interpreting total consumption data can be complex because some figures rise in line with sales while others fall according to market trends, e.g. bitumen consumption, the shift towards service and maintenance activities, or expansion into new activities.

Metro, a daily freesheet that became part of the **TF1** group of companies in 2011, reduced the environmental impact of its operations through the launch of a new, smaller format on 5 March 2012. The change has been popular among readers and advertisers whilst saving on paper. As a result, Metro's paper usage has dropped from 54 tonnes to 45 tonnes per day.

Bouygues Telecom started the shift to electronic documents several years ago in order to reduce its environmental footprint as well as that of its suppliers and customers. It is also optimising the use of resources by eco-designing certain products. Since 2010, the environmental impact of SIM card packs has been reduced through new packaging that is 14 times lighter than the old packaging, reducing CO₂ emissions by a factor of 30. This initiative was nominated in 2012 for an award in connection with the 20th anniversary of Eco-Emballages, a household waste sorting and selective collection scheme. In 2012, further measures were undertaken to optimise mobile phone packs, such as placing the SIM and micro-SIM on the same card¹ and only summary documentation (a booklet on mobile phone use and health). At the same time, Bouygues Telecom has conducted lifecycle analysis on its Bbox Sensation router/modem to identify environmental impacts in preparation for future designs. Drawing on these results, the company has embarked on a project to optimise the use of raw materials in packaging and to extend the working life of Bboxes.

3.4.3 Energy consumption, measures to improve energy efficiency and use of renewable energy sources

The **Bouygues group** took an active part in the Grenelle environment summit in France, putting forward strict standards for buildings and helping lay the groundwork for low-energy and positive-energy buildings. More recently, in connection with the environmental conference initiated by the French government, Bouygues took a stance by putting forward solutions to speed up transitions to new types of energy (http://www.bouygues.com/wp-content/uploads/2013/01/CE_BD01_DEF_36_PROPOSITIONS.pdf).

To improve the energy efficiency of its products, the Group draws on an innovation policy based on respect for the environment. In addition to R&D teams in the subsidiaries, there is a specialist unit at Group level called "e-lab", which designs innovative products and services and has a particular focus on energy and energy-saving. For example, e-lab developed the Energy-Pass® for Bouygues Construction, a tool to control running costs in new buildings that received financial support from Ademe, the French environment and energy management agency.

e-lab coordinates a Group-wide energy purchasing committee, set up in 2011 to improve the management of energy needs. The committee promotes energy efficiency initiatives, such as energy-saving certificates, and the use of renewable energy sources and demand response measures.

In a similar vein, in 2011, Alstom and Bouygues, through Bouygues Immobilier and ETDE (now Bouygues Energies & Services), founded Embix, a company that provides energy management services for eco-neighbourhoods.

The Group also takes steps to limit its own consumption. A group-wide Green IT² committee was set up in 2011 to steer and optimise energy consumption within Bouygues.

BOUYGUES CONSTRUCTION

Indicator	Scope (entity or region)	Coverage	2012	2011	Remarks
Direct gas consumption of worksites	Global	96% of Bouygues Construction's consolidated sales	12,195 MWh	11,760 MWh	
Direct gas consumption of units operated by the entity	Global	96% of Bouygues Construction's consolidated sales	9,870 MWh	7,480 MWh	
Direct power consumption of worksites	Global	96% of Bouygues Construction's consolidated sales	300,305 MWh	376,950 MWh	

(1) The card is pre-cut into two formats so that it can be used in all types of mobile handset: micro-SIM (e.g. i-Phone) and standard SIM (e.g. Galaxy Note).

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

BOUYGUES CONSTRUCTION (continued)

Indicator	Scope (entity or region)	Coverage	2012	2011	Remarks
Direct power consumption of units operated by the entity	Global	96% of Bouygues Construction's consolidated sales	225,315 MWh	50,720 MWh	More reliable provision of data for this indicator in 2012 has led to a sharp increase in the figure for overall consumption
Direct fuel oil consumption by worksites	Global	96% of Bouygues Construction's consolidated sales	1,105,045 MWh	257,720 MWh	The sharp increase in the use of fuel oil stems from construction work at the Marseille Vélodrome stadium, where fuel oil-fired generators are used to ensure safety and provide lighting during matches
Direct fuel consumption by light vehicles	Global	96% of Bouygues Construction's consolidated sales	25 million litres	23 million litres	

Bouygues Construction has made energy performance a key aspect of its sustainable construction strategy.

- Design: performance commitments

An increasing number of Bouygues Construction's business proposals include final consumption guarantees, ensuring that buildings are as energy-efficient as possible. For example:

- Environmental certifications, awarded to many structures built by Bouygues Construction, systematically contain energy and electricity consumption targets.
- Bouygues Construction is taking a more comprehensive approach to energy performance, especially within public-private partnerships.
- Bouygues Construction has gone a step further in building one of the first positive-energy secondary schools in France, using a timber-based design and conducting a full lifecycle analysis.
- The scope of energy performance has been extended to encompass the building's environment and not just the building itself, as demonstrated by Bouygues Construction's involvement in the creation of IssyGrid® in Issy-les-Moulineaux, France's first district smart grid.

- Construction: Ecosite

One of the 11 Ecosite standards concerns worksite consumption. The standard takes account of various aspects of:

- power consumption, through awareness-raising among crews, actions to reduce consumption on-site, eco-friendly

behaviour aimed at reducing consumption and eco-materials to optimise power usage;

- fuel consumption, through actions along the same lines to raise awareness among staff, reduce fuel use on worksites and by the company fleet, and promote the use of existing eco-materials and best practices.

- Operation: controlling final energy consumption

To keep control of consumption, it is important to factor in building usage, operation and maintenance from the design stage. Many initiatives have been taken to help customers make sustainable use of the buildings handed over to them. Examples include:

- Hypervision®: a software application that tracks and manages the energy performance of buildings in use, in real time and over the long term.
- Green Office® Meudon: the first positive-energy office building in France, incorporating an energy-performance contract.
- Energy-Pass®: a cost-control application that measures heating, hot water and electricity consumption and guarantees a building's real energy performance.

- Research and development

R&D programmes aim to reduce consumption in new and renovated buildings through the use of diagnostic, design and measurement tools that lay the foundations for a genuine commitment to energy performance. Bouygues Construction is working on solutions for alternative energy production (e.g.

the use of renewable sources), energy pooling and energy storage at building and city area level.

Bouygues Construction also studies the usage of existing buildings. The Chair in Sustainable Construction and Innovation, created in 2010 by Bouygues Construction, École des Ponts ParisTech, École Centrale Paris, Supélec and CSTB, fosters research into occupier behaviour patterns in order to find ways of reducing energy consumption, as well as multi-criteria management models that help to optimise usage, costs and the related CO₂ emissions.

Bouygues Construction is currently working on the Autonomous Building Concept (ABC) and is studying ways of reducing consumption through the use of renewable energy sources in order to create buildings that are entirely self-sufficient in energy terms.

The renovation of Challenger, like the construction and exemplary management of other Group headquarters buildings, is a benchmark example of Bouygues Construction's exacting approach to environmental renovation.

Bouygues Immobilier's aim is to stay ahead of energy regulations in developing increasingly energy-efficient

buildings for its customers. The decision in 2009 to obtain low-energy certification for all its residential developments is starting to bear fruit, since the first such buildings are now being handed over. The next step is positive energy, i.e. buildings that generate more energy from renewable sources (photovoltaic panels, vegetable oil cogeneration plant, heat pumps, etc.) over a year than they consume. In the commercial property segment, Green Office® Meudon has just completed its first year of positive-energy operation. Two positive-energy residential projects were handed over in 2012, one in Aix-en-Provence and the other in Montreuil, near Paris. The next stage is to reduce energy consumption across an entire neighbourhood. Bouygues Immobilier is coordinating a project in Issy-les-Moulineaux that aims to try out these new ideas at neighbourhood level.

Galeo, Bouygues Immobilier's headquarters building in the Issy-les-Moulineaux business district, demonstrates the company's determination to spearhead energy transition. The HQE®-certified building uses 20% less energy than the 2005 thermal regulation.

An action plan to reduce greenhouse gas emissions has been implemented with the dual aim of cutting emissions and reducing primary energy consumption.

COLAS

Indicator	Scope (entity or region)	Coverage	2012	2011
Energy used per ton of asphalt mix produced	Materials production activities	100%	76 KWh per tonne	76 KWh per tonne
Percentage of warm asphalt mixes produced in hot-asphalt plants	Materials production activities	100%	13%	12%

In 2012, **Colas** launched a programme called cLeanergie to generate energy savings throughout the group (worksites, production sites, buildings and supply chain). An impact analysis was conducted on 40 sites (works centres, mixing plants and quarries), managers were made more responsible for energy savings and an expert steering committee was set up. About 100 best practices and opportunities were reported from the field. The research revealed that three-quarters of Colas' direct energy use is divided more or less evenly between burners at asphalt plants and consumption by plant and vehicles.

Colas systematically measures fuel use by burners at asphalt plants, which involves methodically monitoring over 500 installations.

Besides eco-friendly alternatives (see heading 3.4.2), the following techniques are used to achieve indirect energy savings:

- warm asphalt mixes, which save some 15% in energy relative to hot mixes. Warm asphalt mixes made by Colas accounted for 13% of total output in 2012;
- use of recycled materials, especially reclaimed asphalt (planed materials from old road pavement), which saves on

bitumen, aggregates and haulage as well as on production costs and generates energy savings if the entire lifecycle is taken into account (see indicators under headings 3.3.1 and 3.4.2);

- in-place recycling of pavement, which also saves on energy as well as materials and haulage costs (see indicators under heading 3.3.1).

Colas is also working in two other areas.

- Measurement systems: making Colas more energy efficient means measuring its fossil fuel consumption (electricity accounts for only a small proportion of its energy footprint). While it is relatively simple to monitor burner consumption at asphalt plants, it is much more complicated to track the consumption of the 65,000-plus vehicles and items of plant used by 800 works centres and 1,400 production sites. Colas has equipped 2,000 items of plant and vehicles with tracking devices and is holding discussions with equipment manufacturers on transmission standards and real-time data recovery.
- Workforce mobilisation: Colas has set a target for vehicle drivers and plant operators to reduce fuel consumption by 20% through eco-driving techniques and by encouraging

drivers not to leave engines idling. Measurement remains difficult, but the level of commitment is evident and the campaign is making headway among the workforce.

Colas also uses rail or waterway transport for its own needs. However, since the real scope for any transfer between transport modes is limited, its priority is to improve the environmental performance of each one, applying a policy of technical innovation that favours a balanced, multi-modal approach.

At **TF1**, several initiatives are being undertaken to reduce power consumption, which has fallen by 9% since 2009 at the group's three buildings in Boulogne-Billancourt.

- Implementation of a building management system (BMS) and training of technicians have continued. Work is under way with Embix to identify consumption sources.

- In terms of production processes, Eurosport and LCI have designed their new studios with lighting provided entirely by LED bulbs. Outside broadcast vans are fitted with batteries that are recharged by vehicle motion. In IT, 4,000 workstations at TF1 have been fitted with a solution for coordinating electricity consumption and data centres have been audited with a view to recommending appropriate solutions. Purchasing policy now incorporates lifecycle analysis and profitability considerations, and EcoVadis supplier assessments are being rolled out on a wider basis.

A review was also conducted of the advantages and challenges of working from home.

BOUYGUES TELECOM

Indicator	Scope (entity or region)	Coverage	2012	2011
Total power consumption (base stations, administrative sites, data centres)	Bouygues Telecom SA, excluding stores	100%	519 GWh	536 GWh

An energy-efficiency policy has been in place for several years at **Bouygues Telecom's** administrative sites, base stations and data centres, based on three principles:

- Curbing energy consumption, by including energy performance criteria when choosing technical solutions and listing new hardware, requiring suppliers to give contractual commitments to reduce energy consumption, optimising consumption at existing sites, obtaining HQE® Construction and Operation certification for new office buildings and voluntarily committing to the European code of conduct on reducing energy consumption in data centres.
- Product energy optimisation, by complying with the voluntary agreement to improve the power consumption of TV decoders in Europe and with the European code of conduct that specifies power consumption in active and standby mode for ADSL and fibre router/modems, and by offering solutions that enable customers to reduce their own energy consumption.
- Energy management systems to ensure that energy savings are not lost and targets are met: three sites to date have been awarded ISO 50001 certification for their energy management systems.

On 7 November 2012, the data centres at Bièvres, Montigny and Saclay were awarded the EU Code of Conduct Participant label by the European Commission in recognition of their actions to cut energy consumption.

3.4.4 Land use

DTP, **Bouygues Construction's** earthworks division, has begun R&D programmes on soil treatment and the reuse of soil on-site to reduce impacts caused by pollution and digging. It has also carried out research and trials relating to soil reinforcement, especially on river banks (in partnership with BASF).

An increasing number of major infrastructure projects include biodiversity requirements that define measures to be taken to avoid damage to local wildlife and plants.

Bouygues Construction has started several initiatives on responsible land use under the auspices of its property development subsidiary, Sodearif, which is part of ULI (Urban Land Institute), a multi-disciplinary forum within the property industry. ULI's mission is "to provide leadership in the intelligent and responsible use of land whilst protecting biodiversity".

In this area, Bouygues Bâtiment Ile-de-France has developed two products that address the challenge, using high-rise buildings to increase density: a university hall of residence and Totem, a mixed-use tower block containing offices and other types of premises.

Before starting a development project, **Bouygues Immobilier** conducts field surveys to determine soil type and to ensure the absence of the following:

- waste deemed to have been abandoned within the meaning of Article L. 541-3 of the French Environmental Code;

- storage of chemical or radioactive substances referred to in Article L 514-20 of the French Environmental Code;
- pollution that could result from current or past operations or from a nearby installation subject to authorisation (Law 92-646 of 13 July 1992);
- dumped or buried waste or any substance, such as asbestos, polychlorinated biphenyls or polychlorinated terphenyls, that could be hazardous or detrimental to human health or the environment.

The presence of any form of soil or subsoil pollution can lead to the cancellation of land purchase contracts.

Colas chiefly operates on existing road surfaces, which it either maintains or modifies. New infrastructure accounts for a relatively small share of sales and Colas often does not have control over land because it is provided by the customer,

even in the context of concessions or PPPs. As such, Colas has no direct impact on land use, since ownership of the land remains in the hands of the project owner.

All quarries and gravel pits are rehabilitated at the end of their productive life and many are redeveloped as work progresses, before production ceases. Recycling saves the equivalent of the output from 30 Colas quarries or gravel pits worldwide.

Bouygues Telecom, in partnership with other operators, plays an active part in network-sharing programmes in sparsely populated areas. The advantages include making best use of increasingly high-performance equipment by optimising the number of base stations and sharing costs while ensuring optimum quality and long-term competition on services. Another advantage is to limit the impact of base stations on the land.

3.5 Climate change

3.5.1 Greenhouse gas emissions

Bouygues has identified the risks and opportunities stemming from climate change and dwindling fossil fuel resources and has framed an energy/carbon strategy. In order to measure the impacts of its activities and implement priority reduction measures, in 2012 Bouygues published its first consolidated analysis of greenhouse gas emissions across the Group.

The following were calculated on the basis of 2011 data:

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

The Bouygues group emitted 16.6 million tonnes of CO₂ equivalent across all its business areas (Scopes 1, 2 and 3):

15.7 Mt CO₂ eq. for the construction businesses and 0.9 Mt CO₂ eq. for the media and telecoms businesses. Group-wide direct emissions (Scope 1) totalled 2 Mt CO₂ eq. and indirect emissions from power generation totalled 400,000 kg CO₂ eq. The Group was also responsible for 14.2 Mt CO₂ eq. of emissions from its travel and the travel of its suppliers and subcontractors. This carbon balance gives the Group all the necessary information to frame a policy to reduce the carbon intensity of its activities.

An energy/carbon strategy committee was set up 2007. This governance structure provides a forum for sharing best practices on ways of reducing CO₂ emissions and drawing up sales arguments for low-carbon products. It is helped in its work by Carbone 4, an environmental consultancy specialising in carbon strategies.

For 2012, only **Bouygues Construction** has updated all its greenhouse gas emission indicators. Bouygues Immobilier and Colas have updated information on their carbon intensity.

GROUP INDICATORS

Business area	Indicator	Scope (entity or region)	Coverage	Unit	2012	2011
Bouygues Construction	Greenhouse gas emissions, Scope 1	Global	100%	Kt CO ₂ eq	205.2	177
Bouygues Construction	Greenhouse gas emissions, Scope 2	Global	100%	Kt CO ₂ eq	183.9	201
Bouygues Construction	Greenhouse gas emissions, Scope 3	Global	100%	Kt CO ₂ eq	2,993.6	2,741
Bouygues Construction	Carbon intensity	Global	100%	Kg CO ₂ eq/€ of sales	0.33	0.33

GROUP INDICATORS (continued)

Business area	Indicator	Scope (entity or region)	Coverage	Unit	2012	2011
Bouygues Construction ^(a)	Greenhouse gas emissions	Global	100%	Kt CO ₂ eq	3,380 ^(b)	3,119
Bouygues Immobilier	Greenhouse gas emissions, Scope 1	Global	100%	Kt CO ₂ eq	-	3
Bouygues Immobilier	Greenhouse gas emissions, Scope 2	Global	100%	Kt CO ₂ eq	-	0.8
Bouygues Immobilier	Greenhouse gas emissions, Scope 3	Global	100%	Kt CO ₂ eq	-	417 ^(c)
Bouygues Immobilier	Carbon intensity	France	100%	Kg CO ₂ eq/€ of sales	0.006	0.005
Colas	Greenhouse gas emissions ^(d)	Global	100%	Kt CO ₂ eq	13,000	12,000
Colas	Carbon intensity	All activities Global (excl. USA and Canada)	100% of sales	Kg CO ₂ eq/€ of sales	1	1
Colas	Carbon intensity	All activities USA and Canada	100% of sales	Kg CO ₂ eq/\$ of sales	1	1
TF1	Greenhouse gas emissions, Scope 1	France (headquarters buildings)	83% of sales	Kt CO ₂ eq	-	0.2
TF1	Greenhouse gas emissions, Scope 2	France (headquarters buildings)	83% of sales	Kt CO ₂ eq	-	3
TF1	Greenhouse gas emissions, Scope 3	France (headquarters buildings)	83% of sales	Kt CO ₂ eq	-	130
TF1	Carbon intensity	France (headquarters buildings)	-	Kg CO ₂ /€ of sales	-	0.06
Bouygues Telecom	Greenhouse gas emissions, Scope 1	Bouygues Telecom group, excl. RCBT headquarters and stores	100%	Kt CO ₂ eq	-	5.4
Bouygues Telecom	Greenhouse gas emissions, Scope 2	Bouygues Telecom group, excl. RCBT headquarters and stores	100%	Kt CO ₂ eq	-	46.2
Bouygues Telecom	Greenhouse gas emissions, Scope 3	Bouygues Telecom group, excl. RCBT headquarters and stores	100%	Kt CO ₂ eq	-	743.3
Bouygues Telecom	Carbon intensity	Bouygues Telecom group, excl. RCBT headquarters and stores	100%	Kg CO ₂ /€ of sales	-	0.15
GROUP TOTAL	GREENHOUSE GAS EMISSIONS, SCOPES 1, 2 AND 3			KT CO₂ EQ		16,500

(a) To avoid double counting in cases where Bouygues Construction has carried out work for Bouygues Immobilier, the corresponding greenhouse gas emissions are counted under Bouygues Construction.

(b) Total emissions for Bouygues Construction are 3.38 million tonnes CO₂ eq for 2012. This figure, encompassing Scopes 1, 2 and 3.a, corresponds to the sum of emissions resulting from:

- the operation of Bouygues Construction's headquarters and regional offices (5% of emissions), relating to energy, goods and services, freight, travel and fixed assets;

- projects of Bouygues Construction entities (95% of emissions). For each project added to the CarbonEco measurement application, the total calculated for CO₂ emissions (relating to energy, inputs, freight, site crew travel, fixed assets and waste) is prorated to the duration of the project. The carbon value for projects is therefore obtained by adding up these prorated values for all projects under way in 2012.

(c) Bouygues Immobilier: CO₂ emissions taken into account for construction operations (Scope 3) are calculated in proportion to the number of worksites in 2011.

(d) 2012 is the first year that Société de la Raffinerie de Dunkerque was consolidated.

To be able to measure its carbon footprint and offer eco-friendly alternatives to customers, Bouygues Construction has developed CarbonEco®. This in-house application, adapted from Ademe's Bilan Carbone® carbon audit methodology, compares different design, use and performance options for a building. More than 100 people have been trained to use it. The CarbonEco® database contains more than 1,400 audits, including 813 for 2012. Based on feedback from the carbon-reporting campaign in 2011, Bouygues Construction has framed its response to carbon-related challenges along two lines.

- Reducing carbon emissions from goods and services sold to customers

This item accounts for 95% of CO₂ emissions at Bouygues Construction. Bouygues Construction R&D programmes aiming to reduce carbon emissions take a dual approach: optimising grey energy (by reducing the amount of carbon in materials used) and increasing the use of renewable energy in buildings.

- Reducing carbon emissions linked to internal operations

Although internal processes are responsible for a far lower proportion of total CO₂ emissions (5%), Bouygues Construction is keen to foster initiatives that will limit emissions connected with its own sites, especially eco-mobility programmes (travel is a major contributor to these emission):

- The corporate travel plan at Challenger, Bouygues Construction's headquarters where about 3,500 people work, has yielded solutions involving less-polluting or alternative modes of transport as well as raising awareness among staff.

- Bouygues Construction is also taking part in the nationwide project to develop a French electric vehicles industry and has pledged to acquire more than 200 electric vehicles by 2014.
- Bouygues Construction took a proactive stance at the environmental conference in 2012, proposing the creation of staff mobility credits.
- Subjects of discussion and research include new ways of organising work, such as working from home, mobile working and telecentres.

Bouygues Immobilier's energy-carbon strategy aims to limit the company's impacts. Carbon balance audits are carried out for residential and office property developments. Bouygues Immobilier is convinced that the energy-carbon strategy should have a material effect after buildings have been handed over by enabling customers to optimise consumption and emissions on a daily basis. Bouygues Immobilier has developed an application, SI@GO, that tracks energy use in office buildings after delivery. An energy-tracking system, with results displayed locally and via the internet, is being tested in two residential developments.

The first fully-fledged Bilan Carbone® carbon audit was carried out in 2009. Since then, and on the basis of the results, Bouygues Immobilier has implemented action plans to reduce greenhouse gas emissions. To reduce the environmental impacts of the company's own operations, efforts have focused on the most polluting items such as staff travel and computer installations. For eco-neighbourhood design, the company has entered into partnership with the Carbone 4 consultancy to offer eco-friendly alternatives concerning aspects such as materials and soft mobility, etc.

COLAS

Indicator	Scope (entity or region)	Coverage	2012	2011
Greenhouse gas emissions relative to the production of a tonne of asphalt mix (kg CO₂ eq per tonne)	All Colas asphalt mixing plants worldwide	100%	17	17
Greenhouse gas emissions avoided as a result of action taken by Colas (in tonnes of CO₂ eq)	All activities worldwide	100%	166,000	160,000

Colas based the calculation of its carbon footprint on Scope 3.a under ISO 14064 and the GHG Protocol guidelines. The scope of calculation covers all of its upstream activities. The impact of road traffic on infrastructure maintained or built by the company is high, unquantifiable and beyond Colas' control. As a result, Scope 3.b has not been applied.

This type of exercise comes with a margin of error (upwards of 20%), which stems from disparity between national and international data, the difficulty of estimating the carbon costs of some services provided by suppliers and subcontractors, and problems gathering and converting data.

Given the uncertainty of the metrics, the carbon footprint cannot therefore be taken as a performance indicator.

Colas has defined two priorities:

- controlling the energy consumption required for its activities and reducing the greenhouse gas emissions they generate. Energy efficiency improvements are being sought by taking action to limit:
 - fuel consumption,
 - and burner consumption at asphalt plants;

- reducing the energy and greenhouse gas content of products and technologies proposed to customers. To help reduce its own carbon footprint and that of its customers, Colas is drawing on innovation and R&D to make more environment-friendly products:
 - warm asphalt and asphalt mixes: by reducing the temperature significantly, these products save 10-30% on energy while reducing bitumen-fume emissions by 70-90%,
 - in-place recycling of pavement: this technique reduces greenhouse gas emissions by saving on input materials and reducing the need for haulage,
 - Végéroute® products: these products, developed by Colas laboratories, use plant-based instead of oil-based components,
 - recovery of pavement for use in production of asphalt mixes: bitumen is reclaimed from used pavement by recycling coatings, thereby reducing consumption of crude oil (from which bitumen is made). In 2012, in addition to aggregates, Colas group-wide recovered some 240,000 tonnes, equivalent to the annual bitumen output of a medium-sized refinery.

Colas has developed EcologicieL®, the first tool for offering low-carbon alternatives in roadbuilding, and played an important role in designing Seve®, an eco-comparison tool used by the whole roads industry in France. Accredited for public procurement, it ensures a level playing-field for customers selecting eco-friendly alternatives.

Emissions of greenhouse gases at **TF1** were assessed for the headquarters buildings in Boulogne and Issy-les-Moulineaux using Ademe's Bilan Carbone® carbon audit method.

Since 2007, **Bouygues Telecom** has provided an annual update of Scope 1 and 2 greenhouse gas emissions related its activities. In 2012, the company published its 2011 carbon audit online.

3.5.2 Adapting to the consequences of climate change

Fully aware that climate change will alter the conditions in which it operates, the **Bouygues group** is a partner and active member of The Shift Project (<http://theshiftproject.org/>), a multidisciplinary network of experts and economic agents with acknowledged energy and climate change skills. A think-tank, it puts forward proposals stemming from economic and scientific research and summary reports on climate and energy issues.

For the last four years, Bouygues has responded to the Carbon Disclosure Project questionnaire, the main source of data on how businesses worldwide are addressing the challenge of climate change. In 2012, a score of 74/100 (up 19 points) was awarded in recognition of the Group's transparency. Its action to reduce emissions is also becoming more effective, reflected in an improvement in its score from D in 2011 to C in 2012.

Bouygues Construction takes account of the consequences of climate change: several initiatives are under way to reduce

water consumption, while the development of energy-efficient systems is helping to reduce the impact of its activities, especially in drought areas. R&D programmes are under way to develop new insulation materials and technologies.

Bouygues Construction's business proposals already take climate change into account. Technical and sales teams now factor the findings of scientific research into climate change when assessing user comfort during the design stage in order to ensure the long-term viability of buildings and their facilities.

In order to tailor projects to the effects of climate change, **Bouygues Immobilier** factors bioclimatic architecture into its large-scale developments. All its office building designs share a common desire to optimise the relationship between the building and its environment. It is in this context that bioclimatic architecture really comes into its own, because it takes account of climate issues at the design stage and can even use climatic conditions to regulate indoor temperatures. This involves research into the best location according to exposure, sunlight and prevailing winds, bioclimatic design to maximise natural light and ventilation, efficient insulating materials and the use of renewable energy sources. As a result, bioclimatic buildings are resilient to the many risks linked to climate change, such as extreme variations in temperature.

Given the profile of **Colas'** businesses, tailoring the infrastructure that it builds or maintains to climate change depends on customers' standards and specifications.

Working in a wide range of geographical locations, Colas is familiar with the operating and dimensioning constraints imposed by harsh climates: arid, high-temperature areas, as in southern Morocco, western Australia and the Djibouti region, regions subject to heavy rains such as French Guiana, the Antilles and the Indian Ocean, and regions subject to extreme cold, such as Canada, Alaska, Greenland and mountainous areas in general. Drawing on its broad experience, Colas can advise customers effectively on emergent climate phenomena wherever it has scope to do so.

TF1 does not have much of an impact on the ecosystem compared with other business areas; its main role is to raise awareness among the general public. The 8pm news bulletin regularly alerts viewers to the dangers of climate change and possible changes in production and consumption patterns. The Ushuaïa TV channel is entirely dedicated to solutions fostering sustainable development. For other direct impacts, see TF1's own annual report.

Bouygues Telecom has set up an emergency response procedure in case of severe damage to network infrastructure from weather-related events. Network emergency plans were implemented to restore normal services after a storm that hit south-west France in January 2009. At the same time, Bouygues Telecom has for many years been testing solutions for using renewable energy sources such as solar panels and fuel cells to power base stations. Eight such sites have been established to date.

3.6 Protecting biodiversity

3.6.1 Measures to protect and foster biodiversity

The **Bouygues group** put forward measures to protect biodiversity at the environment conference in 2012 (www.bouygues.com/wp-content/uploads/2013/01/CE_BD01_DEF_36_PROPOSITIONS.pdf).

Given the importance of the issues at stake, the construction businesses are taking practical steps to protect biodiversity on worksites and in and around quarries and gravel pits. The media and telecoms businesses are less affected but contribute by raising awareness among staff and viewers.

With the creation of the Biositiv structure in 2012, the **Group** now has an internal advisory unit that can help each business area develop a biodiversity strategy.

In 2011, **Bouygues Construction** set up a biodiversity committee comprising representatives from every subsidiary to define its biodiversity strategy. Three objectives were set out: to increase technical expertise and innovate to protect and enhance biodiversity on projects; to offer customers new products and services; and to assert Bouygues Construction's commitment to biodiversity.

Bouygues Construction and its subsidiaries have taken several tangible initiatives.

- Bouygues Construction has established partnerships with Noé Conservation and UNAF, the French beekeeping federation, as part of a biodiversity experiment at its Challenger headquarters. The site was awarded the "Jardin de Noé" label in October 2012.
- DTP Terrassement and Bouygues TP set up the Biositiv structure to address biodiversity issues associated with

infrastructure projects. The aim is to go beyond mere offsetting and head towards a positive biodiversity strategy, i.e. one that creates biodiversity. In 2012, following a call for projects, Biositiv was selected by the French Ministry of Ecology, Sustainable Development and Energy to take part in the National Biodiversity Strategy.

- Elan has created a benchmarking system to measure the effects of property developments on biodiversity.
- A research programme initiated by Norpac in partnership with Lille Catholic University has led to the publication of a guide on how biodiversity can be factored into buildings.
- Bouygues Bâtiment Ile-de-France has joined Natureparif, Europe's first regional biodiversity conservation agency, which works to provide information, raise awareness and promote biodiversity in the Paris region.
- In 2011, ETDE (now Bouygues Energies & Services) entered into a sustainable lighting partnership with Noé Conservation to reduce light pollution, which disrupts the lifecycle of many species of animal and can alter their behaviour.

R&D programmes are divided into two categories: biodiversity in infrastructure (ecological pools, measures to stop invasive species, offsetting mechanisms) and urban biodiversity (ongoing work on urban benchmarking, catalogues of biodiversity techniques and equipment, cost of ecological maintenance of grounds, positive biodiversity and biodiversity in property development).

Urbanisation has been identified as one of the leading causes of biodiversity loss. Consequently, **Bouygues Immobilier** has factored biodiversity into urban development projects via its UrbanEra® initiative.

COLAS

Indicator	Scope (entity or region)	Coverage	2012 ^(a)	2011
Aggregate production sites working to promote biodiversity (% of number of sites)	All aggregate production sites	100%	13%	7%

(a) 2012 is the first year in which this indicator has been consolidated. Steps are being taken to improve reliability, so results for 2011 are indicative only.

Analysis of **Colas'** direct impact on biodiversity has resulted in a focus on quarries and gravel pits.

The indicator established to track initiatives promoting biodiversity covers the number of aggregate production sites where biodiversity initiatives may be justified. At present, 68 sites host noteworthy species and 26 have beehives.

Action can take two forms:

- implementing and tracking efforts to promote and facilitate the existence and habitats of protected animal or plant species on-site;
- installing beehives on-site.

Whichever course of action is taken, it must be carried out in partnership with local stakeholders such as beekeepers, conservationists, nature reserves and NGOs.

Experiments are being carried out whereby Colas work crews are called on to tackle invasive vegetation. One subsidiary recently received an award from Idrrim, a French roads and mobility infrastructure agency, for its theoretical and practical training of personnel in this area.

TF1 does not have any operations in protected areas. The primary influence of TF1 on the ecosystem involves raising awareness among the general public. Ushuaïa TV frequently screens magazine programmes and documentaries focusing

on the need to protect biodiversity. For other impacts, see TF1's own annual report.

Biodiversity protection has been a major focus of **Bouygues Telecom's** sponsorship policy since 2008. The Bouygues Telecom Foundation has a dual commitment: providing ideas for understanding the importance of biodiversity, and offering staff and customers ways to make a real difference by taking part in useful conservation projects. These aims are embodied in initiatives introduced with its two main partners, Surfrider Foundation Europe (SFE) and the Nicolas Hulot Foundation (FNH).

Alongside SFE, the Bouygues Telecom Foundation and its volunteers have for the past six years taken part in the "Ocean Initiative", a major eco-citizenship campaign to help protect oceans from waste by cleaning up beaches, lakes and rivers both in France and worldwide. In addition to financial support, the Foundation publicises the organisation's appeal for volunteers amongst Bouygues Telecom's customers and

encourages staff to support the venture. Between March and June every year, nearly 200 volunteers take part in initiatives in their regions. Information sessions on the topic of biodiversity are held by activists at the same time as these waste collection operations.

As a partner of FNH since 2005, the Bouygues Telecom Foundation supports action under its Biodiversity programme by publicising FNH's awareness-raising campaigns and encouraging involvement at grass-roots level. In particular, it supports jagispourlanature.org, a website through which nature conservation or management organisations can attract volunteers wanting to make a difference to the environment. In this context, each year around 50 staff volunteers take part in nature projects, lending a helping hand to local organisations for initiatives such as building and installing nesting boxes in the Aquitaine and Touraine regions of France.

4. SOCIAL INFORMATION

For further information, please visit www.bouygues.com.

The scope for social information is the same as for environmental information. Where this is not the case, particularities are explained alongside the indicators concerned.

4.1 Local, economic and social impact of the company's business activity

4.1.1 Employment and regional development

The **Bouygues group's** business activities have an impact on regional development through the construction and maintenance of transport infrastructure and buildings, the expansion and operation of a telecommunications network and the broadcasting of television programmes.

By nature, the performance of these activities in a given place helps to develop and sustain employment. Group companies,

whether in France or elsewhere, use local labour as far as possible and encourage the development of local subcontractors.

In France, Bouygues Construction and Colas endeavour to fulfil the integration requirements often included in public sector contracts as effectively as possible, helping those who are out of work to find stable employment. To achieve this goal, the companies forge partnerships with specialised bodies.

BOUYGUES CONSTRUCTION

Indicator	Scope (entity or region)	Coverage	2012	2011
Projects carried out during the year in cooperation with one or more local integration bodies	France	54% of Bouygues Construction's consolidated sales	410	409

"Contributing to local development" is one of the 12 commitments of Actitudes, which is the name of the sustainable development policy of **Bouygues Construction**.

In France, Bouygues Construction draws on a network of external partners to facilitate the implementation of its integration actions. It has committed to three emblematic partnerships: with Fondation Agir Contre l'Exclusion (FACE), the integration commission of the French association of diversity managers (AFMD) and the Civic Service Institute.

Furthermore, Bouygues Construction, via its dedicated subsidiary (Themis FM), works to help former prisoners integrate back into society within the framework of the construction and operation/maintenance of PPP prison contracts (e.g. the Réau prison east of Paris).

Abroad, Bouygues Construction contributes to developing the regions where its entities are located. The company benefits local areas by providing direct and indirect employment, knowledge transfers and support for communities. For example, in Cuba, Bouygues Bâtiment International, which employs 100% local labour, has built a school in order to train its foremen (165 site workers have received such training since 2008).

Integration is also a core commitment of the Bouygues Construction corporate foundation, Terre Plurielle. Several partnerships, often forged on the initiative of Bouygues Construction staff, receive support each year, both in France and internationally.

Bouygues Immobilier's 35 branches span the whole of France. This regional base puts the company at the heart of local economies, making local partnerships more effective and promoting local recruitment.

In 2011, the Bouygues Immobilier corporate foundation provided support to the non-profit organisation ADIE (*Association pour le Droit à l'Initiative Economique*) to promote employment in Bordeaux and Marseille.

Since 2010, the Bouygues Immobilier corporate foundation has supported the Médiaterre project run by Unis-Cité, a pioneer of voluntary community service in France, which aims to raise awareness of green behaviour among residents of underprivileged neighbourhoods.

Employees at Bouygues Immobilier are involved at grass-roots levels in local and regional communities where the foundation supports projects.

Colas aids employment and regional development through:

- a network of long-standing local operations which is at the heart of Colas' strategy, working in activities where close ties with the customer are vital;
- its 66,000 employees, working in activities where jobs are local and cannot be relocated;
- the construction of road and rail infrastructure, which contributes to economic growth.

In addition, Colas takes many initiatives to promote employment and development in the regions where it operates.

- In France, more than 80 young people have been recruited to date under a partnership concluded in 2007 with EPIDe, a French Defence Ministry integration agency. In 2012, Colas entered into a partnership with Adecco Insertion, a network with more than 60 temporary employment agencies that help the unemployed back into work. The agreement aims to help units fulfil employment requirements in public procurement contracts by supporting actions to identify, select and support those who qualify for this type of assistance while offering them proper integration pathways that will increase their chances of securing long-term employment.
- Internationally, many initiatives have been taken across the whole spectrum of Colas group companies. In Madagascar, for example, the company has hired workers supported by the Père Pedro charity "Akamasao" at its Andralanitra landfill worksite, while in Australia partnership agreements have been signed with charities and companies to help the long-term unemployed back into work.

In the southern hemisphere, especially Madagascar and Western and Central Africa, Colas operates health policies concentrating on AIDS, bowel infections and malaria, amongst others.

TF1 is active in employment initiatives through its corporate foundations and the content that it produces and broadcasts.

Created in 2007, the TF1 corporate foundation, which focuses on diversity and helping young people find employment, recruits men and women aged between 18 and 30 living in underprivileged areas on the basis of a competitive process. More than 60 have joined the TF1 foundation since its inception. An equivalent number of existing employees has volunteered as mentors. The arrangement covers 20 different professions.

For the past two years, TF1 has hosted an annual Employment Week in conjunction with Pôle Emploi, the French state-run employment agency. All media channels (TF1, LCI, TF1News and the Metro freesheet) are involved in this effort to connect jobseekers with job offers. On TF1, reports and analysis on this theme feature in all news programmes. Some 14,427 contracts have been signed since the first Employment Week in November 2009, 60% of them for permanent positions.

Bouygues Telecom covers the whole of France with a network of 2,000 customer relations advisers, 650 Bouygues Telecom Club stores nationwide and 2,500 sales advisers. Bouygues Telecom Initiatives supports innovative start-ups and is closely involved in sustainable development through a business incubator and an investment fund.

Bouygues Telecom also has a partnership with "IMS Entreprendre pour la Cité" and launched two customer relations adviser recruitment campaigns with the charity in 2012.

Its social responsibility is shown by Bouygues Telecom Initiatives' support for VivaCoeur, a start-up that offers a web service platform and personalised support to older people wanting to learn how to use a computer and the internet.

4.1.2 Local residents

See heading 4.1.1 "Local, economic and social impact of the company's business activity - Employment and regional development"

See heading 4.2.1 "Conditions for dialogue with local residents and organisations"

See heading 3.3.3 "Dealing with noise and any other type of pollution arising from a business activity"

4.2 Relations with people and organisations affected by the company's business activity

4.2.1 Conditions for dialogue with local residents and organisations

Dialogue with stakeholders is conducted at three levels: at **Bouygues group** level, at subsidiary level and at local level.

The Bouygues group has introduced a policy of continuous improvement with stakeholders that interact with its activities as a whole, including social and environmental ratings agencies, the financial community, trade unions, government departments and NGOs. This policy aims to help the Group be a better listener, to address stakeholders' expectations more fully and to identify sector-specific social and environmental issues.

Each business area has entered into dialogue with stakeholders on its own specific issues in order to identify areas for long-term improvement and relevant actions for progress. Subsidiaries in each business area also conduct their own dialogue with stakeholders.

At local level, procedures have been introduced to establish grassroots dialogue between, on the one hand, production site and worksite managers and, on the other, local residents in order to secure better public acceptance of the Group's business activities.

BOUYGUES CONSTRUCTION

Indicator	Scope (entity or region)	Coverage	2012	2011
Worksites covered by consultation exercises, communication campaigns or local resident satisfaction surveys	Global excl. support divisions and ETDE (now Bouygues Energies & Services)	79% of Bouygues Construction's consolidated sales	68%	65%

Bouygues Construction has established the conditions for ongoing dialogue with its various stakeholders.

Dialogue is structured around seven broad stakeholder categories: customers, shareholders and the financial community, staff and trade unions, suppliers and subcontractors, local residents, civil society (including local authorities), charities and NGOs, and the scientific community, industry bodies and educational organisations. The expectations of each type of stakeholder have been identified and addressed and conditions for dialogue have been set out.

In its operations, Bouygues Construction takes account of stakeholder expectations relating to both social and environmental issues through its numerous partnerships and exchanges with civil society bodies such as NGOs, non-profit organisations and local authorities. Since 2007, Bouygues Construction has been an active participant in the various focus groups led by Comité 21, the French environment and sustainable development committee.

Promoting sustainable construction among its stakeholders is a strategic priority for Bouygues Construction. The "Sustainable Construction Club" started by Bouygues Construction in 2010 is a forum for discussing current and strategic issues and future developments in the sphere of sustainable construction.

Bouygues Construction keeps disturbances for local residents resulting from its activities down to a minimum. The Ecosite initiative includes three standards relating to this issue:

- noise pollution (see relevant section);
- cleanliness and storage;
- communication.

Through Ecosite, work crews are made aware of the importance of maintaining dialogue with local residents. Along similar lines, GFC, a building subsidiary, provides work crews with a local residents pack that includes advice on organising meetings with local residents, a model newsletter and a sample satisfaction questionnaire.

Dialogue with local stakeholders is a key priority for Bouygues Construction. For worksites to be integrated into their environment, it is essential to take the expectations of local residents, local authorities and civil society as a whole into account.

Bouygues Immobilier operates nationwide, enabling the company to establish close ties with local stakeholders and to optimise conditions for dialogue. In the course of drawing up a stakeholder map in 2012, the company conducted

interviews with about 40 stakeholders in order to better identify their expectations. In partnership with local authorities, Bouygues Immobilier carries out consultation exercises with local residents living close to worksites so that efforts can be made to reduce disturbances, especially visual and noise pollution, in the context of its green worksite charter.

The Bouygues Immobilier corporate foundation also supports l'Observatoire de la Ville, a forum for information and discussion for all those involved in urban policy, planning and development, such as local residents, elected officials, planners and students.

Colas implements a structured policy to ensure the exemplary operation of production sites (see heading 3.3.3 "Dealing with noise and any other type of pollution arising from a business activity") and takes the initiative in liaising with local residents and authorities, as measured by a specific indicator.

TF1's main stakeholders are as follows:

- The French broadcasting regulator (CSA): the Compliance department is responsible for ensuring that undertakings given in agreements signed by TF1, TMC and NT1 are met and for dialogue with the CSA.
- The general public: the Public Relations department (14 staff) takes steps to forge long-lasting ties with the general public around the country and through social networks.
- The news mediator: opinions, queries and complaints from the public are forwarded to the news mediator by the Viewer Relations department (on tf1.info). Comments concern newscasters and the treatment (or non-treatment) of news stories.
- Advertisers: TF1 Publicité has set up a dedicated website for its customers and business partners, www.tf1pub.fr, and publishes a quarterly magazine, *Références*, for marketing and communication professionals. TF1 Publicité organises events throughout the year, such as an annual Campus meeting to discuss strategic issues for the future.

Bouygues Telecom, a member of the French telecoms federation (FFT), sits on several committees that consider environmental and social issues. In July 2010, it pledged to contribute to France's environmental impact reduction commitments by signing a shared objectives charter with the French Ministry for Sustainable Development. In 2011, it signed a second telecoms industry charter on access to electronic communications for people with disabilities.

The department responsible for network external relations regularly holds public meetings to provide information on new network installations.

Bouygues Telecom is an active member of Comop, a government-sponsored committee which brings together all stakeholders (ministries, elected officials, not-for-profit organisations and experts) to review the effects of exposure to electromagnetic fields.

To find out more, go to:

<http://www.radiofréquences.gouv.fr/spip.php?article77>
(in French).

Bouygues Telecom has held several meetings with national representatives of consumer organisations to provide them with information about customer relations in the context of the increasing prevalence of low-cost plans and online customer services.

Bouygues Telecom also continues to support efforts by the French National Consumer Council and the French telecoms federation to protect consumer interests by taking part in the electronic communications industry's ombudsman system.

Bouygues Telecom works with three large charities to aid access to employment and promote diversity. In 2012, as an industry representative, it took part in a debate and in two studies conducted by IMS Entreprendre pour la Cité, on "Stereotypes and University" and "Stereotypes and Background".

As a player in local economic life, in 2012 Bouygues Telecom hosted "Rencontres Handicap @Issy", an event to promote the employment of disabled people, in association with nine companies from Issy-les-Moulineaux and Boulogne-Billancourt.

4.2.2 Partnering and sponsorship

The reliability of indicators on partnering and sponsorship cannot be guaranteed. The way in which information is reported (Excel spreadsheet) by subsidiaries in France and abroad combines quantitative data (amounts of money) with qualitative information (description of initiatives), and this dual format precluded processing of the data in a structured reporting package in 2012. The following information, which can still be used for year-on-year comparisons, is therefore indicative only. Software development is planned to ensure reliability in terms of the verification, scope and consolidation of data.

SPENDING ON SPONSORSHIP

(€ '000)	Francis Bouygues Foundation ^(a)	Bouygues SA	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total
Cash donations	964 ^(b)	1,275	3,900	n.a.	4,830	2,466 ^(c)	745	14,180
Donations in kind (value)	-	8	-	n.a.	1,270	26,436 ^(d)	20	27,734
TOTAL	964	1,283	3,900	n.a.	6,100	28,902	765	41,914

(a) The Francis Bouygues Foundation is funded by an annual grant from Bouygues SA and the holding companies of the Group's five business areas.

(b) Total amount of grants paid by the Francis Bouygues Foundation to grant holders in respect of 2012.

(c) Cash donations: gifts from the Solidarity Committee and donation of game-show winnings to charity.

(d) Donations in kind: value of airtime and advertising slots offered free of charge to campaigns, technical services, production of advertising spots, equipment.

n.a.: not applicable.

Sponsorship policy is implemented at **Bouygues group** level, within business areas and at local level through a large number of community initiatives. The Group is active worldwide and contributes to local life wherever it operates.

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

In the social field, Bouygues gives financial support to a number of charities. It has been supporting the Simon de Cyrène charity since 2006.

The Francis Bouygues Foundation, created in 2005, provides support for motivated school leavers facing financial difficulties in higher education. Each grant holder is assigned a mentor from within the Group. A total of 426 students from

eight intakes currently receive or have benefited from such a grant.

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

To meet major environmental challenges more effectively, the Group has also set up research partnerships with a number of bodies such as MINATEC IDEAs Laboratory in Grenoble, a venture between the CEA (French atomic energy commission) and several companies focusing on the T.H.E.M.A. project (*Territoires, Habitats, Energies, Mobilités, Arts et cultures*), Ensam and ESTP to develop sustainable construction techniques and ATF Gaïa for the recycling of electronic waste.

Each of the Group's business areas also carries out its own sponsorship initiatives through their own corporate foundations. Several subsidiaries have made arrangements so that employees can take part in community actions during their worktime.

BOUYGUES CONSTRUCTION

Indicator	Scope (entity or region)	Coverage	2012	2011
Partnerships during the year supporting integration, education and health ^(a)	Global	96% of Bouygues Construction's consolidated sales	472	424

(a) Number of partnership ventures by the unit between 1 January and 31 December in the spheres of education, healthcare and integration or in response to emergencies. The following are deemed partnerships: a partnership contract, a long-term commitment to a charity, a one-time operation with minimum funding of €1,000.

"Involvement with local communities and civil society" is one of the 12 pledges made as part of Actitudes, **Bouygues Construction's** sustainable development programme.

Through Terre Plurielle, its corporate foundation, Bouygues Construction supports projects favouring access to healthcare, education and integration for the disadvantaged. Since its creation in 2009, the foundation has supported 104 projects sponsored by employees in 18 different countries.

In addition to the foundation's work, Bouygues Construction entities engage in community action initiatives in the places where they operate. Community action committees, comprising staff members, have been set up in several entities to give tangible expression to the company's commitment to the community. Outside France, for example, Bouygues Bâtiment International has set itself the target of carrying out at least one community initiative in each country where it operates, with the help of local partners.

Bouygues Construction has partnerships with charitable organisations such as "Les Restos du Cœur", "Care" and "Architectes de l'Urgence".

Bouygues Immobilier created its corporate foundation in 2009 to give greater consistency and visibility to its various sponsorship initiatives. The foundation has three main priorities: raising public awareness of architecture and urban planning, encouraging thinking among experts about the city of the future from a sustainable development standpoint, and promoting community action, especially by strengthening the social fabric of local communities.

The Bouygues Immobilier corporate foundation is an exclusive founding partner in its sector of the Cité de l'Architecture et du Patrimoine. In the space of three years, the Cité de l'Architecture et du Patrimoine, the world's largest architecture centre with 22,000 m² of exhibition space, has become recognised as a leading international player in urban planning, regional development and architectural innovation.

In April 2011, Bouygues Immobilier held its first Solid'R day, during which 82% of its employees spent a regular working day doing voluntary work for charities. Organised with Unis-Cité, it is the biggest corporate community action day in France to date. A total of 8,400 hours of voluntary service were offered to 49 local charities and agencies.

At **Colas**, sponsorship initiatives at local level are chosen and managed by subsidiaries and their profit centres. They mostly involve sports and cultural sponsorship in France and sports, humanitarian and educational projects and cultural activities in other countries.

At parent company level, sponsorship policy at Colas focuses on three main areas:

- cultural sponsorship: the Colas Foundation commissions paintings on the theme of roads and Colas en Scène supports new dance works and music festivals;
- community sponsorship: Colas Life supports educational assistance initiatives;
- skills sponsorship: rehabilitation of pathways in the grounds of the Palace of Versailles (2010-2014).

The total budget in 2012 was €6.1 million, compared with €5.1 million in 2011 and €5 million in 2010.

TF1's corporate sponsorship activities are coordinated by a Solidarity Committee, created in 2001 and attached to the corporate foundation. TF1 Publicité and the TF1 TV channel provide charitable organisations with direct assistance and help them to raise their profile through special prime-time operations, the production and free airing of advertising spots, donations of game-show winnings and cash donations, managed by the Solidarity Committee. TF1 gives airtime to a wide variety of causes and charitable organisations. "Les Pièces Jaunes" (for children in hospital), "Les Restos du Coeur" (meals for the needy), "Sidaction" (AIDS research and prevention) and more recently "ELA" (Leukodystrophy) benefit from regular large-scale support, but smaller organisations also get exposure on game shows, and benefit from the donation of winnings as well. Total donations by TF1 in 2012 amounted to €28.9 million, excluding corporate foundations.

Bouygues Telecom's sponsorship policy supports civic initiatives. The Bouygues Telecom Foundation and its 870 volunteers from within the workforce continued its work in three chosen areas. It supports "Association Les Petits Princes", a charity that makes the dreams of seriously ill children come true. In the environmental sphere, it supports awareness-raising and volunteer initiatives for the protection of biodiversity in partnership with the Surfrider Foundation and the Nicolas Hulot Foundation. Its cultural sponsorship aims to promote the French language and foster new literary works by discovering and supporting talented new writers, especially through the Bouygues Telecom Foundation-Metro "Nouveau Talent" prize. For the past five years, the foundation has also offered its employees an opportunity to propose various charities of their own choice for sponsorship. This system has also been open to Bouygues Telecom's customers since 2011, who therefore also benefit from this support for their own personal charitable initiatives.

4.3 Subcontractors and suppliers

4.3.1 Integrating social and environmental criteria into purchasing policies

4.3.1.1 Consolidated indicators

RESPONSIBLE PURCHASING

	Bouygues Construction		Bouygues Immobilier ^(a)		Colas ^(b)		TF1		Bouygues Telecom	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Scope (percentage of purchases covered by the responsible purchasing policy)	100%	50%	(c)	-	20%	20%	43%	43%	100%	93%
Proportion of purchases with suppliers assessed in the past three years ^(d)	33%	24%	(c)	-	49%	49%	23%	21%	86%	65%
Equivalent in number of suppliers	2,409 ^(e)	2,313 ^(e)	419	67 ^(f)	67	54	214	148	326	169
Percentage of buyers having received training in responsible purchasing at end-2011 (identical scope)	67%	48%	92%	-	100%	100%	100%	100%	66%	62%

(a) Residential property France, excl. subsidiaries (73% of sales).

(b) Mainland France (57% of sales).

(c) Calculating the portion of purchases covered by responsible purchasing agreements and the portion of purchasing with assessed suppliers (through EcoVadis and special small business questionnaires) would require the manual reconciliation of two information systems. The rising number of assessed suppliers precluded this exercise in 2012. Bouygues Immobilier is considering an action plan as part of an information systems upgrade that will remedy this problem in future years.

(d) Small business self-assessments and EcoVadis assessments, including on-going assessments.

(e) The scope was extended in 2012 to factor in EcoVadis assessments and other CSR/QSE assessments of suppliers by Bouygues Construction. Data for 2011 has therefore been restated on the basis of the same scope.

(f) Aggregate of tier-one and tier-two suppliers. In its role as a purchasing adviser, Bouygues Immobilier systematically implements a responsible purchasing policy for approved tier-two suppliers, i.e. 48 approved suppliers in 2011.

The full set of responsible purchasing policy resources has been rolled out, covering a wide array of indicators. However, different levels of implementation across business areas complicated consolidation at Group level in 2012. The current priority is to cover the predefined scope. Consolidation will then follow.

SALES WITH SHELTERED WORKSHOPS AND INCLUSION PROGRAMMES

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2012 Group Total	2011 Group Total
Sales with sheltered workshops and inclusion programmes		€3,141	€1,807,790	€426,748	€1,292,000	€321,852	€1,255,429	€5,106,960

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

Assessments are conducted using the EcoVadis scorecard. Over 800 suppliers have been assessed to date. Bouygues has simplified the scorecard and made it available to the French small business confederation (CGPME) for use in relations with small businesses. As part of the policy of strengthening links between large firms and small businesses, Bouygues Construction, TF1 and Bouygues Telecom have signed the charter for major accounts and SMEs under which they undertake to seek progress in their relations with small businesses.

Bouygues also provides training to its buyers in order to raise their awareness of responsible purchasing and encourages subsidiaries to make use of sheltered workshops and inclusion programmes. This is a deliberate part of the Group's policy in addition to the employment of people with disabilities (see heading 2.7.2 "Measures to promote the employment and integration of disabled people").

The Group organised two events in this area in 2012. One aimed to unlock synergies between purchasers and innovators

as well as fostering innovation among suppliers. The other was a Group responsible purchasing convention, which brought together buyers, purchasing advisers and suppliers.

Expenditure outside the scope of purchasing departments comes under the responsibility of operational managers, who are informed of the Group's responsible purchasing policy, in particular through the responsible purchasing charter.

BOUYGUES CONSTRUCTION

Indicator	Scope (entity or region)	Coverage	2012	2011
Percentage of sales generated by units with an action plan to involve partners, subcontractors and suppliers in their QSE policy	Global	96% of Bouygues Construction's consolidated sales	81%	87%
Percentage of sales generated by units that systematically include the Supplier CSR Charter in contracts with subcontractors and suppliers at entity level	Global	96% of Bouygues Construction's consolidated sales	68%	82%

The responsible purchasing policy is implemented by **Bouygues Construction's** Group Purchasing department and entities as part of the Attitudes sustainable development policy. Policy goals have been classified according to three criteria: economic (optimised total cost of ownership, supplier solvency and sustainability), social (health and safety, measures to combat illegal employment, respect for basic human rights, integration) and environmental (reducing CO₂ emissions, energy consumption, waste production, conservation of resources and protection of biodiversity). The responsible purchasing policy is implemented at every stage of the sourcing process.

Various types of action are taken:

1. Careful selection of products and materials to favour eco-design.
2. A responsible purchasing attitude encouraged by the signing of the major accounts - SME charter.
3. Promotion of socially inclusive procurement by buying from the sheltered sector, working with disability-friendly companies and giving priority to fair trade sources.
4. Responsible timber purchasing. In pursuit of this goal, in 2010 Bouygues Construction entered into a five-year partnership with the WWF, becoming the first French construction firm to join its Forest & Trade network.
5. Measures to combat illegal labour, in cooperation with subcontractors and temporary employment agencies (checks of identity papers and work permits, worksite-access systems, work crew training, contractual requirements banning the use of illegal temporary workers).

6. Selection and monitoring of suppliers and subcontractors.

The group is developing environmental and safety assessments for worksites and a formal CSR assessment (16,489 assessments carried out since 2008, including 2,741 in 2012; 2,665 different suppliers assessed by worksites since 2008). Supplier assessment has been further enhanced by collaboration with EcoVadis, a specialist consultancy, since 2009, with 311 suppliers assessed to date.

7. Managing supplier relations. In 2012, over 500 suppliers were surveyed on the quality of purchaser-supplier relations, resulting in an action plan.

8. Development of partnership-based innovations.

Bouygues Immobilier's purchasing policy factors in social criteria through the work of the Disability Task Force, created within the Human Resources division in 2011 to promote subcontracting to companies in the sheltered sector and to disability-friendly companies. A task-force coordinator oversees 46 disability officers in each of Bouygues Immobilier's sites. These officers are responsible for setting up subcontracting initiatives with Gesat, a national disabled employment network. Subcontracting with the sheltered sector has risen by more than 50% in a single year. As part of its company-wide agreement, Bouygues Immobilier has pledged to increase purchases (excl. VAT) from the sheltered sector by 5% a year.

Bouygues Immobilier uses the EcoVadis platform to assess all its listed French materials suppliers on their environmental, social and ethical commitments.

In addition, all service providers have to fill out a questionnaire on their CSR policy, adapted to small businesses.

In 2012, Bouygues Immobilier conducted an awareness-raising campaign about responsible purchasing among regional tender managers.

Colas' network of more than 100,000 suppliers and subcontractors around the world can be divided into six categories: local subcontractors, local materials suppliers, global raw materials suppliers, national or international equipment suppliers, national or international service providers and miscellaneous suppliers.

Work has been carried out to identify the amount of leeway given to each category as well as the responsible purchasing priorities such as safety, quality, controls of illegal labour, regulatory compliance, and design and proper use of equipment. Colas is trying out various methods for rating suppliers, though it is not possible to cover all of them, and carries out supplier assessments as part of its ISO 9001 quality system.

The expansion of purchasing from the sheltered sector is linked to training and information campaigns conducted under the agreement with Agefiph, a fund to promote the employment of disabled people, signed in May 2011. A software tool, Popei Cockpit, introduced in late 2012, should improve data collection in 2013.

In mainland France, Colas asks EcoVadis to assess core suppliers such as temporary employment agencies and has developed a simplified questionnaire, approved by the French small business confederation (CGPME), for CSR self-assessments by small suppliers. It also conducts spot-checks of suppliers for procurement categories identified as high risk. These initiatives apply to purchases covered by framework contracts and managed by buyers in subsidiaries. Colas includes a CSR self-assessment questionnaire and Bouygues' Supplier CSR Charter in its calls for tender.

Procedures outside France are less formally structured because Colas' network is looser and most suppliers and service providers are locally based. Because of the nature of its business, Colas sources very little from so-called Southern hemisphere countries. However, in those Southern hemisphere countries where it does have a presence, Colas has an impact via the community action initiatives that it carries out.

Purchasing policy in mainland France factors in responsible development issues. In addition to assessments carried out by EcoVadis, Colas conducts audits of suppliers covered by framework agreements: 32 have been performed to date (20 in 2012 and 12 in 2011). In 2012, 16 employees followed advanced training in responsible purchasing.

In 2013, the aim is to increase the number of audits carried out by each buyer to three.

At **TF1**, specific arrangements have been introduced to supplement the Bouygues group's responsible purchasing charter. A dedicated responsible purchasing intranet went online in 2011, accessible to all staff, and all buyers have been trained in the policy.

The Purchasing department maintains a listing of establishments in the sheltered sector for a range of services, including printing, catering, packaging and the creation and maintenance of grounds.

Bouygues Telecom's responsible purchasing policy applies to its core suppliers. Actions are prioritised using risk mapping by procurement category. The supplier selection process factors in CSR criteria and a sustainable development clause is included in all calls for tender.

The use of companies in the sheltered sector as well as of disability-friendly companies (e.g. to recycle old computer hardware) and of eco-design (to create the new Bouygues Telecom Club store concept) are key to its responsible purchasing strategy. Training is used to help buyers take greater account of this dimension.

Bouygues Telecom was awarded a supplier risk management prize in 2012 by CDAF, the French purchasing managers federation, in recognition of its supplier risk management and its procedure, introduced in 2011, for assessing supplier-related business, operational and CSR risks.

At Bouygues Telecom, EcoVadis assessments may be supplemented if necessary by social and environmental audits in high-risk countries, conducted on the basis of a questionnaire that takes account of UN Global Compact principles, including the conditions in which products are manufactured. Some 15 such audits of subcontractors that manufacture accessories sold in RCBT stores were carried out in 2012.

Bouygues Telecom has responded to the call issued by the French government for large firms to introduce long-term and innovative policies to promote purchasing and subcontracting with the sheltered sector and disability-friendly companies in times of economic difficulty.

4.3.2 Extent of subcontracting and recognition of social and environmental responsibility in relations with suppliers and subcontractors

See heading 4.3.1 "Integrating social and environmental criteria into purchasing policies".

4.4 Business ethics

4.4.1 Initiatives in place to guard against corruption

The **Bouygues group** endeavours to comply with the strictest rules for the conduct of its business and to ensure that managers and employees adhere to shared key values. It pays particular attention to prohibiting and preventing anti-competitive practices, unfair competition and corruption. For several years, Bouygues, Bouygues Construction, Bouygues Immobilier, TF1 and Bouygues Telecom have renewed their commitment to the UN Global Compact, one of the principles of which is to eradicate corruption in all its forms.

The Bouygues Ethics and Sponsorship Committee, an offshoot of the Board of Directors set up in 2001, helps define the Group's Code of Conduct and principles underpinning corporate behaviour applicable to senior management and employees alike. It makes recommendations or gives an opinion on initiatives aimed at promoting exemplary ethical conduct in business. It also ensures compliance with the values and rules of conduct thus defined. The Boards of Directors of Bouygues Immobilier, Bouygues Telecom, Colas and Bouygues Construction have set up their own ethics committees along the same lines as the parent company. Bouygues appointed a Group ethics officer in 2006 and each business area has also appointed its own ethics officer.

The Group's Code of Ethics, distributed to all Bouygues group employees since 2006, asserts the Group's refusal to tolerate any form of corruption. It reminds managers of their particular responsibilities and encourages employees to comply with the Group's ethical principles, pointing out in particular that they should not confront an ethical dilemma alone. Line managers, compliance officers and a whistleblowing procedure are there to help employees deal with such situations. The Code of Ethics forbids employees to offer or grant favours or benefits, pecuniary or otherwise, to third parties. It further states that while support given by representatives, consultants or intermediaries in the area of commercial dealings may be required in the sectors where Group presence is reduced or due to their technical skills, calling on such intermediaries is only justified within this scope and only if the services provided are genuine. Their remuneration must be in keeping with the services and the payment compliant with internal procedures. The Group's internal control guidelines also contain provisions relating to the prevention of corruption, especially the use of agents.

The Group systematically initiates legal proceedings against any employee who wilfully breaks the law in the realm of business ethics.

Senior managers are given training in ethics and the Bouygues group's values, dispensed by the Bouygues Management Institute. Resources and training courses include an international cycle and seminars on "Respect and Performance", "Corporate, Social and Environmental Responsibility", the "Development of Bouygues Values" and, more recently, seminars on "Responsibility within Organisations" and "Respect and Management". More than

640 senior executives have attended training courses since the Bouygues Management Institute was set up in 2002.

Specific actions are taken within each business area, designed to supplement Group rules with codes of conduct suited to the characteristics of each business. The Group's five business areas are expected to take measures to prevent, detect and deal with business practices that do not comply with its ethical principles and values. Each subsidiary also organises training courses tailored to the different levels of management. They transmit the Group's ethical principles and values in practical ways, addressing the specific issues and risks associated with the subsidiary's business.

"A commitment to business ethics and compliance in relation to our customers and business partners" is one of the 12 pillars of **Bouygues Construction's** Actitudes sustainable development policy. In 2012, 2,549 executives and managers were trained in fighting corruption and anti-competitive practices.

Bouygues Construction continues to implement an ethics policy designed to raise managers' awareness of compliance issues. All existing training programmes for sales staff and future managers include an ethics and compliance module.

The ethics and compliance training programme was followed by all executive committee members at Bouygues Construction subsidiaries in 2011, representing some 130 managers.

Since 2012, the programme has been implemented within each Bouygues Construction entity through training modules targeting specific categories of employees.

In 2012, the following training modules were provided:

- "Ethical issues and criminal liability risk in construction work", for managers from deputy manager level and upwards.
- "Ethical issues and criminal liability risk in sales", for financial controllers, staff with a sales function and property development staff.

Since 2012, an introduction to the Code of Ethics has been included in induction days for all technical, clerical and supervisory and managerial staff.

At **Bouygues Immobilier**, an explanation of the Code of Ethics is an integral part of the induction process. A training module on "Business ethics and fighting anti-competitive practices in property development" has been provided since 2011 and is included in the 2013 HR training plan.

Colas has long had rules to promote compliance with business ethics and standards of integrity, contained in a code of conduct and summarised on the first page of a brochure on the Bouygues group's management principles and Code of Ethics circulated to all employees. Given the group's very decentralised structure and the very large number of employees in a position to enter into contracts, particularly with public sector customers, risks associated with business ethics cannot be eradicated with complete

certainty. This is why training and refresher courses, including in audit and reporting, are regularly provided in programmes that aim to cover all subsidiaries. The main initiatives include:

- seminars organised by the Legal Affairs department as part of a multiyear programme that aims to cover the entire Colas group. In 2012, four days of training on ethics and executive criminal liability were provided: two in roads subsidiaries in mainland France (Colas Île-de-France - Normandie and Screg Île-de-France - Normandie), completing the training given in all roads subsidiaries in mainland France since 2009; and two internationally (Antilles-French Guiana regional division and Croatia), reaching some 200 managerial staff. This was supplemented by training programmes provided by the subsidiaries themselves. Regular refresher courses about the issue are given in all meetings, including those of executive committees and senior management;
- at US subsidiaries, a special communication and training programme on ethical issues in connection with compliance with the Federal False Claims Act. 15 training sessions were given by outside experts in 2012, including eight 2½-hour sessions bringing together all supervisors from tier one and upwards. Staff can call an anonymous hotline to raise the alarm on ethical issues: 26 such alerts were handled in the US last year;
- more stringent controls, especially through internal and independent audits. An internal audit department was set up at ColasCanada in 2012 for this purpose.

The **TF1** purchasing Code of Ethics is based on respect for suppliers and partners, an efficient and secure purchasing process, and the independence and good conduct of buyers. It is available to employees via the intranet.

In addition to the Group's Code of Ethics, **Bouygues Telecom** has its own ethics policy to guide employees in all circumstances, especially in terms of respect for customers and free competition. The policy is conveyed to all staff with the help of managers, using various media and resources: a code of conduct available to employees on the intranet and to the general public on the internet, a business ethics guide provided to managers and their staff, and an e-learning module with teaching material for all the group's 2,000 or so managerial staff, available via the managers' portal. In addition, a letter of undertaking on business ethics was distributed to all the 250 or so members of the Management Committee in 2011 via members of the Executive Committee. Ethics courses on specific issues are also provided.

4.4.2 Measures to protect consumer health and safety

Respect for customers is a core value at Bouygues and obviously includes their health and safety.

The main way that **Bouygues Construction** works to safeguard the health of people using its buildings is by improving indoor

air quality. Bouygues Construction has conducted several campaigns to measure air quality in its buildings over the past two years and, since 2012, has been working on solutions to lower the levels of primary pollutants. An in-house database of eco-friendly products (Polygreen) is also being developed so that the volumes of products' VOC¹ emissions can be included in it.

Since 1 January 2012, mandatory labelling of building and decorative materials has provided consumers with information about their low-emission features, rated from A+ (minimum level) to C.

To reduce pollutants at source, **Bouygues Immobilier** has factored the issue of pollution into its responsible purchasing policy and only lists products whose health labelling corresponds to the A+ minimum VOC level.

Colas' end-customers are users of the infrastructure that it builds or maintains. The company has little leeway to modify its products and structures, because alternatives to the baseline solution described in public calls for tender are not permitted in most countries where it operates. It is possible to propose variants in France and some other European countries, but the scope is often limited and only applies to certain contracts.

With the exception of safety issues, transport infrastructure does not have a direct effect on users' health.

Colas carries out R&D in several areas to meet road safety challenges, including high-performance road surfaces that give better grip, using rough and pervious products to improve skid resistance in wet weather; improved visibility (visibility of road markings in cold or wet weather and at night); and road safety equipment, made by its Aximum subsidiary.

To reduce noise pollution resulting from traffic, Colas offers low-noise mixes and has developed a noise barrier. This product range has won several awards, both in France and abroad.

In order to inform its existing and potential customers better, in 2011 **Bouygues Telecom** helped to update the French Telecoms Federation's brochure on mobile phones and health, incorporating the World Health Organisation's (WHO) latest findings on the subject. The scheme to provide information about the specific absorption rate (SAR) of handsets and use of the hands-free kit has been extended to all of Bouygues Telecom's communication media, and its terms and conditions of service have been updated to include recommendations on mobile phone use. The Radiofrequencies and Health section of the Bouygues Telecom website is regularly updated to provide high-quality information, especially about the IARC's² latest radiofrequency classification.

Bouygues Telecom is also pursuing its own scientific research on exposure to radiofrequencies, which comes on top of government-led research, to which the company also contributes.

(1) VOC: Volatile Organic Compounds.

(2) IARC: International Agency for Research on Cancer.

TF1 is active in the fight against obesity, steadily increasing the number of programmes on the subject in application of the charter it has signed. Under the charter, healthy eating habits and regular exercise are promoted in programmes and advertising on TV. A series of short programmes entitled "Petits plats en équilibre" and "TFOU de cuisine" encourage a healthy and balanced diet.

4.4.3 Other action in favour of human rights in addition to social commitments

The following information supplements that provided elsewhere in this document under the headings 2.5.1 "Workplace health and safety conditions", 2.5.3 "Workplace accidents", 2.7 "Equal opportunities", 2.7.1 "Measures to promote gender equality" and 2.8 "Compliance with International Labour Organisation (ILO) conventions".

Here, action in favour of human rights is interpreted in a very wide sense and includes initiatives against the exclusion of some parts of the population from telecommunications and communication services for reasons of geographical location or disability.

Bouygues Construction has been a signatory of the UN Global Compact since 2006 and endeavours to implement its guidelines in all its business activities through the Code of Ethics, its compliance policy and the Supplier CSR Charter. Bouygues Construction entities operating in emerging countries take action in a number of spheres, such as enabling local staff to benefit from Bouygues Construction's occupational health and safety standards, which are stricter than local requirements in many countries; providing decent working conditions and accommodation while respecting different cultures and communities; and introducing controls to ensure that subcontractors and suppliers do not use forced or child labour. Bouygues Construction also has strict procedures in place to combat illegal labour, including systematic checks of identity documents and work permits in liaison with the authorities and personalised worksite-access passes.

As a major mainstream television broadcaster, **TF1** is duty bound to ensure that its programmes are accessible to everyone, especially people with impaired hearing or vision. All TF1 programmes have been subtitled since September 2010, in compliance with legislation introduced in February 2005. For news broadcasts, a special system has been introduced to deliver a fast, high quality service combined

when transcribing news item commentaries or what journalists say in the studio. TF1 signed a CSA charter on subtitling quality in 2011.

For the one million people in France suffering from impaired vision, TF1 offers programmes with audio description. The channel aired 37 such programmes in 2012. The TF1 TV channel has sought to address requests for improved accessibility to the service by working with manufacturers to standardise the audio description button on the remote controls of new TV sets.

TF1 has committed to airing 52 programmes with audio description in 2013.

To help narrow the digital divide, **Bouygues Telecom** shares coverage with other operators as part of a government programme to provide greater social and geographical cohesion and minimise environmental impacts through the pooling of some or all existing infrastructure. It provides 2G coverage of blind spots and is bringing 3G very-high-speed mobile services to areas in mainland France with a low population density.

Since 2005, the company has taken many initiatives to improve accessibility to all electronic communication services for people with disabilities.

In 2011, Bouygues Telecom signed a new voluntary charter of commitments for the telecoms industry, drawn up under the auspices of the French Secretary of State for Solidarity and Social Cohesion and the Inter-ministerial Committee on Disabilities in consultation with representative disabled persons organisations.

In 2011, Bouygues Telecom helped to set up the national emergency call centre for individuals with partial or total hearing loss and a new pilot centre that improves access to local services for those suffering from such disabilities.

The company continues to work in partnership with the HandiCaPZéro charity, offering free installation of Mobile Speak voice and Mobile Magnifier (which increases font sizes) software. Special documentation is also made available for individuals with impaired vision.

Finally, since March 2010, Bouygues Telecom's customer service has been accessible in French sign language and in supplemented spoken language, for the benefit of customers with partial or total hearing loss, via a webcam or simultaneous written transcription.

5. ATTESTATION OF PRESENTATION-INDEPENDENT AUDITOR'S ASSURANCE REPORT

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Bouygues SA

Financial year ending 31 December 2012

Independent verifier's attestation and assurance report on the human resources, environmental and social information

To Olivier Bouygues, Deputy CEO,

In accordance with your request and in our capacity as independent auditor of Bouygues S.A, we hereby report to you on the consolidated human resources, environmental and social information presented in the Registration document issued for the year ending 31 December 2012 in accordance with Article L. 225-102-1 of the French Commercial Code.

Entity's responsibility

The Board of Directors is responsible for the preparation of a Registration document encompassing the human resources, environmental and social information relating to the Group (hereinafter the "Information") pursuant to Article R. 225-105-1 of the French Commercial Code. This is presented in compliance with the entity's internal reporting standards (the "Guidelines") and is available upon request from the entity's head office. The Guidelines, a summary of which is provided in the introductions to the relevant parts of the Information (sections 2, 3 and 4), are mainly comprised of the following:

- for the human resources information: "the human resources reporting methodology in the Bouygues group" (2012 version);
- for the environmental and social information: "the methodology for environmental and social reporting" (revision B, November 2012), supplemented by the five business areas' guidelines for specific data.

Attestation of presentation

Our engagement was performed in accordance with professional standards applicable in France:

- We compared the Information presented in the Registration document with the list set forth under Article R. 225-105-1 of the French Commercial Code.
- We verified that the Information covers the consolidation scope, namely the entity and its subsidiaries within the

Independence and quality control

Our independence is established by regulatory requirements, the Code of Ethics of our profession and Article L. 822-11 of the French Commercial Code. In addition, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent auditor's responsibility

It is our role, on the basis of our work:

- To attest whether the required Information is presented in the Registration document or, failing that, whether an appropriate explanation is given – in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code and Decree no. 2012-557 dated 24 April 2012 (Attestation of presentation);
- To provide limited assurance on whether Information is fairly presented, in all material respects, in accordance with the Guidelines (reasonable assurance);

As this is our first such audit for Bouygues S.A, this report only concerns Information provided in connection with the 2012 financial year.

meaning of Article L. 233-1 and controlled entities within the meaning of Article L. 233-3 of the French Commercial Code. The scope of reporting relating to the Information and/or business areas is specified in the introduction to the sections covering human resources, environment and social information (sections 2, 3 and 4), supplemented, where applicable, by details specific to particular information. In particular, the following should be noted:

- most of the human resources information concerns only French activities (58% of the Group's global headcount),
- the applicable scope, expressed as a proportion of sales, is specified for each environmental indicator.
- In the event of the omission of certain consolidated Information, we verified that an appropriate explanation was given in accordance with Decree no. 2012-557 dated

24 April 2012, especially for the human resources information (provided mainly on a French scope) as well as for the environmental and social information, mostly proper to a specific activity and therefore not consolidated.

On the basis of our work, we certify that the required Information is included within the Registration document.

Auditor's report

Nature and scope of the work

Our work was conducted in accordance with ISAE 3000 (International Standard on Assurance Engagements) and French professional guidance. We performed the following procedures to obtain reasonable assurance that the Information is fairly presented, in all material respects, in accordance with the Guidelines. A higher degree of assurance would have requested more extensive verification works.

Our work consisted in the following:

- We assessed the suitability of the Guidelines as regards their relevance, completeness, neutrality, clarity and reliability, taking into consideration, where applicable, best practices in the industry.
- We verified that the Group had set up a process for the collection, compilation, processing and control of the Information to ensure completeness and consistency of the latter. We examined the internal control and risk management procedures relating to the preparation of Information. We conducted interviews with those responsible for human resources and environmental reporting.
- We selected the consolidated Information to be tested¹ and determined the nature and scope of the tests¹, taking into consideration their importance with respect to the human resources and environmental consequences related to the Group's business and characteristics, as well as its social commitments.
 - Concerning the quantitative consolidated information that we deemed to be the most important:
 - at the level of the consolidating entity and the five business areas, we implemented analytical procedures and, based on sampling, verified the calculations and the consolidation of this information,

■ at the level of the two business areas which contribute most to the group's environmental and human resources impacts (Colas and Bouygues Construction), we selected a sample of subsidiaries and business units² together with a sample of departments or operating entities³ in accordance with their business, contribution to consolidated indicators and location, and based on an analysis of risks.

- At the subsidiaries and business units level we have:
 - conducted interviews to check proper application of Guidelines,
 - performed tests of detail based on sampling, consisting in verifying the calculations made and reconciling the data with the supporting documents.
- At the departments and operating entities level, we have performed analytical review and verified intermediate controls based on sampling.

The two selected samples represented 8% and 19% of the consolidating entity's sales, respectively.

- Concerning the qualitative consolidated information that we deemed to be most important, we conducted interviews and reviewed the related documentary sources in order to corroborate this information and assess its fairness. Regarding business ethics, we conducted interviews at Group level and within the two main construction-related activities.
- We conducted more than 50 interviews at Group level and within the five business areas to appraise qualitative and quantitative information.
- As regards the other consolidated information published, we assessed its fairness and consistency in relation to our knowledge of the company and, where applicable, through interviews or by consulting documentary sources.
- Finally, we assessed the relevance of the explanations given in the event of the absence of certain information.

(1) This concerns the following information (cross-referenced to the relevant headings): workforce and breakdown of employees (2.2.1), workplace health and safety (2.5.1), workplace accidents and occupational illnesses (2.5.3), training policies and training hours (2.6.1 and 2.6.2), corporate structures to take account of environmental concerns and environmental assessment and certification procedures (3.2.1), amounts of provisions and guarantees set aside for environmental risks (3.2.4), waste recycling (3.3.2), use of raw materials and energy (3.4.2 and 3.4.3), greenhouse gas emissions (3.5.1), relations with local residents and authorities (4.2.1), subcontractors and suppliers (4.3), business ethics (4.4) and the measures to protect consumer health and safety (radio frequencies and the protection of young audiences) (4.4.2).

(2) At Colas, subsidiaries Colas Midi Méditerranée (France), Sintra (Canada) and Colas Hungaria; at Bouygues Construction, OPB Ouvrages Publics (part of Bouygues Bâtiment Ile-de-France), Losinger Switzerland (an operating unit belonging to Bouygues Entreprises France-Europe), Bouygues UK (an operating unit belonging to Bouygues International) and the Flamanville site (part of Bouygues Travaux Publics France).

(3) At Colas, the Central Europe unit. At Bouygues Construction, the following operating entities: Bouygues Energies & Services, Bouygues Entreprises France-Europe and Bouygues International.

Comments on the Guidelines and Information

We have the following comments to make in regard to the Guidelines and Information:

- For all Information, consolidation scope and method have been specified in the introductions of the human resources, environmental and social information sections (2, 3 and 4 respectively). They are specific to each business area and/or theme and may vary from the scope of controlled companies within the meaning of Articles L. 233-1 and L. 233-3 of the French Commercial Code. In particular:
 - most of the human resources data is published on the scope of French activities (representing 58% of the Group's global workforce),
 - the applicable scope is specified for each environmental indicator and expressed as a percentage of the sales.
- With regard to human resources information, the Group Guidelines are applied differently by Colas and Bouygues Construction (representing 88% of the Group headcount). These differences are explained in the introduction to chapter 3, section 2 as well as in the comments associated with the indicators concerned, especially regarding working hours, absenteeism calculations, and the period taken into account for training hours.
- Consolidation and compilation of the data issued by the five business areas should be better traced and controlled concerning environmental and social information.
- Some recently created indicators are still under development, especially regarding waste management (chapter 3, section 3), greenhouse gas emissions (chapter 3, section 3) and responsible purchasing (chapter 3, section 4). Concerning these indicators, specific methodological limitations have been made clear in the relevant sections.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the Information is not fairly

presented, in all material respects, in accordance with the Guidelines.

Paris La Défense, 12 March 2013

Independent auditor

Ernst & Young et Associés

Sustainable Development Department

Éric Mugnier

Chapter 4

Risk factors

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Bouygues and its subsidiaries are acutely aware of the importance of internal control and risk management. These processes help give reasonable assurance as to the achievement of the Group's principal objectives. Risk management is a key concern of the Group's managers.

Bouygues and its business areas are aware they are operating in a weakened economic and financial environment.

The Bouygues group is continuing to monitor with close attention the progress of the economic crisis that emerged from the 2008 financial crisis and which has now, as a further consequence, triggered a public finance crisis in many

countries. In addition to the deterioration in macroeconomic indicators, this crisis has led to greater fiscal, regulatory and competitive pressures, which need to be built into risk assessments.

Each Bouygues subsidiary has been issued with guidance about how to guard against counterparty risk, through rigorous risk analysis of customers, subcontractors, suppliers, partners, retailers (for Bouygues Telecom), advertisers (for TF1) and banks. Areas singled out for particular attention include contractual payment terms, regular solvency checks on partners, suppliers and subcontractors, and consideration of alternative solutions.

The Group also monitors trends in consumer spending.

1. BUSINESS-SPECIFIC RISKS

1.1 Bouygues Construction

1.1.1 Risk management policy

The risks facing the Bouygues Construction group in 2012 were of the same nature as those identified in previous years: operational risks relating to major projects, country risk, recession-related risk and compliance risk.

1.1.2 Risks associated with major projects in the design and execution phases

Major projects are a potential source of risk for Bouygues Construction because of their size and number. They frequently involve complex packages (public-private partnerships, concessions, long-term contracts), for which risk allocation must be tailored to the capacities of the company.

The types of risk inherent in major projects include:

- In the design phase: under-budgeting, design flaws, poor assessment of the local environment, and inadequate contractual analysis.
- In the execution phase: business failure of a customer, partner or subcontractor, difficulty in recruiting sufficient staff or adequately qualified staff, and execution defects leading to cost overruns, quality problems or failure to meet deadlines.

To achieve tighter control over these two major risks, Bouygues Construction operates an organisational structure that reflects the specific requirements of each business, backed up by rigorous approval and control procedures.

Each entity has access to substantial, highly-qualified resources in technical fields such as design, costing, feasibility studies and methods. Clusters of staff with extensive expertise

in highly specialised areas (high-rise buildings, materials engineering, façades and sustainable construction, for example) share knowledge and capitalise on experiences across all Bouygues Construction entities.

Support functions are organised on similar lines, with separate departments covering legal affairs, human resources, accounting, management control, information systems and procurement, all headed up by members of the Bouygues Construction management team. Specialist clusters dedicated to treasury management, financial engineering, tax and insurance provide expertise to all group entities.

Approval and control procedures apply at each key stage in design and execution. For major projects, project selection and key risks are subject to systematic monitoring.

Key operational risks are further mitigated by the fact that project execution teams are highly professional and adequately-staffed, and are actively supervised by experienced managers.

Design and execution processes are documented in management systems at operational unit level, and are subject to various measures designed to enhance performance and control:

- Particular attention is paid to the pre-execution phase of major projects, especially in design, contract drafting and site preparation.
- In the design phase, external consultants are used to back up in-house expertise on technical issues for the highest-risk projects.
- Regular costing audits are performed to check the reliability of procedures for expenses, subcontractor budgets, and site supervision costs.

- Support functions are always involved upfront, especially in contract management and procurement.
- Particular care is taken in the selection and monitoring of customers and partners.
- The subcontracting process is closely supervised, with major subcontractors and partners thoroughly assessed ahead of the awarding of highly-sensitive work packages (architectural, technical trades, etc.).
- Risk monitoring is assisted by the use of specifically-developed procedures and tools.

Specific areas of focus during 2012 included:

- providing leadership to the Project Management and Worksite supervisory functions;
- management of temporary workers and measures to combat illegal employment;
- tightening of procedures in contractual management and operational planning.

Two projects are subject to special attention: the Gautrain project in South Africa, and the Miami tunnel project in the United States. For a description of the current status of these projects, see the claims and litigation section.

1.1.3 Country risk

Bouygues Construction generates 53% of its business in France and 77% in OECD countries.

Outside these areas, the risks to which Bouygues Construction is exposed are of two types: political/social and economic/financial. Political and social risks include those deriving from governmental actions such as embargoes, asset seizures or the freezing of bank accounts, and from general strikes or civil disturbances. Economic and financial risks include currency devaluation, currency shortages or payment default.

Bouygues Construction uses a variety of means to limit these risks. Thorough investigations are conducted before prospecting for business in a new country. It is company policy to suspend commercial activities in regions with a particularly serious political risk, and not to prospect for business in the highest-risk countries (in particular those experiencing serious civil or military unrest, or subject to United Nations embargo). The company also operates preventive legal, financial and insurance measures. These include systematically halting projects in the event of non-payment, favouring the use of multilateral international financing, and obtaining political risk insurance whenever it is available on the market on satisfactory financial terms.

The Quality, Security and Environment departments are becoming increasingly involved in regular reviews of the security situation in the countries in which Bouygues Construction operates, in liaison with the Bouygues group security department.

Regularly-updated business continuity plans are also in place. A key aim of such plans is to safeguard people, in particular by ensuring that guidelines issued by French embassies in

at-risk countries are strictly followed, and by liaising with the embassies to develop evacuation plans for various alert levels. In addition, flexible and responsive organisational structures mean that in exceptional circumstances, Bouygues Construction can withdraw resources from countries where such risks materialise while keeping its losses to a minimum.

The political disturbances that marked 2012 in many countries had only a limited impact on the company's business and personnel. Bouygues Construction continues to monitor very closely the situation in a number of African countries (Nigeria, Mali, Ivory Coast, and the Democratic Republic of Congo).

1.1.4 Recession-related risk

The European construction sector is operating in a degraded macroeconomic environment, especially with the euro zone recently moving into recession, and will continue to face difficulties throughout 2013 in most market segments.

Bouygues Construction, which generates 74% of its sales in Europe, achieved sales growth during 2012 both in France (where the construction market in the Paris region remains very lively) and in the United Kingdom (via the acquisition of Thomas Vale).

Despite healthy levels of activity, market prices remain under pressure, and there is a growing risk of a slowdown in orders from the public sector.

Like many companies in the industry, Bouygues Construction is finding it increasingly difficult to obtain the investment and bank financing to secure complex transactions.

In addition to the risk of a sharp downturn in activity during the three-year plan, Bouygues Construction may be faced with specific one-off problems connected with delays to or the abandonment of projects, and difficulties in obtaining payment for ongoing projects. Moreover, the counterparty risk to which Bouygues Construction is normally exposed (customers, subcontractors, suppliers, etc.) could increase significantly.

Nevertheless, the company has many strengths to help it resist and adapt to the economic climate. A diverse business mix and broad geographical footprint mean that it is less exposed than a mono-line or mono-region business.

In addition, Bouygues Construction is still exposed to a favourable business environment in some countries or sectors. This applies to the company's established markets in Asia (Hong Kong and Singapore), but also to Central America (especially Cuba, where a growing tourist industry with good future prospects is fuelling expansion in the hotel business). Prospects are positive for certain industries, such as open cast gold mines in Africa. The company is also engaged in a geographical diversification strategy, focusing on expansion in buoyant markets (Australia, Canada) or in zones experiencing robust economic development (Sub-Saharan Africa).

After stripping out long-term contracts (beyond 2017), the order backlog represented 16.3 months of sales at end-December 2012, giving good visibility on short-term revenue prospects. Bouygues Construction uses forecasts to anticipate

adverse trends, so that it can react appropriately and reallocate production resources to less affected markets or activities.

Finally, Bouygues Construction encourages job mobility between businesses and geographical areas and the development of synergies between group entities, so that it is always well placed to anticipate, react and adapt to changes in the economic environment.

1.1.5 Commodities risk

Bouygues Construction is not exposed to commodities risk.

1.1.6 Industrial and environmental risks

Because of the nature of its business (which is not subject to REACH regulations on classified sites), the Bouygues Construction group is not exposed to significant industrial or environmental risk.

1.1.7 Compliance risk

In a poor economic climate, compliance breaches remain a significant risk for Bouygues Construction.

Consequently, the ethics policy was deepened in 2012. More specifically, the training programmes that have been in place for several years were supplemented by two new initiatives, spearheaded by the legal department in 2012. Following on from the programs provided to entity-level Executive Committees in 2011, training programs in ethics and compliance issues are being rolled out in each entity and an ethics and compliance module is being incorporated as standard in existing managerial and sales training programs.

1.2 Bouygues Immobilier

Every year, Bouygues Immobilier maps its major risks, and evaluates the extent to which the principal entities comply with internal control principles. Both these procedures are backed by action plans.

1.2.1 Property development risk

Bouygues Immobilier is a property developer. This involves specifying and arranging the construction of residential and office properties for customers (individuals, social landlords and companies), having first ascertained the administrative, commercial and financial feasibility of the project and acquired the site. Bouygues Immobilier specifies the project but does not directly handle either the design (for which an architect is retained) or the technical execution, which is usually contracted out to an engineering consultant. Once the necessary planning consents have been obtained and the land has been purchased, Bouygues Immobilier delegates the construction work to contractors under the direction of the engineering consultant. The company also uses the services of inspection firms to ensure compliance with building regulations. Although Bouygues Immobilier does not assume responsibility for design and construction, it may nonetheless be held liable, in its capacity as project owner or seller, by its customers. The company has adequate insurance in place to meet such claims.

1.2.2 Commitment committees and acquisition of land – Commencement of works

Bouygues Immobilier's business hinges on its ability to secure building land in locations that its customers want and at prices they can afford. The resulting land bank is regularly monitored to ensure that it is in line with market demand in each region. A further risk is that land may be acquired without

it being possible to complete the proposed development, leaving Bouygues Immobilier to bear the cost of carry of the unused land and, potentially, impairment losses against the value of that land.

Consequently, there are strict procedures governing decisions to purchase land. Any legal document that is intended to secure land (or a building) and that binds the company (even with a get-out clause) requires prior approval from a Commitment Committee. Membership of these committees is determined on the basis of internal procedural rules, which are adjusted as necessary to improve risk control. Until such time as the land purchase is completed by notarised deed, all approvals granted at committee level and all commitments are reviewed on a monthly basis; any substantive change requires a further committee meeting in order to approve the amendment.

Similarly, the decision to issue an order to proceed with works on a project is governed by strict procedures, which may be updated in the event of market pressure (for example, if a specified level of sales take-up is required).

1.2.3 Industrial and environmental risks

In both residential and commercial property, Bouygues Immobilier has a risk prevention policy that involves systematically retaining the services of a consultancy firm as soon as it becomes interested in purchasing a plot of land. Based on an analysis of the overall framework of the project, the project owner's technical design consultant seeks to identify the potential technical risks, in particular as regards the specification for the foundations. This involves asking technical consultancy firms to perform preliminary analyses of site-specific risks (soil, pollution, flood, archaeological, safety, and environmental). If necessary, specialist geotechnical,

pollution, hydrogeology or preventive archaeology firms may be hired to provide a more detailed diagnostic survey. The consultancy firm can also be asked to carry out a full site rehabilitation programme with an optimal technical, economic and environmental profile. Where demolition is required, Bouygues Immobilier oversees compliance with regulations on asbestos removal and decontamination.

1.2.4 Environmental regulation

Bouygues Immobilier monitors closely all regulatory developments arising from the Grenelle Environment Summit process in France, and any other relevant decisions made by the authorities.

1.2.5 Legal, regulatory and administrative consents

Bouygues Immobilier is exposed to the risk of appeal against the planning consents needed to carry out its property projects. The company protects itself against this risk firstly by ensuring that any commitments to purchase land do not become binding until all possibility of appeal has been extinguished. It also pays particular attention to the quality of applications for planning consent.

1.2.6 Business failure of contractors

Bouygues Immobilier is exposed to the risk of business failure by contractors working on a project, which can lead to late deliveries and cost overruns that may harm the company's reputation and profitability. Managers responsible for the tendering process are required to track the financial soundness of successful bidders, ensure diversity among suppliers of strategic goods and services, and avoid suppliers becoming economically dependent on the company. These high-risk areas are covered by the annual internal control assessment.

1.2.7 Counterparty risk

Bouygues Immobilier protects itself against counterparty risk by its vendor's lien, and usually requires bank guarantees for payment of the balance of the purchase price. The company closely monitors the quality of major service-sector tenants and operators of serviced residences. Detailed procedures have been issued to address these risks, and the selection

process for operators of serviced residences has been reviewed and tightened to prevent any risk of default.

1.2.8 Economic and tax environment

The property market is directly influenced by economic conditions, primarily long-term interest rates (which affect buyers' loans), unemployment rates and economic growth rates. Bouygues Immobilier is exposed to the resulting fluctuations in the property market.

Sales may also be significantly impacted by administrative or tax measures that affect segments of the property market (such as the amendment, abolition or restriction of tax breaks on buy-to-let and new-build housing, or changes in value added tax rates).

A diversified product mix and broad geographical footprint help Bouygues Immobilier cope with fluctuations in its various markets. The techniques used to monitor sales and profitability are designed to allow for maximum responsiveness, and the company ensures that it maintains a balanced spread of products and customer profiles. However, it is impossible to rule out the risk that Bouygues Immobilier may, like any property developer faced with a degraded economic environment and a crisis in the housing market, have to bear the cost of carrying inventories of unsold residential properties.

1.2.9 Compliance risk

Although Bouygues Immobilier has a very strict ethical policy, compliance risk cannot be totally ruled out in the property development sector.

1.2.10 Country risk

Through its subsidiaries, Bouygues Immobilier is involved in property development in other European countries, although its activities outside France account for only a small proportion of its sales (around 6% in 2012).

The company has adapted its strategy in response to the economic crisis. Bouygues Immobilier currently operates mainly in Poland and Belgium, and has discontinued all operations in Spain and Portugal. Any exposure to currency risk (Poland) is hedged. The company requires its subsidiaries to obtain external legal advice to address the risk of non-compliance with local laws and regulations.

1.3 Colas

The Colas group has for many years placed the analysis, monitoring and prevention of business-specific risks at the heart of management concerns, with responsibility located at the level best placed to assess risk. The group's decentralised structure is key to the management of these risks.

Risk evaluation and overall risk policy is managed at head office level and relies on feedback from reporting systems or dissemination of best practice. However, individual subsidiaries and profit centres are responsible for handling, controlling and monitoring their own risks. Major risks are identified,

documented and assessed annually by executive operational management teams. This risk mapping exercise takes the form of a risk matrix, focusing on risks liable to impair the attainment of operational, financial or strategic objectives. This matrix is then used to develop action plans to mitigate identified risks. It is supplemented by a risk prevention policy based on monitoring of loss experience, analysis of causal effects and feedback. Central coordination and leadership, based on reporting tools, serve to improve the risk identification and analysis process, collate feedback that can be passed back to the subsidiaries, and develop risk prevention policies and initiatives.

1.3.1 Sector and market risks

The sales and profits of Colas are particularly sensitive to:

- macroeconomic trends in the principal markets where Colas operates (France, Europe, North America), which can have an impact in terms of sales volumes, competitive pressure and price levels;
- trends in public-sector orders, given that 63% of Colas sales are generated with public-sector customers (especially local and regional authorities in France), and in the ability of public-sector customers to obtain funding. This risk factor is being exacerbated by mounting public debt, the state of the public finances in many countries and the resulting austerity programmes, and also (in France) by the restructuring of Dexia, the main provider of finance to local and regional authorities. Administrative and political issues may also affect the level of public-sector orders, whether in terms of difficulties achieving consensus on budgets, upcoming elections, or changes in political majority; all these factors could put at risk infrastructure projects that have already been approved.

However, these risks are mitigated by various factors, including the economically essential role of transport infrastructure maintenance in ensuring the mobility of people and goods, the broad geographical dispersion of the Colas group's operations and its diverse business mix, the large number of projects handled, and the ability to deliver complex contractual solutions.

1.3.2 Credit or counterparty risk and country risk

Colas is present in nearly 50 countries, and is exposed to specific risks in the countries where it operates. Since 91% of Colas sales are generated in Europe and North America (United States and Canada), exposure to country risk is low. So is the risk of payment default, as the majority of sales is generated from the public sector (national, regional and local government) with a large number of low value contracts. Operations in high-risk countries with poor ratings from international agencies or credit insurance bodies (such as Coface) usually involve contracts funded by multilateral development agencies (such as the European Development Fund or World Bank).

The roadbuilding, waterproofing, road safety/signalling and construction materials businesses have an extremely

diversified customer base (including large numbers of private sector customers and local authorities), so significant counterparty risk is low. In the railway sector, a very high proportion of business is with infrastructure companies or bodies under State control. Private-sector customers are subject to upfront credit analysis, backed up wherever possible with credit insurance, in order to mitigate counterparty risk. Based on statistical analysis, the most significant risks can be quantified at a few hundred thousand euros. Colas has responded to the increased risk level arising from the financial crisis by tightening the procedures applied prior to the signature and commencement of construction contracts.

1.3.3 Commodity risk

Colas is sensitive to the regularity of supplies of commodities and to fluctuations in their cost. The main commodities involved are petroleum-based products in the roadbuilding business (bitumen, vehicle fuel, heating fuel and gas, oil), and commodities such as steel, copper and aluminium in the road safety/signalling, waterproofing and railway businesses. The biggest risk relates to bitumen and other petroleum-based products.

1.3.4 Supply chain risk

Delays or stockouts in the supply chain may lead to direct and indirect cost overruns in the roadbuilding and waterproofing businesses. This is not a systemic risk (except in the case of conflict and total breakdown in petroleum supplies), and may affect a country, or more likely a region, over a variable period of time. At the beginning of 2011, the Kemaman refinery in Malaysia (operated by the Thai subsidiary, Tipco) had to stop production because it was unable to procure supplies of the type of crude oil suitable for the facility on acceptable purchase terms. This incurred additional unforeseen costs. Some years ago, Colas took steps to address this risk by setting up a group-level bitumen unit, supported by similar units in some of the major regions where the company operates (e.g. North America), to improve supply chain capacity through bulk purchase agreements and imports. Over the years, Colas has developed a bulk storage policy in France, Europe, the French overseas departments, the Indian Ocean region and, on a larger scale, North America. In parallel, the acquisition of Société de la Raffinerie de Dunkerque (SRD), which produces around 300,000 tonnes of bitumen a year, has helped Colas secure its supplies for roadbuilding in mainland France and Northern Europe, even though the temporary or potential closures of new refining plants in France (Berre, Petit-Couronne) increase the risk to bitumen supplies.

1.3.5 Price fluctuation risk

Bitumen prices have been subject to significant fluctuations for a number of years. Various factors limit the risk arising from these fluctuations: the number and average value of contracts (which means that prices can often be reflected in the tender bid), and the fact that many contracts (in France and elsewhere) include revision or indexation clauses. Employees involved in contract negotiations are made aware

of this issue so that it can be factored into the process. In some regions, it is possible to enter into supply contracts that fix prices at a guaranteed level for a specific period. For large-scale contracts, hedges may be contracted on a case by case basis when the order is accepted. However in some of the Colas group's activities, such as third-party sales of manufactured goods, rises in prices of bitumen and other petroleum-based products are only passed on to customers to the extent that market conditions allow.

Given these factors, it is not possible to quantify the sensitivity of operating profits to commodity price fluctuations: Colas is involved in thousands of contracts subject to varying degrees of legal protection, and the extent of price rises varies from region to region.

There is also an indirect risk that rises in the prices of these products might lead to a reduction in order volumes as customers react to higher prices for works or services.

1.3.6 Risks relating to the sale of refined oil products activity

Third-party sales of refined petroleum-based products manufactured by SRD (other than bitumen) are sensitive to fluctuations in raw material prices. The profit of this activity is largely dependent on the difference between the selling price of the refined products (oil, paraffin wax, bitumen and fuel oil) and the price of the raw material inputs to the refining process (atmospheric residue, hydrocrackate and feedstock). Depending on the economic environment, it may not always be possible to pass on higher prices for petroleum-based products to customers in full: this was the case in 2012, when this business made an operating loss. To limit this risk, Colas is looking to diversify its sources of raw materials and to improve the productivity of SRD via various optimisation initiatives (switching to gas power in 2013 to save energy, improving the product mix).

In addition, a hedging policy has been put in place to mitigate the risk associated with SRD's supply/production/sale cycle. This cycle is very short: production starts the month after the raw materials are purchased, and the finished products are sold in the same month or within the following two months. Supply and sales contracts are established in order to reduce this risk. Input raw material purchases are handled by a specialist committee.

1.3.7 Compliance risk

The business activities of Colas involve a very large number of contracts (100,000 a year), awarded and executed on a decentralised basis (800 profit centres and 1,400 materials production units around the world). Apart from the usual laws and regulations that always apply (such as competition and criminal law), most public sector contracts are also subject to specific regulations both at national or international level. The multiplicity of contracts and decentralised structure expose Colas to legal compliance risk, particularly in terms of anti-competitive practices and corruption, despite substantial preventive measures (information, training, code of practice,

etc.) and stringent disciplinary procedures. For the company, these risks may lead to financial penalties (imposed by competition authorities, for example), criminal or civil liability, loss of contracts (a ban on tendering for certain projects), or even reputational damage. It is very difficult to assess the likelihood of such risks or to quantify their effect.

1.3.8 Industrial and environmental risks

1.3.8.1 Risk of fire, explosion and accidental pollution

This risk varies according to the size and nature of the activities at each site, and is regarded as immaterial at most industrial sites due to their limited size. However, these sites are under regular surveillance to reduce the incidence of such events; for example, fire permit procedures and infrared thermal imaging audits of thermal and electrical installations are used to reinforce preventive maintenance measures. The biggest sites, and those which carry on the most sensitive activities, are treated separately: these comprise the Axter waterproof membrane production site at Courchelettes, and the SRD site at Dunkirk where bitumen and other refined products are manufactured. Going beyond regulatory requirements, these sites are monitored in conjunction with the engineering departments and their insurers, who issue risk prevention recommendations.

All sites are covered by appropriate insurance policies.

Some Colas production sites may accidentally generate pollution incidents due to leaks in pipework or storage facilities, even though installations such as storage tanks are designed and maintained to minimise the risk of such incidents. Given the large number of relatively small sites and the risk management policies applied, any such incident is likely to be limited in scope and immaterial at group level.

1.3.8.2 Environmental risks

CO₂ emissions

The production processes at the Colas group's industrial facilities generate CO₂ emissions. In 2012, the majority of these facilities were not subject to the quota procedure; the only exceptions are the SRD plant, and a few mixing plants in Denmark. European legislation on CO₂ emissions is gradually changing, such that an additional 30 mixing plants in France (23 plants) and other European countries such as Belgium, Hungary and Croatia (7 in total) will come within the scope of the quota procedure in 2013. It cannot be ruled out that in future, the quota procedure will become applicable to a growing number of plants, leading to higher operating costs.

The production processes at the SRD facility generate CO₂ emissions, so the site is subject to the quota system, with declarations audited by an accredited audit firm. It cannot be ruled out that SRD, which currently emits less than its quotas, may exceed those quotas in future years and hence may have to acquire emission rights in the market. In order to limit CO₂ emissions, a switchover from heavy oil to gas power was completed at SRD early in 2013.

Other atmospheric emissions are subject to regular inspections by external bodies, and to internal checks.

Rehabilitation of operating sites

The Colas group's industrial sites are subject to classified installation regulations in France, and to similar regulations in other countries where Colas has operations. In France, quarry operating licences incorporate site rehabilitation obligations that are agreed with the competent administrative authority. Provisions are recorded in the financial statements to cover these obligations, and are periodically reviewed and adjusted. As at 31 December 2012, these provisions amounted to €158 million (€152 million at the end of 2011). If legislation in this area were to be tightened, contingent rehabilitation costs could increase.

Colas has a policy of systematically obtaining environmental certification (e.g. ISO 14001). Documentation and progress measurement are handled via follow-up audits and certification procedures, supported by external bodies and internal resources. The process relies on a globalised checklist system, introduced three years ago, which now covers the majority of materials production activities and forms the basis for consolidated action plans. At the end of 2012, 80% of Colas worldwide materials production sales were covered either by certification or by the internal checklist system. All these arrangements have been incorporated into the internal control system, both in France and in other countries.

A provision has been recognised in the Colas financial statements to cover the obligation to rehabilitate the SRD site when it is decommissioned. The amount of the obligation is being charged against profits over the projected operating life of the facility, and is periodically reviewed.

Regulatory compliance

Colas subsidiary SRD produces oils, bitumen and specialty products by refining petroleum products. It is governed by the regulations applicable to facilities defined as classified installations for environmental protection purposes and, because of the type of products involved, it is subject to several European directives: the Seveso II directive (high threshold), the Large Combustion Plant (LCP) directive governing control over emissions, and the Integrated Pollution Prevention and Control (IPPC) directive. The requirements under these directives are incorporated into operating licences granted by the competent administrative authority. Facilities on the site are designed and maintained to prevent or minimise the risk of pollution incidents or any other major incident. Specific control programmes are in place and are checked by an internal inspection team. Government inspectors perform regular audits to check that these programmes are appropriate and adequately monitored. Accident scenarios are devised in conjunction with the authorities as part of hazard analysis studies, and emergency response procedures are formally documented in internal action plans. Risk management is largely down to the professionalism of the onsite teams, who apply strict operating procedures documented in an ISO 14001 compliant safety management system. This system is submitted annually to a local information and consultation committee, made up

of representatives of government (including the *sous-préfet*), local authorities, community groups and industrialists. All minor incidents and accidents are logged and assessed. Any alterations are subject to failure mode, effects and criticality analysis (FMECA), a standard method for assessing industrial hazards in complex systems. Maintenance work is subject to the strict requirements of the safety management system and to the preventive maintenance recommendations made by insurers' engineering departments. The site is shut down every five years for major upgrading. SRD is also subject to regular inspections by DREAL, the regional environment, development and housing department, which is responsible for checking that procedures are being properly applied.

Three other much smaller sites are Seveso classified (low threshold). These are depots for the storage of explosives used at quarries on the islands of Martinique, Mayotte and Saint-Martin. Other facilities outside Europe subject to hazardous substance risks are the KBC refinery in Malaysia (operated by the Thai subsidiary, Tipco) and a few explosives depots in Africa and the Indian Ocean region. These facilities are managed using the same prevention rules as in Europe, but are subject to differing administrative frameworks according to the country where they are based. All these sites require the implementation of specific safety management tools and are subject to very strict legislation.

1.3.9 Operational risks

1.3.9.1 Workplace accident risks

The Colas group may be exposed to workplace accident risks, arising in particular from the use of heavy plant and industrial equipment, as well as a risk of road accidents either when staff are travelling or when exceptional loads are being transported. For many years, Colas has operated an extremely proactive prevention and training policy, backed up by detailed procedures (reminders of the regulations applicable to carriage of exceptional loads by road, use of standard load calculation software, preparation of a transport action plan by each subsidiary, instructions and procedures for securing heavy plant in transit, procedures for the contractualisation of transport and plant hire). Stringent fire prevention procedures are in place (especially in the waterproofing business), and preventive measures are also applied to excavation work where there is a risk of fracturing underground supply networks carrying hazardous substances (such as gas mains).

1.3.9.2 Occupational health risks

Bitumen and ultraviolet rays

In the roadbuilding and waterproofing businesses, Colas group employees are more particularly exposed to bitumen and asphalt fumes, whether in the open air or in enclosed spaces such as tunnels (where the risk is exacerbated by the combined effect of exhaust fumes from heavy plant and ventilation problems). The only adverse health effect known to be associated with working conditions on roadworks contracts is irritation of the respiratory tract and eyes.

However, in 2011 the International Centre for Cancer Research (ICCR) published a new classification of carcinogenic products, based on a review of all available studies. It decided to classify occupational exposure during road paving or mastic asphalt work in group 2B, i.e. possibly carcinogenic. At this stage, according to the ICCR, no probable or known link has been established between cancer and the use of bitumen or asphalt in roadworks. Colas therefore continues to class the risk from exposure to bitumen fumes as low and sufficiently reduced, except for use in enclosed spaces where a specific risk analysis is necessary.

In addition, the nature of the Colas group's activities means that many employees work in the open air and may have repeated exposure to ultraviolet (UV) rays, the principal environmental factor in skin cancers.

In November 2012, in the "bitumen case", the Lyon Court of Appeal upheld the ruling of occupational sickness in the case of an employee of Eurovia, on the grounds that "*he was exposed to the combined action of the sun and the potentially dangerous product that he was responsible for applying*", and also upheld the ruling of gross negligence against the employer. However, the court underlined the fact that it did not consider "*tar, bitumen, or the components thereof, or public works contractors in general to be on trial*" in this case. It cannot be ruled out that if further studies establish a link, however uncertain, between the use of bitumen in roadworks and cancer, new regulations could be introduced, for example based on the precautionary principle, although nothing at this stage points to such a development. The image of the Colas group, as a leading player in the roadbuilding industry, could be adversely affected by any new media campaigns, court rulings or scientific studies in this area.

Colas continues to take regular measurements of the on-site exposure of its employees to bitumen fumes. The monitoring process is coordinated by the Human Resources department, with support from the Environment department; the company also does its best to facilitate the work done by researchers and occupational health doctors. Colas encourages public authorities and project owners to adopt warm asphalt mixes as standard, since by significantly reducing the temperature at which bitumen based products are applied, the emission of bitumen fumes can be virtually eliminated. The company is looking into all work planning solutions that might limit the exposure of site workers to UV and bitumen, and maintaining its proactive policy of innovating to ensure the health and safety of its people. For example, it is company policy, wherever possible, to buy pavers (the machine that applies bitumen mixes to roads) with on-site fume extraction systems. Under this policy, all Colas pavers of over seven tonnes in North America are fitted with fume extractor hoods. The group is also seeking to limit the temperature at which mixes are applied (subject to quality constraints), and increasing its use of warm asphalt mixes. Finally, employees who work in the open air are issued with preventive guidelines (and regular reminders) – they must apply appropriate sun creams to the face and other exposed skin and wear hats and overalls – and the company raises awareness among occupational health doctors to systematically screen for skin cancer.

Asbestos

Prior to 1982, certain employees of SRD may have been exposed to asbestos. Around thirty former SRD employees (and/or their heirs and assigns), some of whom were employees of BP prior to the asset-for-share exchange of 31 December 1991, have instigated proceedings against BP and/or SRD, and against the public health insurance scheme (CPAM) of their place of residence. At this stage, proceedings to determine whether this is a case of occupational sickness linked to asbestos exposure, and enforceability of the claim against the employer, are ongoing. If the claim of occupational sickness is held to be valid and enforceable against the employer (and hence potentially against SRD), then the employer may be faced with an increase in future contributions and with the financial consequences of the recognition of an occupational sickness claim.

1.3.9.3 Contract preparation and execution risks

Some large-scale projects may generate risks relating to poor contract preparation (such as under-budgeting, design flaws, or unfavourable contractual terms).

General contract execution risk is relatively limited due to the large number of contracts and their low average value. However, some subsidiaries do work on large-scale projects, for example concession or Public-Private-Partnership-type contracts. The complexity of these major projects means they are exposed to increased risks in terms of contingencies (geological, archaeological, acquisition of land for construction), costing, execution, deadlines (e.g. delay in land being made available by the customer), etc.

1.3.9.4 Risks related to weather conditions and natural phenomena

The activities of Colas may be sensitive to natural phenomena, especially weather conditions. Adverse weather such as rain, snow or frost may lead to site shutdowns or business interruption, with the result that fixed costs may not be covered; it may also generate additional costs to complete a contract (increased use of temporary staff, plant hire) within a shortened timescale.

In addition, natural phenomena (earthquakes, floods, cyclones, storms, lightning, etc.) may disrupt Colas' activities or lead to the accidental destruction of infrastructure under construction. Such events may result in reduced sales or additional costs, some of which may be borne by insurers.

1.3.9.5 Risks related to acquisitions

Colas group has built much of its development on acquisitions. Such a strategy may be limited by excessive valuations or a lack of suitable targets, by competition for proposed acquisitions, or more unpredictably by the application of competition law. It cannot be ruled out that, for various reasons, Colas may experience difficulties integrating acquisitions into its organisational structure, which could result in profits and cash flows falling below expectations, and possibly even the recognition of impairment losses against goodwill.

No corporate acquisition may be made without a specific prior investment request, supported by an appraisal prepared in a format defined in the internal procedures guide. Such

proposals are submitted to group senior management for review before being presented to the Board of Directors of the subsidiary making the acquisition.

1.4 TF1

1.4.1 Risk of losing key programmes

Thanks to the talent of its creative staff and its long-standing special relationships with French and foreign producers, TF1 has always presented excellent programming. These factors reduce the risk of losing key programmes, the consequences of which could be smaller audiences and, in pay-TV, strained relations with the distributors of channels in a market that is now increasingly limited to a handful of players.

Note however that although the level of advertising revenue is correlated with a channel's viewership and audience share, the relationship is not linear. A one-point decrease or increase in audience share does not necessarily result in an equivalent variation in advertising market share, or in gross or net advertising revenue.

Particular attention is being paid to the arrival of new players in sports television rights, which may upset the current balance in the sports rights acquisition market.

include the preparation and implementation of a cost-saving plan, and adaptation of processes and structures in a medium/long-term perspective.

1.4.5 Industrial risks

1.4.5.1 TF1 programme broadcasting – Risk of signal transmission interruption and execution risk

TDF is by far the leading national TV signal transmission operator, with a network and technical resources currently unmatched by any other company, in particular as regards hosting on existing masts.

TF1 is therefore dependent on TDF for signal transmission. Despite the emergence of alternative transmission operators, TF1 cannot at present do without TDF's hosting facilities. As a consequence, if the TDF network breaks down, TF1 cannot switch to other terrestrial transmission systems to provide quick and cost-effective coverage of its full broadcast area.

Multi-platform radio wave transmission (SD DTT, HD DTT) and the variety of alternative networks (satellite, cable, ADSL and fibre, with the latter two run by multiple operators) will gradually minimise the impact of any failures, since these networks are not connected to each other and are staffed separately.

Transmission sites are generally reliable because of duplicate coverage from transmitters. However, incidents can occur with the antenna system (antenna, wave guides and frequency multiplexers), and power supply is not under TDF's control (it is the responsibility of EDF).

There have been disruptions of TF1 signal transmissions for technical reasons, such as transmitter failures or power outages. Contractual penalties are not commensurate with potential operating losses to TF1 during these incidents (including loss of audience, reputational damage, rebates claimed by advertisers, and loss of merchandising rights).

There is no backup for TF1's HD signal transmissions, which are currently carried by TDF's terrestrial multiservice (TMS) transport network. Consequently, multiplex transmission interruptions affecting groups of transmitter sites are possible, and isolated cases do occur. TMS is now fully deployed but service continuity issues persist, sometimes with significant impacts (more than 1 million viewers). The provision of back-up transmission solutions for TF1 HD will be studied before broadcasting on TF1 SD DTT comes to an end. MBS has secured a backup satellite commitment with the CSA (the French broadcasting regulator), to start in late 2014 or early 2015.

1.4.2 Risk of loss of market leadership premium

TF1 is the leading French television channel, thanks to its audience share, and as such can command a leadership premium in the advertising market. Loss of this premium would have an impact on the company's profits.

1.4.3 Risk of non-recovery of advances

TF1 enters into long-term contractual commitments in relation to major events (e.g. sports events contracts) that require advance payments to be made for the broadcasting rights. TF1 is therefore exposed to the risk that it may not recover such advances if the event is totally or partially cancelled due to *force majeure*. TF1 negotiates clauses covering the repayment of advances and, whenever possible, considers the advisability of insuring against this risk.

1.4.4 Risks related to the economic crisis

Like the rest of the global economy, TF1 was affected by the 2009 financial crisis. In response to the economic conditions experienced in 2012 and forecast for 2013, TF1 is stepping up its drive for a more flexible business model and a lower cost base.

To mitigate the effect of any future shocks and enhance responsiveness to further economic downturns, TF1 is continuing with the reorganisation initiated in 2008. New group-wide processes are being put in place, some of the fixed cost base has been migrated to variable costs, and the business model is under constant review. Further initiatives

The current labour climate brings a risk of malicious actions that could have an impact on transmission of TF1's signal. There have been several minor service interruptions at transmission sites in the past.

The loss that TF1 could incur in the event of transmitter failure is proportional to the number of television viewers served by the transmitter. A failure in the Paris region (10 million viewers) could have serious economic repercussions. For this reason, TF1 has negotiated a digital transmission agreement requiring a very rapid response from TDF in the event of a failure, and has requested reinforced backup measures.

Finally, the reallocation of frequencies associated with the deployment of the new R7 and R8 multiplexers could have an impact on existing multiplexers, and cause local disruption to the group's networks.

1.4.5.2 Industrial risk management policy

The "Réagir" Committee, created in 2003, continues to work on monitoring and preventing the major risks associated with TF1 group's key processes. It also updates and regularly tests rapid recovery plans that may be triggered when an exceptional event results in an interruption in signal transmission or denial of access to the TF1 building.

Since 2007, TF1 has had a secure external backup site for programme transmission, the production of news bulletins (TF1 and LCI), and the preparation of advertising spots for the TF1 TV channel. The company's vital functions are included in the security plan through an alert and activity resumption process. Besides real-time security, numerous key areas such as accounting, treasury, payroll, Eurosport, e-tf1 and IT are protected by multiple-level security systems. Procedures are tested periodically so that the system can be adjusted if necessary. Broadcasting continuity is ensured 24/24, and an operations simulation is performed every month.

There were no broadcasting incidents in 2012 that required fall-back on an external backup site.

The TF1 group has insurance policies (including Civil Liability and Property & Casualty) that could be called upon to cover some of the risks mentioned above.

1.4.6 Competition risks

1.4.6.1 Risks associated with the growth of digital terrestrial television, and the development of the internet and new media (source: Médiamétrie)

The TF1 group has always operated in a constantly evolving competitive environment, but the pace of change has recently been accelerated by:

- The development of digital terrestrial television (DTT) since 2005, and the launch of six new channels at end-2012.
- Gradual changes in how entertainment is consumed, due to the development of web-based media which will generate revenue growth in coming years (in part from below-the-

line advertising) and increase the consumption of non-linear content at the expense of some pay-TV activities (scripted programmes).

- The development of connected TV, offering an additional new space for non-linear content, driven by the arrival of powerful players such as Apple, Google and Netflix.

The effect of these developments could be accentuated if the major incumbent channels were to be faced with more aggressive commercial policies.

In addition, the proliferation of channels could intensify competition in the rights market, particularly for high-profile, attractive content such as drama series.

The rollout of DTT has split the television audience among a larger number of players, and the audiovisual landscape has changed rapidly: in January 2007, 40% of French households were receiving multi-channel offerings, but by end December 2012 this figure had risen to 100%.

TF1's ongoing exposure to fragmentation risk is mitigated by the rebalancing of the business mix towards DTT with the acquisition of exclusive control over TMC and NT1 and the launch of HD1. This gives TF1 the opportunity to tap into the new audience share for DTT while limiting the impact on its premium channel.

1.4.6.2 Risks associated with changes to spectrum allocation

Following completion of the switchover to 100% digital in November 2011, the frequency spectrum is still subject to changes that may generate various types of risk for TF1's operations.

In the short term, the creation of the R7 and R8 multiplexes is being accompanied by frequency changes for all the other multiplexes in each of the thirteen roll-out phases.

In the medium term, the arrival of "first dividend" 4G risks generating interference for television viewers, since the spectrum auctioned to the mobile phone operators is adjacent to the DTT spectrum. In the long term, the possibility of a "second dividend" carved out of the DTT spectrum is already being openly discussed, and represents a significant risk to operations.

A further competition risk is the partial reallocation of the digital dividend spectrum to new broadcasters.

1.4.7 Regulatory risk

1.4.7.1 CSA broadcasting licence and enforcement powers

TF1 is an audiovisual communications service that requires a licence. Initially, TF1 was awarded a 10-year licence from 4 April 1987 (under the Law of 30 September 1986). This licence expired in 1997, but was renewed for a further 5-year period (via decision 96-614 of 17 September 1996) from 16 April 1997, with no requirement to submit to a competitive tendering process.

The TF1 channel's broadcasting licence was renewed automatically for the 2002-2007 period, pursuant to a decision by the CSA (the French broadcasting regulator) of 20 November 2001. Under Article 82 of the law of 30 September 1986 as amended, this licence was automatically extended to 2012, in return for a commitment to provide a DTT simulcast. A further CSA decision of 10 June 2003 amended TF1's licence and contract terms to build in stipulations about the transfer of the channel's programming to DTT. The "Future Audiovisual and Television Broadcasting Modernisation Act" of 5 March 2007 introduced two automatic five-year extensions of TF1's licence. The first compensated for the early switch-off of the channel's analogue signal on 30 November 2011 and was subject to TF1 joining the consortium set up to implement the analogue switch-off. The second was in return for the channel's commitment to provide DTT coverage to 95% of the French population. Accordingly, TF1's licence is now set to expire in 2022.

The TF1 group is subject to a variety of commitments covering general obligations to broadcast and invest in production, either through its schedule of conditions or as a result of regulations applicable to its activity. A change to the regulations could raise the current constraints imposed on TF1, with a possible negative impact on the company's profitability.

If TF1 fails to meet its contractual obligations, the CSA can, after giving formal notice and depending on the severity of the offence, impose one of the penalties set forth in Article 42-1 of the Law of 30 September 1986. These include a fine; a temporary ban (of no more than one month) on producing, broadcasting or distributing the service, or a category of programme, or part of a programme; and reducing the term of the licence to use frequencies by up to one year. TF1's compliance with its obligations is strictly monitored, and the company has a dedicated Programme Compliance department tasked with ensuring that the channel's programmes comply fully with regulatory requirements.

1.4.7.2 Undertakings made by TF1 in connection with the acquisition of 100% of NT1 and the 40% of TMC owned by Groupe AB

On 11 June 2009, the TF1 group and Groupe AB signed an agreement whereby TF1 was to acquire 100% of NT1 and the 40% of TMC owned by Groupe AB.

This acquisition received clearance from the French Competition Authority on 26 January 2010, subject to undertakings by

the group as to its future conduct. These undertakings are available for consultation (in French only) on the Competition Authority website via the following link:

<http://www.autoritedelaconcurrence.fr/pdf/engag/10DCC11engagementsversionpublication.pdf>.

Failure to comply with these undertakings could expose TF1 to penalties under Article L. 430-8 of the French Commercial Code.

The CSA also obtained further undertakings from TF1 in connection with this acquisition, intended to guarantee the plurality and diversity of programming in the interests of television viewers.

Failure to comply with these undertakings could expose TF1 to penalties from the CSA.

1.4.7.3 Risk associated with societal pressure on advertising and programmes

Political attitudes to societal issues such as violence or public health may induce the legislator to attempt to tighten legislation relating to advertising or programmes. TF1's Programming and Viewing & Compliance exercise the utmost vigilance in protecting young viewers. As regards advertising, a team from TF1 Publicité views each advert once it has been cleared by the ARPP (the French advertising regulator), and TF1 Publicité ensures that adverts comply with the regulations and with editorial policy.

1.4.7.4 Risk associated with additional taxes or legislative changes

Article 53 of the Law of 30 September 1986, as amended by the 2011 Finance Act, postponed the total withdrawal of advertising from the France Télévisions group - initially scheduled for 2012 - to 1 January 2016. In return, the tax paid by French television channels to fund the loss of the France Télévisions group's revenue was reduced to 0.5% of their advertising revenue until 1 January 2016.

This illustrates the economic risk to which television channels are exposed as a result of new taxes, such as the tax on advertising spending.

In addition, a draft bill amending the law of 30 September 1986 on the freedom of communication may be tabled during 2013, though it is not possible at this stage to quantify either the positive or the negative effects of any such amendments.

1.5 Bouygues Telecom

1.5.1 Changes to the mobile telephony business model

The French telecoms market is subject to far more intense competition as a result of the terms on which Free was allowed to enter the mobile telephony market in January 2012, leading to major upheavals in the industry.

The arrival of Free has caused radical step changes in mobile offerings, triggering strong growth in bare bones services and general downward pressure on prices, which in turn has eroded average revenue per user (ARPU) on a constant service basis.

In a context where regulatory decisions appear to be determining factors for the industry, it cannot be ruled out that further radical changes in the market (such as changes to the business model, price wars, etc.) may occur, leading to a further destruction of value for operators. On 11 March 2013, at the request of the government, the French Competition Authority issued an opinion on resource sharing and roaming on mobile networks. This followed an announcement by the government in October 2012 that it had sought an opinion from the Authority prior to issuing guidance on these two issues.

1.5.2 Limited capacity to access appropriate infrastructures

Bouygues Telecom operates in a sector characterised by cycles of technological change. Consequently, one of the major challenges it faces is to access infrastructure on the best possible cost terms within a timeframe that enables it to meet consumer needs in terms of new services on a timely basis.

Bouygues Telecom has implemented all the projects that will secure its long-term future as a player in the fixed-line very-high-speed market. Since November 2010, Bouygues Telecom has been using the Numericable network and marketing its Bbox fibre service, which performs better than ADSL. Thanks to an agreement with SFR to jointly roll out a fibre optic network with 3 million connections into the home, signed on 9 December 2010, Bouygues also has a presence in fibre optics. Turning to the rollout of very-high-speed mobile services, Bouygues Telecom acquired a significant quantity of 2.6 GHz frequencies in 2011 and 800 MHz frequencies in 2012, enabling it to provide high-quality 4G LTE mobile coverage to its subscribers. Bouygues Telecom was the first French operator to launch a live 4G LTE test in France (in Lyon). The test results offer assurance as to the quality of the 4G LTE access to be provided from 2013 in some of the major French conurbations. To maintain its competitiveness, Bouygues Telecom is seeking official approval to refarm a part of its 1800 MHz spectrum, currently used for 2G, in order to operate a 4G service. On 14 March 2013, Arcep (the French electronic communications and postal services regulator) issued its authorisation for the roll-out of 4G from 1 October 2013, subject to certain conditions.

1.5.3 Exclusion from the value chain due to innovation in a related market

Some of the growth in the telecoms market is driven by innovation in new communications services. Many players are involved in the provision of a service and some may exclude telecoms operators like Bouygues Telecom from a portion of the value produced by services and content. Content or service providers may also stand between the telecoms operator and the end-customer, commoditising the service offered by the operator and thus reducing its value.

Bouygues Telecom is constantly on the lookout for innovations, and is directly or indirectly involved in the development of high-potential services.

1.5.4 Business failure of a contracting partner and counterparty risk

The financial and economic crisis has weakened parties with whom Bouygues Telecom does business, from suppliers and customers to commercial partners. Bouygues Telecom could be exposed to increased risk of business disruption, loss of profits or reputational damage if a major contracting partner – such as a key supplier, or a customer generating significant revenue – were to go out of business.

Bouygues Telecom specifically monitors major contracting partners and prepares action plans that can be implemented at short notice if required.

1.5.5 External attacks on information systems or network infrastructure

Corporate information systems are subject to a growing number of hacker attacks (denial-of-service and data theft).

To safeguard against such attacks, Bouygues Telecom has a security policy based on information system access controls and technical anti-intrusion systems.

1.5.6 Prolonged outage of production sites or infrastructure

Damage to critical network infrastructure or information systems may cause failures or interruptions in the services Bouygues Telecom provides to its customers.

To limit the risk of incidents affecting a production site, computer rooms are secure, with access control, fire protection, air-conditioning, humidity control, duplicate power supplies and standby generators. Regular tests and maintenance are carried out on these security measures. Since 2003, Bouygues Telecom has had a business continuity plan to cope with incidents of this kind. The plan builds in the phased recovery of systems, applications and data in order of criticality, and offsite backups in a secure location.

The plan is subject to live testing or simulations at least once a year, and is also tested whenever there is a major software or hardware upgrade.

In addition, the authorities carry out regular audits to check compliance with regulatory requirements in respect of security and continuity of service.

Pursuant to Decree L. 33-10 of the French Postal and Electronic Communications Code of 15 November 2012, ANSSI (the French national information systems security agency) has been mandated to carry out an audit of Bouygues Telecom's HLR (Home Location Register) function in the first half of 2013.

In a separate development, Bouygues Telecom has set up a crisis management structure, designed to ensure optimum responsiveness and coordination in response to potential crises to which the company might be exposed (accident, adverse weather, media crisis, etc.).

The crisis management system involves:

- an on-call crisis response rota (24/7/365, including senior management);
- a system of crisis management units to handle and monitor crises until they are over, and where necessary to provide feedback to inform future improvements.

1.5.7 Adverse regulatory and tax changes

New taxes and regulatory requirements are being applied to fixed-line and mobile services at European and national level, with an impact on the profitability of Bouygues Telecom.

Bouygues Telecom is always on the lookout for such developments in order to anticipate and mitigate their impact. The company also maintains constant dialogue with national and European authorities, either directly or through the French Telecoms Federation.

1.5.8 Radio waves and public health

From the outset, Bouygues Telecom has had a team dedicated to mobile telephony and health. This team is tasked with ensuring that the company's principles on radio waves and health are applied throughout the organisation. Bouygues Telecom operates within the spirit of the Bouygues group's Code of Ethics:

- by ensuring strict regulatory compliance, through close monitoring of developments in French and European regulations on exposure to radio waves and implementation of the necessary procedures;
- by drawing on the shared experience coordinated by official bodies (WHO¹, ICNIRP², ANSES³), which is the only way to take account of all research findings from around the world so that they can be built into rigorous risk assessments;
- by funding independent research, in particular via the IFER⁴ levy that provides funding for ANSES;
- by disseminating information: Bouygues Telecom makes all relevant scientific knowledge available to everyone (consumers, industry players, employees) as soon as possible.

1.6 Bouygues SA

The principal risk facing Bouygues SA, as the parent company of a diversified group, is a significant loss in the value of one or more of its equity holdings. As required under accounting standards, the value of the principal equity holdings is tested

1.5.9 Psycho-social risk

Bouygues Telecom is committed to offering a working environment and working conditions that promote the well-being of its employees. In 2012, for the third consecutive year, Bouygues Telecom was named in the Top Employers list, making it one of 33 French businesses to be recognised for the quality of their human resources policy.

The company is committed to maintaining and sharing a robust psycho-social risk prevention policy. Close oversight of such risks is maintained at all times, based on a range of indicators and preventive measures:

- the "well-being and stress observatory", set up in 2000 with occupational health doctors, whose findings and action plans are submitted to the Health, Safety and Working Conditions Committee (CHSCT) and to employee representatives;
- the presence of a social worker and an occupational psychologist at each Bouygues Telecom site;
- an agreement on "psycho-social risks associated with workplace stress" signed in 2010, with all the agreed measures now implemented (including the provision of training for 2,000 managers);
- employee satisfaction surveys.

To adapt to the new competitive landscape in the French telecoms market, Bouygues Telecom was forced to implement a voluntary redundancy plan at the end of 2012. Group values were at the heart of this plan, the key principles of which were:

- a reorganisation plan to safeguard the company's competitiveness;
- a wholly voluntary plan for internal job mobility and departures from the company, negotiated with employee representatives in an atmosphere of constructive dialogue consistent with Group values;
- specific support and attractive termination packages, in consultation with employee representatives, for all employees who choose to take voluntary redundancy.

for impairment at least once a year (see Note 2.7.4 to the consolidated financial statements, in chapter 7 "Financial statements").

(1) World Health Organisation.

(2) International Commission on Non-Ionising Radiation Protection.

(3) French national food, environment and workplace safety agency.

(4) Flat rate tax on network operators.

2. MARKET RISKS

In addition to the information provided below, readers should refer to the tables provided in the following notes to the

consolidated financial statements, in chapter 7 "Financial statements" in this document:

Note 4.4	Cash and cash equivalents
Note 8.1	Interest-bearing debt by maturity
Note 8.2	Confirmed credit facilities and drawdowns
Note 8.3	Liquidity at 31 December 2012
Note 8.4	Split of current and non-current debt by interest rate type
Note 8.5	Interest rate risk
Note 8.6	Split of current and non-current debt by currency
Note 17.1	Interest rate hedges
Note 17.2	Currency hedges

2.1 Management of interest rate risk and currency risk

Some Bouygues group entities use hedging instruments to limit the impact on the income statement of fluctuations in

exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

2.2 Risks to which the Group is exposed

2.2.1 Currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

2.2.2 Interest rate risk

The Group's financial expenses have low sensitivity to interest rate risk. The bulk of debt is at fixed-rate either in the form of fixed-rate bond issues (see Note 8.4 to the consolidated financial statements, in chapter 7 "Financial statements"), or via a portfolio of hedging instruments that convert variable-rate debt into fixed-rate debt.

Consolidated financial expenses would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

2.3 Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;

- carry no liquidity risk in the event of a downturn.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

2.4 Hedging rules

2.4.1 Currency risk

(see Note 17.2 to the consolidated financial statements, in chapter 7 "Financial statements")

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions.

Currency derivatives are used solely for hedging purposes.

2.4.2 Interest rate risk

(see Note 17.1 to the consolidated financial statements, in chapter 7 "Financial statements").

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

2.5 Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting. This means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement;
- cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

2.5.1 Market value of hedging instruments

As of 31 December 2012, the market value (net present value) of the hedging instruments portfolio was -€45 million. This amount mainly comprises the net present value of interest rate swaps contracted to hedge the Group's debt (fair value hedges and cash flow hedges), and the net present value of forwards and futures contracted to hedge currency risk arising on commercial transactions.

The split of this market value by type of hedge is as follows:

- fair value hedges of components of net debt: -€21 million;
- cash flow hedges: -€24 million.

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€15 million; in the event of a -1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€61 million.

In the event of a 1% depreciation in the euro against each of the other currencies, the hedging instruments portfolio would have a market value of -€58 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

2.5.2 Exposure to equity risk

In the event of adverse trends in the business of an investee or in the economic environment in which it operates, the Bouygues group could be exposed to the risk of a fall in the price of the shares it holds in that investee.

2.5.3 Liquidity risk

At 31 December 2012, available cash stood at €4,281 million (including -€17 million of financial instruments contracted to hedge net debt). The Bouygues group also had €5,411 million

of undrawn confirmed medium-term credit facilities as at the same date. Consequently, the Group is not exposed to liquidity risk.

The credit facilities contracted by Bouygues and its subsidiaries contain no financial covenants or trigger event clauses.

The bond issues maturing in 2013, 2015, 2016, 2018, 2019, 2022, 2023 and 2026 all contain a change of control clause relating to Bouygues SA. Bouygues bond issues are rated BBB+ (long term) by Standard & Poor's. The Bouygues bond issues maturing in 2022 and 2023 are rated A3 (long term) by Moody's.

For a more detailed discussion of the effects of a change of control, refer to Note 8 to the consolidated financial statements ("Non-current and current debt"), and to the disclosures in paragraph 1 of chapter 6 "Legal Information" about factors likely to have an impact on any public tender offer price.

3. CLAIMS AND LITIGATION

Bouygues group companies are involved in a variety of litigation and claims in the normal course of their business. In particular, subsidiaries of Bouygues Construction and Colas are involved in competition law litigation and claims. Risks are assessed on the basis of past experience and analysis by the Group's in-house legal departments and external counsel. To the company's knowledge, there is at present no exceptional event, dispute or claim likely to have a substantial negative impact on the businesses, assets and liabilities, results or financial position of the Group as a whole. Disputes and

claims are subject to regular review, especially when new facts arise. The provisions recorded in the financial statements appear to be adequate in light of these assessments (see Note 6 to the consolidated financial statements in chapter 7 "Financial statements" of this document). The Bouygues group uses all legal means to defend its legitimate interests. Details about which claims are or are not covered by provisions have not been disclosed, since such disclosure might affect the outcome of some ongoing claims.

3.1 Bouygues Construction

3.1.1 South Africa – Gautrain Project

Bouygues Travaux Publics, in association with two local partners and Bombardier (rolling stock and electro-mechanical equipment), delivered the first phase of a large-scale rail infrastructure project in June 2010 linking the country's principal airport to Johannesburg and Pretoria. This phase has been in service since this date.

Delivery of phase 2 has been disrupted by disagreements between Bombela Ltd, the concession company holding the contract, in which Bouygues Travaux Publics owns a 17% equity stake, and Gauteng Province, regarding execution of the project works.

A problem arose in relation to the waterproofing of a tunnel: water seepage levels were higher than stipulated in the technical specifications, according to Gauteng Province's reading of the contract. This disagreement was referred to the Dispute Resolution Board (DRB) provided for in the

concession contract. The DRB found that the tunnel and its sealing against water inflow were in compliance with specifications in all sections other than the "Park Station to E2" section.

Water seepage for this section was found to be higher than the levels stipulated in the contract technical specifications. Remedial works were carried out to rectify this problem at end-2011/beginning of 2012. As a result of this issue, the line did not come fully into service until 7 June 2012.

Gauteng Province is now challenging:

- the validity of the DRB's finding as to the compliance of the tunnel;
- the effectiveness of the works required of the contractors by the DRB, and now completed;
- the conditions of the acceptance and certification of the transit system by the independent engineer.

The Province has appealed the DRB decision to the Arbitration Foundation of South Africa (AFSA). The other issues will also ultimately be heard before the AFSA.

The parties have also referred a number of other disputes to the AFSA; the principal dispute relates to the consequences of delays by the Province in expropriating the land needed for execution of the works. These delays seriously disrupted execution of the contract, and have had significant financial repercussions. Proceedings are ongoing, and the initial hearings on these disputes will be held at the end of 2013.

A further arbitration case relates to the construction of the Sandton Cavern station. Bombela proposed a variant solution which resulted in additional costs for Gauteng Province; this was disputed by the Province, given that the construction contract was a fixed-price contract. The AFSA has issued a ruling that Bombela's demand was valid. Further hearings are to be held by the AFSA during 2013 to determine whether the Province must bear the additional costs, and if so how much.

3.1.2 France - Flamanville EPR

Bouygues Travaux Publics was awarded the civil engineering contract to build the European Pressurised Reactor (EPR) at the Flamanville nuclear power plant, which it signed with EDF on 2 October 2006.

Technical difficulties since execution of this contract began have, in the past, already prompted the parties to amend its terms and conditions, in particular as regards price and delivery date.

Under an addendum to the contract, signed in 2011, an increase in the contract price was agreed. This mainly covered difficulties encountered in the design and construction of the metal liners of pools for some of the reactors, and the cost of adapting construction methods (largely to reflect the growing complexity of reinforcement and concreting works).

In addition, an industrial accident involving a temporary worker employed by a subcontractor of the consortium responsible for the works has led to a preliminary investigation for involuntary manslaughter. Employees of the consortium have been interviewed as part of this investigation.

Finally, another investigation is ongoing into suspected undeclared employment, illegal use of temporary workers, and irregularities in the reporting of industrial accidents. This investigation covers members of the consortium responsible for civil engineering, and various companies involved in the project. Managers of the various parties involved in the project have been interviewed.

3.1.3 France - Île-de-France Regional Authority Contracts

Following a Competition Council (now Competition Authority) ruling of 9 May 2007, the Île-de-France Regional Authority

filed a compensation claim in 2008 as relief for losses it claims to have incurred as a result of the anti-competitive practices of construction companies in connection with the awarding of public works contracts for the renovation of secondary school buildings in the region.

The Regional Authority's urgent application to the Paris District Court was denied in a ruling issued on 15 January 2009 on the grounds that, *prima facie*, there were genuine reasons for objecting to the very principle of the compensation claim.

Invited to revisit the substantive issues of the claim, the Regional Authority filed a further application to the Paris District Court in February 2010, this time claiming damages for a loss it estimated at €232,000,000 based on the joint and several liability of the parties collectively responsible for the loss, i.e. the companies and individuals alleged to have engaged in anti-competitive practices.

The construction companies involved, which dispute both the reality and the amount of the alleged loss, in turn applied to the Court to compel the Regional Authority to disclose a number of documents. This was so that the decision-making process behind the award of each of the contracts could be reconstructed as precisely as possible, thus providing evidence of the alleged loss.

In an injunction dated 3 March 2011, the Paris District Court ordered the Regional Authority to individualise its claims (in terms of loss suffered, and the contractor against which the action is directed) for each of the 88 contract tranches involved in the case, and to disclose archived documents not yet adduced in evidence.

In an injunction dated 31 May 2012, the Paris District Court admitted a request by the contractors to examine the potential inadmissibility of the Authority's civil action on grounds of limitation, before addressing the substantive issues of the Regional Authority's claim.

This decision demonstrates the seriousness of the arguments advanced by the contractors.

3.1.4 France - EOLE

Following a Competition Council (now Competition Authority) ruling of 21 March 2006, imposing penalties on a number of companies for general collusion in sharing contracts and specific collusion on tranches 34B and 37B of the East-West Express Rail Link (EOLE) project, on 21 March 2011 SNCF brought an action in damages before the Paris Administrative Court seeking relief for losses that it claims to have suffered as a result of anti-competitive practices by construction companies when the project tranches were awarded.

Bouygues Construction contests the reality of the alleged loss suffered by SNCF and considers the action is potentially time-barred.

3.1.5 USA - Port of Miami Tunnel

Bouygues Travaux Publics was awarded a contract to finance, design, build and maintain a major road tunnel in the port of Miami.

Before the tunnelling work started, Bouygues Travaux Publics conducted additional geological surveys which showed significant divergences from the geological data originally supplied by the customer (Florida Department of Transportation).

The customer was officially notified of the results of these additional surveys, to inform it of the likely alterations to tunnelling methods.

To ensure that the project progressed satisfactorily, Bouygues Travaux Publics immediately undertook additional works involving (i) technical modifications to the boring machine and (ii) preparatory injection works to enable tunnelling to commence under optimal technical conditions.

Simultaneously, Bouygues Travaux Publics made a submission to the Dispute Resolution Board (DRB) provided for under the concession contract, seeking (i) recognition that the sub-soil description contained in contractual documents supplied by the customer was inaccurate and (ii) confirmation that the customer was liable for the financial consequences of this finding.

On 17 January 2012, the DRB issued an immediately enforceable decision, the main terms of which were:

- The DRB disputed in principle that there had been any change in the geological conditions compared to the geological data contained in the contract, and concluded that the contractor should bear the cost of the technical modifications to the boring machine.
- The DRB accepted the need for the preparatory injection works carried out by the company. The concession company, contractor and customer immediately entered into negotiations to decide how liability for these costs should be apportioned.

On 11 July 2012, Bouygues Travaux Publics and the customer reached a preliminary agreement on the terms for meeting the cost of the additional injection works. Further negotiations based on this agreement resulted in the signature of an addendum to the concession contract on 30 January 2013. The financial effects of this addendum have been recognised in the 2012 financial statements.

3.1.6 United States - Patent infringement action

Freyssinet Inc., a subsidiary of the Freyssinet group, has brought an action in the Maryland District Court against VSL International AG and VStructural LLC, alleging infringement of a patent relating to devices for anchoring structural cable on cable-stayed bridges.

Freyssinet Inc. alleges that VStructural LLC, a licensee of VSL International AG, infringed the patent on a number of bridges

on which it worked. The VSL group contests the allegation. Negotiations towards an out-of-court settlement are ongoing.

3.1.7 Spain - Decision by the *Comisión Nacional de la Competencia* on 2 August 2012

On 2 August 2012, the *Comisión Nacional de la Competencia* (CNC), the Spanish competition commission, issued a decision establishing the existence of anti-competitive practices over several years involving a number of companies in the FCC, VSLI, Dywidag, Freyssinet, Acciona, Ferrovial and other groups.

As regards companies in the Bouygues Construction group, the CNC imposed a fine of €2.4 million on CTT Stronghold and a fine of €0.4 million on VSL Spain.

CTT Stronghold and VSL Spain have appealed against this decision.

This claim has been covered by a provision in the 2012 consolidated financial statements.

3.1.8 France - Paris Law Courts complex

The contractual documents enabling work to start on the major project to build the new Paris Law Courts complex were signed on 15 February 2012.

“Justice dans la Cité”, a not-for-profit organisation that intends to use all possible means to prevent the relocation of the Paris District Court to the Batignolles district in the 17th arrondissement of Paris, has filed a number of claims with the Paris Administrative Court challenging the legality of various administrative procedures relating to the project.

More specifically, the claimant contests the eligibility of the project for a public-private partnership contract. The Paris Administrative Court is due to deliver its ruling during the first quarter of 2013.

3.1.9 France - Ministry of Defence building at the Balard site in Paris

Execution of this contact began several months ago.

In 2012, the Paris City Authority filed two claims seeking annulation of (i) the order whereby the *Préfet* of the Île-de-France Regional Authority declared, in favour of the French State, that the proposed construction of the Ministry of Defence and Army High Command complex in the Balard district of Paris was in the public interest, and amended the Paris City Authority's local development plan accordingly and (ii) the order whereby the *Préfet* of the Île-de-France Regional Authority issued the building consent required for the project.

In a judgment issued on 21 February 2013, the Paris Administrative Court rejected all the claims made by the Paris City Authority.

The Paris City Authority has given notice of its intention to appeal.

3.2 Bouygues Immobilier

Bouygues Immobilier is not currently involved in any significant litigation other than the case relating to decontamination works at the “Grand Sillon” residential project in Saint-Malo,

France. An expert has been appointed and is currently investigating.

3.3 Colas

3.3.1 Claims for damages in Hungary

In six rulings issued between 2004 and 2012, the Hungarian competition council imposed fines on around ten Hungarian companies, including the Colas subsidiaries Egut, Debmut, Hoffmann, Colas Dunantul and Alterra, for anti-competitive practices in tendering for public contracts.

- These fines amount in aggregate to approximately HUF 4,143 million (around €14 million¹), of which approximately HUF 1,437 million (around €5 million¹) have already been paid. The balance relates to decisions that are not yet binding or have been cancelled.
- Following on from these decisions, claims for damages against some Hungarian sub-subsidiaries of Colas have been filed in the Hungarian courts, in respect of losses allegedly incurred as a result of the anti-competitive practices. Collectively, these claims amount to approximately HUF 6,967 million (around €24 million¹), excluding any interest and legal costs that may be payable.

The largest claim relates to the M3 motorway, in which two Colas subsidiaries are being sued for damages of HUF 5,186 million (around €18 million¹) plus interest. A report submitted on 22 April 2010 by a court-appointed expert stated that the customer had not suffered any loss; the expert reaffirmed this conclusion before the court on 10 December 2010, in response to a challenge by the plaintiff. In September 2011, the court appointed a new construction expert and an accounting expert. Faced with the risk that the claim by the Hungarian National Development Authority would be ruled inadmissible, on 12 October 2012 the Hungarian government brought an action against all parties involved in the anti-competitive practices (rather than the individual companies awarded the contracts), on the basis of joint and several liability. This new action is likely to be time-barred.

In light of the court's decisions and the expert reports submitted in 2012, Colas believes that the overall risk has if anything reduced relative to 31 December 2011.

3.3.2 Claim for damages against Colas Île-de-France-Normandie by the Seine-Maritime département

In a French Competition Council decision dated 15 December 2005, upheld by a judgment issued by the *Cour de Cassation* (the French Supreme Court) on 15 January 2008, six companies including Colas Île de France-Normandie were found to have colluded on road surfacing contracts in the Seine-Maritime département between March 1988 and December 1998. Collectively, the fines amounted to €33.7 million; Colas Île-de-France-Normandie paid a total of €21 million. In light of this judgment, the Seine-Maritime département brought an action on 25 February 2010; the principal claim sought a joint and several order for reimbursement of the price paid by the département (€133.7 million) under the disputed contracts, while the subsidiary claim was for a joint and several order for the contracting parties to make good the loss suffered by the département in the amount of €35.6 million, corresponding to the excess cost of the disputed contracts. Colas Île-de-France-Normandie contested the validity of these claims. A hearing was held before the Rouen Administrative Court on 31 May 2012, at which the court decided to extend the preparatory stages of the proceedings until 12 June 2012. After the hearing of 12 June 2012, the *Conseil d'État* decided to transfer the case to the jurisdiction of the Orléans Administrative Court.

3.3.3 Inspections by the French social security agency (URSSAF)

At the end of 2009, the URSSAF issued Colas with a reassessment notice for €52.6 million relating to relief from social security charges for the years 2006 to 2008 under the “Tepa” Law and the Fillon plan, claiming payment in full (in the form of a fixed-sum tax) on the grounds of failure to file information electronically as required (according to the URSSAF) under the French Social Security Code. Colas and its subsidiaries believe there are no grounds for levying the fixed-sum tax stipulated in Article R. 242-5 of the French Social Security Code, arguing that they supplied the documents and other evidence necessary for the audit in paper form

(1) Based on the exchange rate as of 31 December 2012.

and therefore in a usable format. While some claims are currently pending before dispute settlement commissions, others (relating to Colas Île-de-France-Normandie, Colas Mayotte and Colas DGIE) were referred to a Social Security Court during 2011.

3.3.4 Claim relating to the A2 Cernavoda-Constanta motorway contract in Romania

On 9 March 2009, Colas S.A. signed a €175 million design-and-build contract with CNADNR (the Romanian National Company of Motorways and National Roads) relating to a 20 km tranche of the A2 motorway between Cernavoda and Constanta. Following difficulties encountered in the execution of the contract, negotiations were opened with the Romanian government, but failed to reach agreement. Colas therefore terminated the contract on 28 March 2011 on the grounds of breach of contract by the project owner. Colas filed a request for arbitration with the International Chamber of Commerce on 19 December 2011, claiming *inter alia* payment of more than 150 million Romanian lei, or approximately €35 million¹ (excluding interest). CNADNR responded to the arbitration request on 8 March 2012, indicating to the arbitral tribunal that it wished to file a counter-claim of at least 10,575,300 Romanian lei, or approximately €2.4 million¹.

Colas filed written submissions to establish the facts of the case on 14 August 2012. Given the difficulties posed by public procurement procedures regarding the appointment of counsel, CNADNR was granted an extension to January 2013 for filing its written submissions to establish the facts of the case.

3.3.5 Tax dispute in Canada relating to technical assistance invoiced by Colas to its subsidiary Sintra Inc.

The Canadian revenue agency is contesting the deductibility of technical assistance fees invoiced by the Colas parent company to its subsidiary Sintra Inc. for the years from 2004 to 2012, largely on the grounds of insufficient documentation. The amounts in question during this period total CAD 63 million, or around €48 million¹. All available means of recourse will be used, including the mediation procedure stipulated in the Franco-Canadian tax treaty.

The risk to consolidated profits is limited, given the convention between France and Canada for the avoidance of double taxation. Consequently, the position adopted at consolidated level is to recognise a provision only for the amount of any penalties and late payment interest.

3.4 TF1

3.4.1 Risks relating to intellectual property rights (copyright, related rights)

The TF1 group has been affected by the pirating of content in which it owns rights. Legal action was taken in 2008 to put a halt to these acts and claim damages from websites such as Dailymotion and YouTube. The corresponding proceedings, initially brought in the Paris Commercial Court, have been transferred to the Paris District Court, which following legislative changes is now the only French court with jurisdiction over copyright infringements. The TF1 group has had to update its claims in these two cases because the infringements have been continuing since the claims were filed and served.

In a judgment of 29 May 2012 by the Paris District Court, the TF1 group's action against YouTube was ruled to be inadmissible, and the group's claim was held to be without foundation. The TF1 group appealed against this judgment, and the appeal will be heard by the Paris Court of Appeal in late 2013 or early 2014.

However, in a judgment issued by the same court on 13 September 2012, the TF1 group's claim against Dailymotion was held to be partially admissible and well founded. Dailymotion, given its continuing role in hosting the website, was reprimanded for its failure to withdraw promptly content

to which the TF1 group owned the rights and which was illegally posted. Dailymotion was ordered to pay the TF1 group the sum of €270,000, including the costs of the proceedings. It was also served with an injunction to remove keywords referring to TF1 and LCI from its search engine. The TF1 group is currently assessing the possibility of appealing this decision as regards content where its claim was ruled inadmissible and hence failed.

3.4.2 Specific risks related to reality TV shows

A number of lawsuits have been brought against TF1's audiovisual production subsidiary Glem (which became TF1 Production on 1 January 2009), in relation to the *L'Île de la Tentation* reality TV show, arguing (i) that contestants' "participation contracts" should be reclassified as "employment contracts" and (ii) that contestants should be granted performing artist status. The various actions gave rise to divergent rulings by the French courts in 2008. Three Paris Court of Appeal rulings (handed down on 11 February 2008) held that three show contestants had indeed been employees of the production company (Glem), but rejected their claim of performing artist status. Conversely, on 22 December 2008, the Saint-Étienne Employment Tribunal ruled that there was no employment contract.

¹) Based on the exchange rate as of 31 December 2012.

Glem lodged an appeal petition with the *Cour de Cassation* (the French Supreme Court) against the three Court of Appeal judgments.

In a ruling of 3 June 2009, the *Cour de Cassation* held that there had been contracts of employment but rejected the Court of Appeal finding that the arrangements for the show had constituted undeclared employment because there was no evidence of any intention to conceal.

Other claims have been filed with the Boulogne-Billancourt Employment Tribunal regarding other seasons of *L'Île de la Tentation* and other contestants in the show. Proceedings have also been brought in relation to other shows, such as *Koh Lanta*, in which TF1 acquired rights from third-party producers. Some claimants joined TF1 (as purchaser of broadcasting rights in the show) in the proceedings, alongside the producer, as their joint employer.

The Employment Tribunal issued contrasting rulings in the various cases submitted to it: either (i) it found against the producer but awarded relatively modest damages (a few thousand euros per claimant), and rejecting the undeclared employment claims or (ii) the case was referred for a stalemate-breaking decision. In any event, no adverse court ruling against TF1 SA has yet been made in any of these cases.

In decisions issued on 15 September 2009, the tribunal applied the solution adopted in the *L'Île de la Tentation* cases to the *Koh Lanta* show. It also ordered one of the claimants – who had been declared the winner of the show – to repay the prize money to TF1.

A number of contestants, dissatisfied with the sums obtained at first instance, have appealed against the judgments in their cases.

In rulings handed down on 9 November 2010, the Versailles Court of Appeal judged only the claims of contestants whose actions alleging employee status were time-barred. It awarded them damages for the losses they claimed to have suffered due to the conditions in which the programme was recorded. TF1 Production appealed these rulings. On 5 April 2011, the Versailles Court of Appeal handed down its first decisions concerning contestants whose actions alleging employee status were not time-barred. After reclassifying their show participation contracts as employment contracts, it awarded them damages that were slightly higher than those awarded to the time-barred contestants. However, it persisted in its refusal to grant contestants performing artist status and to construe TF1 as joint employer with the production company. TF1 has consistently been excluded as a party to these proceedings.

Appeal petitions against these two sets of rulings have been filed by both the contestants and TF1 Production. The *Cour de Cassation* will probably make its position known early in 2013.

On 13 December 2011, the Versailles Court of Appeal handed down a new set of rulings in relation to these disputes. Apart from the decisions regarding programmes produced by TF1

Production, which are no different to those discussed above, the rulings relate particularly to *Koh Lanta* contestants. The Court of Appeal upheld the reclassification of the contestants' participation in the show as employment contracts, and the damages awarded to contestants as a result of this reclassification. However, it again denied the contestants performing artist status and still refuses to consider TF1 as joint employer.

The Boulogne-Billancourt Employment Tribunal has even, in a ruling of 13 November 2012, refused to reclassify the contract of a participant in the *Le Royaume* show (produced by TF1 Production) as an employment contract on the grounds that this programme was effectively a game (without rules, there is no game) and that as a result, the relationship between the participant and TF1 Production did not have the characteristics of a contract of employment. All the participant's claims were therefore rejected.

The Versailles Court of Appeal, according to the terms of the rulings handed down on 3 July 2012, awarded fairly small sums to the contestants: €2,000 for each contestant whose claim for back salary was time-barred (damages, plus costs under Article 700 of the French Code of Civil Procedure), and €8,500 for each contestant whose claim for back salary was not time-barred. But six months later, in rulings issued on 11 December 2012, the same court made higher awards (of €5,000) to the time-barred claimants, but more importantly (and for the first time) ordered TF1 Production to pay contestants in the final season of *L'Île de la Tentation* additional damages (€11,000) on grounds of undeclared employment. In this case, the court argued that at the time the show was filmed (in the first half of 2008) TF1 Production was aware of the judgment issued by the Paris Court of Appeal on 12 February 2008 but deliberately chose to maintain participation contracts instead of employment contracts.

As regards the TF1 group, it is worth noting that its subsidiary TF1 Production does not specialise in reality TV shows (although it produced *L'Île de la Tentation* and *Greg le Millionnaire*), but rather in studio-based entertainment shows, non-fiction and drama.

Although these cases are not without financial impact, the amount of this impact remains fairly limited, even after the latest judgments and the December 2012 ruling by the Versailles Court of Appeal. In most cases, the amounts claimed by the contestants were very high (in the region of €300,000 to €500,000 per contestant). The judgments handed down to date at every level of jurisdiction are therefore well below the amounts claimed, and have not undermined the basis on which the financial impact of this type of claim is assessed. In light of the cases still pending, the level of provision recognised in the financial statements is in line with the most recent judgments.

Current case law trends in this area are already prompting broadcasters to review the terms and conditions for the making of reality TV shows. This is having an impact on the cost of this type of programming.

3.4.3 Competition law risks

On 12 January 2009, TF1 was notified by the French Competition Authority investigations department of complaints relating to practices in the pay-TV sector.

One complaint against TF1 SA, alleging anti-competitive practices regarding the exclusive distribution of some of its pay-TV theme channels, was retained for further investigation.

In a ruling of 16 November 2010, the Competition Authority rejected the complaint on the grounds that the decision to authorise the "CERES" deal, under which TF1 had agreed exclusivity clauses, constituted vested rights for the parties.

However, the Authority referred certain issues back to the investigations department:

- the definition of the relevant fibre optic and catch-up TV markets;

- whether or not the cumulative impact of these exclusive arrangements was to foreclose competition in the pay-TV market.

In a separate ruling of 20 September 2011, the Competition Authority withdrew its authorisation for the 2006 takeover of TPS by Vivendi and the Canal Plus group due to failure of the Canal Plus group to fulfil a number of the commitments made at the time of the takeover. Following renotification of this transaction, the authority authorised the merger of CanalSat and TPS on 23 July 2012.

The Canal Plus group has appealed this decision to the *Conseil d'État*. Reversal of this decision, and of the obligations that it imposes on the Canal Plus group (especially as regards broadcasters of independent theme channels, such as the TF1 group), could pose a risk to the business model of these channels when their distribution contracts are renewed.

3.5 Bouygues Telecom

3.5.1 Competition

Bouygues and Bouygues Telecom are pursuing their lawsuit in the Court of Justice of the European Union in an attempt to challenge the State aid (of approximately €9 billion) provided when France Télécom was recapitalised in 2002. In August 2004, the European Commission confirmed that State aid incompatible with the common market had been granted but decided not to order its repayment. The General Court annulled the Commission's decision in May 2010, holding that there was no clear proof of the granting of State aid. The European Commission appealed the General Court's ruling to the European Court of Justice (ECJ). Bouygues and Bouygues Telecom also applied to the ECJ challenging this ruling, while Germany voluntarily joined the proceedings in support of France. The hearing took place on 13 March 2012. On 28 June 2012, the advocate general delivered his opinion, in which he proposed that the ECJ annul the General Court ruling and refer the case back to the General Court for a re-examination of the petition from Bouygues and Bouygues Telecom. On 19 March 2013, the ECJ annulled the General Court ruling, on the basis that the General Court had committed errors of law. The ECJ referred the case back to the General Court, while also issuing a definitive ruling on the arguments dealt with by that Court.

Proceedings are ongoing before the General Court of the European Union following an appeal by the French State and France Télécom seeking the annulation of the European Commission decision that its approval of the pension funding arrangements set up in 2006 for France Télécom employees with civil servant status would be contingent upon the employer's contributions paid in respect of such employees being brought fully into line with those paid by its competitors no later than 31 July 2012.

Bouygues Telecom filed a complaint with the French Competition Authority about the practices of Orange, which dominates the French mobile telephony market, in terms of business offerings. This complaint is still under investigation. The appeals by Orange/France Télécom against the enforcement visits and seizures carried out at their premises by the Authority in December 2010 were ruled inadmissible by the Paris Court of Appeal in a judgment issued on 15 May 2012. Now that these visits and seizures have been validated, the investigation should resume quickly.

Bouygues Telecom filed a complaint in 2006 with the Competition Council (now the Competition authority) alleging abuse by Orange France and SFR of their dominant position in respect of their unlimited "on-net" packages. Having decided to refer the complaint for investigation on 15 May 2009 (a decision upheld on appeal and in the supreme court), the Competition Authority fined Orange €117.4 million and SFR €65.7 million for having sold "on-net" packages that generated an abusive price differential between the price of "on-net" calls (to their own networks) and "off-net" calls (to other operators' networks). The Competition Authority also ordered Orange and SFR to stop selling these packages, and to inform customers that they could terminate their subscription to the packages at any time and at no cost. Orange and SFR have announced their intention to appeal this decision to the Paris Court of Appeal.

Proceedings are ongoing before the Paris Commercial Court in the action brought by SFR against Bouygues Telecom in relation to the latter's "Bbox Fibre" offer. SFR alleges that this offer competes unfairly with SFR's FTTH (Fibre To The Home) offer. In its claims, SFR is attempting to prohibit or modify use of the terms "fibre", "very high speed" and "up to 100 MB"; these are key elements in the marketing strategy for this offer,

which is based on Numericable's FTTLA (Fibre To The Last Amplifier) network. Bouygues Telecom is contesting these claims, citing a previous ruling of the Paris Commercial Court in support of its position. This judgment rejected similar claims by France Télécom against Numericable.

Bouygues Telecom used the fast track procedure in the Paris Commercial Court seeking redress for loss suffered following a campaign of disparagement against the company by Free. Bouygues Telecom claimed €98 million as compensation for loss of clientele and reputational damage. In a ruling of 22 February 2013, the Commercial Court ordered Free Mobile to pay Bouygues Telecom the sum of €25 million for having disparaged its quality of service. In turn, Bouygues Telecom was itself ordered to pay Free the sum of €5 million. Free has announced its intention to appeal.

3.5.2 Regulatory matters

The European Commission has brought infringement proceedings against France in relation to its new tax on the sales revenues of electronic communications operators intended to contribute towards the funding of public service broadcasting. France has been requested to abolish this tax but the government has refused. Bouygues Telecom has also challenged this tax in the domestic courts. The claims are currently being examined.

Other claims are also pending challenging the legality of various other taxes.

As an internet service provider (ISP), Bouygues Telecom is the target of numerous legal actions to block access to contentious websites. In 2012, ARJEL (the French online gaming regulator) brought further proceedings to block access to unlicensed websites. To date, Bouygues Telecom has received 16 requests to block sites since ARJEL was set up in 2010. Nearly 50 websites are now involved, which could result in further proceedings against ISPs.

Bouygues Telecom has instituted dispute settlement proceedings before Arcep (the French electronic communications and postal services regulator) seeking fair rights of access to the vertical fibre optic network being rolled out by France Télécom in densely-populated areas. In its decision of 16 November 2010, Arcep accepted some of Bouygues Telecom's claims. Consequently, the terms of the rollout had to be amended to suit Bouygues Telecom's status as a new market entrant, and a significant portion of the cost had to be spread more equitably between the operators. France Télécom appealed to the Paris Court of Appeal to have these findings overturned. This appeal was rejected on 19 January 2012, and France Télécom then appealed the case to the *Cour de Cassation* (the French Supreme Court), where proceedings are ongoing.

3.5.3 Consumer protection – Customers

The financial and IT crimes unit of the Marseille police, acting under powers delegated to officers by the investigating magistrate, notified Bouygues Telecom that an investigation has been launched into alleged hacking into automated data

processing systems in an attempt to bypass SIM card locking codes. This investigation follows a claim filed by SFR and has uncovered a large-scale scam that is also targeted at Bouygues Telecom and Orange France. Bouygues Telecom has joined itself as a civil party in the criminal proceedings to obtain access to the case file so that it can assess the extent of its financial loss. The investigation is in progress.

Bouygues Telecom is being sued in the Paris District Court by the UFC-Que Choisir consumer protection association alleging that time limits on the validity of prepaid call cards constitute an unfair contract term. Similar cases are pending against other operators. In a judgment of 15 May 2012, the court dismissed all the claims made by UFC-Que Choisir against Bouygues Telecom and another operator. UFC-Que Choisir has lodged an appeal, and proceedings are ongoing before the Paris Court of Appeal.

On 7 June 2012, UFC-Que Choisir brought an action against Bouygues Telecom and nine other mobile operators in the Paris District Court alleging unfair contract terms. UFC-Que Choisir is seeking the deletion of certain clauses from the B&You general terms and conditions of service on pain of penalties, plus €150,000 in damages.

3.5.4 Contracts

The Nortel group, an equipment manufacturer, filed for protection from its creditors in January 2009. Subsequently, an agreement was signed on 25 November 2009 with a view to selling the entire worldwide assets of Nortel's GSM and GSM-R businesses. Bouygues Telecom filed proof of its debt and laid claim to product inventories to which it held title. In addition, Bouygues Telecom is facing direct payment claims (amounting to about €750,000) from Nortel subcontractors whose invoices have not been paid by Nortel. In turn, Nortel's court-appointed liquidator is seeking to recover from Bouygues Telecom a sum of approximately €440,000 which the company has withheld because of the subcontractor claims it faces. The procedure is ongoing.

Bouygues Telecom received a claim concerning a GHT white chrome KP handset whose battery allegedly exploded while it was being recharged. As a precaution, Bouygues Telecom recalled all the potentially defective handsets. Bouygues Telecom also requested the Paris Commercial Court to appoint an expert, who confirmed the validity of the precautionary measures taken by Bouygues Telecom.

3.5.5 Mobile phone base stations

The *Cour de Cassation* (French Supreme Court) referred the issue of whether the ordinary courts are competent to order the dismantling of base stations to the *Tribunal des Conflits* (Jurisdiction Court). In a judgment of 27 May 2012, the *Tribunal des Conflits* definitively settled the issue of which court is competent to order the dismantling of a base station. Claims for the cessation of signal transmission or the dismantling/removal of a base station for health or interference reasons are within the sole competence of the administrative courts, which alone have the capacity to

revoke the administrative permits granted to operators. The ordinary courts remain competent to rule on claims of nuisance to adjacent properties.

A case is currently before the *Cour de Cassation* involving a pensioner who had made a summary application for the dismantling of a base station located a few metres from his retirement home. His application was rejected by the summary hearings judge, and this ruling was upheld on appeal, due to a lack of evidence of imminent danger. An appeal petition was filed, and process was served on Bouygues Telecom on the substantive issues. The proceedings are ongoing.

3.5.6 Patents

In 2007, a US corporation brought an action against Bouygues Telecom and all telecoms operators worldwide alleging infringement of a patent covering an application used for international SMS messaging. The US court rejected the claim on grounds of lack of geographical jurisdiction. However, US mobile operators were ordered to disclose relevant documents (discovery), following which the claimant decided to appeal. The US Federal Court of Appeal definitively struck out the claimant's action, on the basis that its patent had not been infringed.

A company based in Luxembourg with no industrial activity has brought an action against Bouygues Telecom for infringement of a patent it claims to own, relating to a process for routing calls between the mobile network and the public switched telephone network (PSTN) which is allegedly used in UMTS mobile phone networks. The patent having expired at the end of June 2012, the claimant can no longer seek an injunction preventing exploitation of the patent, and has limited itself to financial claims against Bouygues Telecom. The action is being contested by Bouygues Telecom, with support from its equipment suppliers. The claimant has filed similar actions in other countries, the outcomes of which include the Dutch courts declaring the patent to be null and the German courts ruling that there had been no infringement.

3.5.7 The "Open" offer

Subsequent to the balance sheet date (in January 2013), Bouygues Telecom filed a complaint with the French Competition Authority, alleging that Orange had abused its dominant market position in respect of its "Open" quadruple-play offer. The substance of the complaint is that the contractual arrangements of the "Open" offer have the effect of foreclosing the market and locking in consumers, and that the offer cannot be replicated in less densely-populated areas where Bouygues Telecom is forced to use France Télécom's ADSL network.

3.6 Bouygues SA

Bouygues SA is in dispute with the French tax authorities following the capital increase reserved for employees under the Bouygues Partage employee share ownership plan. The dispute relates to the tax deductibility of the difference between the value of the shares at the date of the capital increase and the subscription price of the shares. The amount in dispute is in the region of €55 million. A reassessment notice has been issued and paid. Bouygues, which considers the conditions for deductibility to have been fully met, has referred the dispute to the Montreuil Administrative Court.

On 18 January 2012, the Paris District Court heard the libel action brought by Bouygues, Bouygues Construction and Bouygues Bâtiment Ile-de-France against *Le Canard Enchaîné*,

its publisher and the two journalists responsible for articles about the awarding of the contract for the new French Ministry of Defence headquarters in Paris. The Bouygues group was claiming damages for accusations that it considered false and seriously defamatory. On 14 March 2012, the District Court dismissed the Bouygues group's case, finding that the journalists acted in good faith. However, it did recognise that five of the allegations made in the article published by *Le Canard Enchaîné* were defamatory and that *Le Canard Enchaîné* had failed to provide evidence that a judicial investigation into Bouygues was in progress. Bouygues SA and the Group companies involved have appealed against this decision.

4. INSURANCE - RISK COVERAGE

4.1 Organisation and insurance policy

The Bouygues group's policy on insurance is handled by separate insurance departments in each of the five business areas with a significant degree of autonomy, and a central Risks and Insurance department that provides leadership and coordination on a Group-wide basis.

Policies are usually contracted by the insurance departments at business area level, reflecting the great diversity of risks to which each business is exposed. Some insurance programmes that are less sensitive to the specific needs of individual businesses are centralised in the interest of cost-effectiveness.

The Bouygues group and its subsidiaries operate a prevent and protect policy, developing new measures to further reduce the probability and impact of accidents and claims. This policy also reduces the overall cost of risk, improving the Group's position when negotiating premiums and cover with its insurers.

A high proportion of the Group's policies are obligatory, for example third-party vehicle cover and (for buildings in France) ten-year building guarantees and builder's liability insurance, etc.), reflecting the importance of construction activities in the business mix. These policies can account for up to 75% of the insurance budget of the business area most involved in construction.

Looking beyond obligatory insurance, Group policy is to transfer significant risks to the insurance market by establishing stable

relationships with leading insurers, and to negotiate policies on the best possible terms as regards cover and cost.

Insurers are selected using key criteria such as financial stability, technical competence and management expertise. The main programmes are placed via specialist insurance brokers with leading insurers such as Allianz, Axa, Generali, SMABTP and Zurich.

Worst-case scenarios are used in determining the level of cover required, subject to restrictions imposed by insurance market capacity and the cost of cover.

Deductibles on these policies are set at entity level to ensure an optimum trade-off between the likelihood of claims and the premium reductions that can be obtained from insurers by increasing the deductible. On this basis, some risks are insured with no deductible, while others are subject to a higher deductible, of up to €1.5 million in some cases.

Total premiums paid to general insurance companies for fire, accident and sundry risk cover are between 0.15% and 1.2% of gross sales, depending on the business area.

The Bouygues group owns a captive reinsurance company, Challenger Re, which may become involved in some of the risks to which the Group is exposed. The company is governed by Luxembourg law and is supervised by the Luxembourg insurance regulator.

4.2 Core insurance programmes

To prevent certain information being used to the detriment of the Group and its shareholders, especially in legal disputes, the amount of premiums and terms of cover are kept strictly confidential, especially in the case of liability insurance.

- **Property insurance:** Cover is generally set on the basis of capital value; where this is impossible, cover is set at a level corresponding to the worst-case scenario subject to market constraints.

When damage to insured assets is liable to lead to a business interruption, insurance is taken out to cover the financial consequences, such as operating losses and/or additional costs. The amount of cover reflects the expected downtime at the damaged site based on the worst-case scenario and on the recovery plans in place.

- **Contractor's insurance:** Cover is generally equal to market value. Exceptionally, cover for some geographically dispersed projects may be limited to the cost of repairing damage incurred in a worst-case scenario. The scenario used depends on the type of project (e.g. motorway,

viaduct or tunnel) and its geographical location, so as to build in the risk of damage from natural disasters such as seismic activity and hurricanes. In some cases, the amount of cover may be limited by the total capacity available in the world insurance market, for example in the case of earthquake damage or acts of terrorism abroad.

- **Liability insurance:** These policies provide cover against loss or injury to third parties for which Group companies may be liable. Because Group companies vary greatly in size and in the nature of their activities, cover is tailored to the risks incurred.

The Group considers that its current policies are suitably matched to its risk exposure profile, taking account of what is available on insurance markets in terms of capacity, cover and terms. The insurance policies described are subject to market constraints, and hence may contain exclusions and/or limitations; they may be subject to change in response to market conditions or to changes in the risks to which the Group is exposed.

Chapter 5

Corporate governance, internal control and risk management

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1. INFORMATION ON CORPORATE OFFICERS

Chairman and CEO

MARTIN BOUYGUES

32 avenue Hoche, 75008 Paris, France
 Date of birth: 03/05/1952 – French
 Date of first appointment: 21/01/1982
 Expiry date of current term of office: 2015
 Number of shares in the company: 374,040
 (65,999,480 via SCDM)

Expertise/experience

Martin Bouygues joined the Bouygues group in 1974 as a works supervisor. In 1978, he established Maison Bouygues, specialising in the sale of catalogue homes. In 1987, Martin Bouygues was appointed Vice-Chairman of the Bouygues Board of Directors, on which he has served since 1982. On 5 September 1989, Martin Bouygues took over from Francis Bouygues as Chairman and CEO of Bouygues. At Martin Bouygues' instigation, the Group pursued its development in construction as well as in media (TF1) and launched Bouygues Telecom in 1996. In 2006, Bouygues acquired a stake in Alstom and is thus in a position to expand into new high-growth business lines in transport and power.

Principal positions outside Bouygues SA

Chairman of SCDM.

Other positions and functions in the Group

In France: Director of TF1¹; member of the Board of Directors of the Francis Bouygues Foundation.

Other positions and functions outside the Group

In France: Member of the supervisory board of Paris-Orléans¹; standing representative of SCDM and Chairman of Actiby, SCDM Participations and SCDM Invest-3.

Outside France: Member of the Board of Directors of the Skolkovo Foundation (Russia).

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

2010 – Standing representative of SCDM, Chairman of SCDM Invest-1 (June 2008 to April 2010); Director of Sodeci¹ (Ivory Coast) (June 2002 to March 2010) and CIE¹ (Ivory Coast) (June 2001 to March 2010).

2009 – Standing representative of SCDM, Chairman of Investaq Énergie (June 2008 to July 2009).

Deputy CEO

OLIVIER BOUYGUES

32 avenue Hoche, 75008 Paris, France
 Date of birth: 14/09/1950 – French
 Date of first appointment: 05/06/1984
 Expiry date of current term of office: 2013 (2015 Deputy CEO)
 Number of shares in the company: 500
 (65,999,480 via SCDM)

Standing representative of SCDM and director

Expertise/experience

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

Principal positions outside Bouygues SA

CEO of SCDM.

Other positions and functions in the Group

In France: Director of TF1¹, Colas¹, Bouygues Telecom, Bouygues Construction and Eurosport.

Outside France: Chairman of the Board of Directors of Bouygues Europe (Belgium).

Other positions and functions outside the Group

In France: Director of Alstom¹ and Finagestion; Chairman of SCDM Énergie, Sagri-E and Sagri-F; non-partner manager of Sir and Sib.

Outside France: Chairman & CEO and Director of Seci (Ivory Coast); Director of Sodeci¹ (Ivory Coast), CIE¹ (Ivory Coast) and Sénégalaise des Eaux (Senegal).

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

2011 – Standing representative of SCDM, Chairman of SCDM Énergie (September 2005 to September 2011).

2010 – Standing representative of SDCM, Chairman of SCDM Investur (July 2007 to September 2010) and SCDM Investcan (January 2008 to September 2010); member of the board of Cefina (February 2005 to June 2010).

⁽¹⁾ Listed company.

Directors

PATRICIA BARBIZET

12 rue François 1^{er}, 75008 Paris, France
 Date of birth: 17/04/1955 – French
 Date of first appointment: 22/12/1998 (as standing representative of Artémis)
 Date of second appointment: 13/12/2005 (in her personal capacity)
 Expiry date of current term of office: 2014
 Number of shares in the company: 500

Chairman of the Remuneration Committee and member of the Accounts Committee

Expertise/experience

Patricia Barbizet graduated from École Supérieure de Commerce de Paris (ESCP) in 1976. She began her career with the Renault group as treasurer at Renault Véhicules Industriels, then finance director at Renault Crédit International before joining the Pinault group in 1989 as finance director. She was appointed CEO of Artémis in 1992 and became CEO of Financière Pinault in 2004. She was Chairman of the supervisory board of the PPR group until May 2005 when she was appointed Vice-Chairman of the Board of Directors of PPR. Patricia Barbizet is also director of Total, TF1, Air France-KLM, and Fonds Stratégique d'Investissement.

Principal positions outside Bouygues SA

CEO and Director of Artémis.
 Vice-Chairman of the Board of Directors of PPR¹.

Other positions and functions in the Group

In France: Director of TF1.

Other positions and functions outside the Group

In France: CEO (non-proxy) and member of the supervisory board of Financière Pinault; director of Société Nouvelle du Théâtre de Marigny, Fonds Stratégique d'Investissement, Air France-KLM¹ and Total¹; member of the supervisory board of Yves Saint Laurent; member of the management board of SC du Vignoble de Château Latour; standing representative of Artémis on the boards of Sebdo Le Point and Agefi.

Outside France: Managing Director and director of Palazzo Grassi (Italy); Chairman of the Board of Directors and Board member of Christies International Plc¹ (United Kingdom); board member of Gucci Group NV¹ (Netherlands).

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

2012 – Deputy CEO of Société Nouvelle du Théâtre de Marigny (April 2010 to January 2012); non-executive director de Tawa PLC¹ (United Kingdom) (April 2001 to June 2012).
2011 – Director of Fnac (October 1994 to May 2011).
2009 – Director of Piasa (April 2007 to January 2009).
2008 – Chairman of the Board of Directors of Piasa (April 2007 to May 2008).

FRANÇOIS BERTIÈRE

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
 Date of birth: 17/09/1950 – French
 Date of first appointment: 27/04/2006
 Expiry date of current term of office: 2015
 Number of shares in the company: 54,113

Expertise/experience

François Bertière graduated from École Polytechnique and École Nationale des Ponts et Chaussées, and is a qualified architect (DPLG). He began his career in 1974 in the Infrastructure Ministry. In 1977, he was appointed technical advisor to the office of the French Education Ministry, then deputy director in charge of planning at the Regional Infrastructure Department of Upper Corsica in 1978. In 1981, he became director of urban development at the Public Development Agency (EPA) of Cergy-Pontoise. He joined the Bouygues group in 1985 as Deputy CEO of Française de Constructions. In 1988, he was appointed Chairman and CEO of France Construction, Vice-Chairman and CEO of Bouygues Immobilier in 1997, then Chairman and CEO of Bouygues Immobilier in 2001. François Bertière has been a director of Bouygues Immobilier since 1991.

Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Immobilier.

Other positions and functions in the Group

In France: Director of Colas¹; Chairman and director of the Bouygues Immobilier Corporate Foundation; member of the Board of Directors of the Francis Bouygues Foundation; director of CSTB (French building technology research centre).

MRS FRANCIS BOUYGUES

50 rue Fabert, 75007 Paris, France
 Date of birth: 21/06/1924 – French
 Date of first appointment: 19/10/1993
 Expiry date of current term of office: 2015
 Number of shares in the company: 110 (5,290,034 via FMB)

GEORGES CHODRON DE COURCEL

3 rue d'Antin, 75002 Paris, France
 Date of birth: 20/05/1950 – French
 Date of first appointment: 30/01/1996
 Expiry date of current term of office: 2015
 Number of shares in the company: 930

Member of the Accounts Committee

Expertise/experience

Georges Chodron de Courcel is a graduate of École Centrale de Paris and holds a degree in economics. He joined Banque Nationale de Paris (BNP) in 1972, where he became head of financial research in the finance department in 1978, then executive secretary of Banexi in 1982. He then became director of securities management and director of financial and industrial investment. In 1989, he was appointed Chairman of Banexi, then central director of BNP in 1990. In 1995, he became Executive Vice-President then COO of BNP from 1996 to 1999. After the merger with Paribas in August 1999, Georges Chodron de Courcel was head of the

¹ Listed company.

corporate and investment banking arm of BNP Paribas from 1999 to 2003. He has been Chief Operating Officer of BNP Paribas since June 2003.

Principal positions outside Bouygues SA

Chief Operating Officer of BNP Paribas¹.

Other positions and functions outside the Group

In France: Director of Nexans¹, Alstom¹, Société Foncière, Financière et de Participations¹ and Verner Investissements; member of the supervisory board of Lagardère SCA¹; non-voting director of Exane and Scor SE¹.

Outside France: Chairman of BNP Paribas (Suisse) SA (Switzerland); Vice-Chairman of Fortis Bank¹ (Belgium/Netherlands), director of CNP - Compagnie Nationale à Portefeuille (Belgium), Erbé SA (Belgium), Groupe Bruxelles Lambert (Belgium), Scor Holding (Switzerland) AG¹ (Switzerland), Scor Global Life Rückversicherung Schweiz AG (Switzerland) and Scor Switzerland AG (Switzerland).

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

2012 – Chairman of Compagnie d'Investissement de Paris and Financière BNP Paribas (May 2002 to July 2012).

2011 – Non-voting director of Safran SA¹ (March 2005 to April 2011).

2009 – Director of BNP Paribas Zao (Russia) (January 2006 to July 2009).

2008 – Director of Banca Nazionale del Lavoro (Italy) (April 2006 to September 2008).

LUCIEN DOUROUX

20 rue de la Baume, 75008 Paris, France

Date of birth: 16/08/1933 – French

Date of first appointment: 30/03/1999

Expiry date of current term of office: 2013

Number of shares in the company: 500

Chairman of the Ethics and Sponsorship Committee

Expertise/experience

Lucien Douroux graduated from the Conservatoire National des Arts et Métiers (Cnam). He was appointed CEO of Caisse Régionale du Crédit Agricole de Paris et d'Île-de-France in 1976. He was CEO of Caisse Nationale du Crédit Agricole from 1993 to 1999 and Chairman of the supervisory board of Crédit Agricole Indosuez from 1999 to 2001.

Principal positions outside Bouygues SA

Director of Indosuez Private Banking.

YVES GABRIEL

1 avenue Eugène Freyssinet, 78280 Guyancourt, France

Date of birth: 19/03/1950 – French

Date of first appointment: 10/09/2002

Expiry date of current term of office: 2013

Number of shares in the company: 116,788

Expertise/experience

Yves Gabriel is a civil engineering graduate of École Nationale des Ponts et Chaussées, and joined the Bouygues group in 1976. His career began at Screg Île-de-France as works engineer; he then became sector head and manager of a regional branch office. In 1985, he established Screg Bâtiment where he was CEO until 1992. From 1989 to 1992, he also served as COO of Bouygues' industrial construction division and was Chairman of Ballestrero. From 1992 to 1996, he was CEO of the Screg group (French road construction group). In November 1996, he joined the Saur group as Deputy CEO responsible for activities in France and the merger with the Cise group, acquired from Saint-Gobain. In June 2000, he was appointed CEO of the Saur group. In September 2002, he was appointed Chairman and CEO of Bouygues Construction, and director of Bouygues.

Principal positions outside Bouygues SA

Chairman and CEO, Bouygues Construction.

Other positions and functions in the Group

In France: Director of Bouygues Energies & Services; standing representative of Bouygues Construction on the boards of Bouygues Bâtiment International, Bouygues Bâtiment Île-de-France and Bouygues Travaux Publics; Chairman and director of Fondation Terre Plurielle, Bouygues Construction's Corporate Foundation.

Other positions and functions outside the Group

In France: Director of Fédération Nationale des Travaux Publics (FNTP), French national civil works federation; director of Institut de la Gestion Déléguée (IGD) and SMABTP.

ANNE-MARIE IDRAC

9 Place Vauban, 75007 Paris, France

Date of birth: 27/07/1951 – French

Date of first appointment: 26/04/2012

Expiry date of current term of office: 2015

Number of shares in the company: 500

Expertise/experience

Anne-Marie Idrac graduated from Institut d'Études Politiques in Paris and École Nationale d'Administration (the Simone Weil intake). She has spent most of her career working in the fields of the environment, housing, urban development and transport. She was successively director general at the Public Development Agency (EPA) of Cergy-Pontoise, director of land transportation, Secretary of State for Transport, Chair and CEO of the RATP (Paris public transport authority), Chair and CEO of the SNCF (French state railways), and Secretary of State for Foreign Trade.

⁽¹⁾ Listed company.

Principal positions outside Bouygues SA

Senior Advisor for Suez Environnement¹ and Sia Partners.

Other positions and functions outside the Group

In France: Director of Vallourec¹, Total¹ and Saint-Gobain¹

Outside France: Director of Mediobanca¹.

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

2008 – Chair of SNCF.

PATRICK KRON

3 avenue André Malraux, 92300 Levallois-Perret, France

Date of birth: 26/09/1953 – French

Date of first appointment: 06/12/2006

Expiry date of current term of office: 2013

Number of shares in the company: 500

Expertise/experience

Patrick Kron is a graduate of École Polytechnique and an engineer of the Corps des Mines de Paris. He began his career at the French Industry Ministry in 1979 as an engineer in the Loire Valley regional department for industry, research and the environment (DRIRE), then in the Ministry's general directorate. In 1984, he joined the Pechiney group, where he held senior operational responsibilities in one of the group's factories in Greece before becoming manager of Pechiney's Greek subsidiary in 1988. Between 1988 and 1993, Patrick Kron held various operational and financial positions at Pechiney, notably President of the Electrometallurgy Division. In 1993, he became member of the executive committee of the Pechiney group and was Chairman and CEO of Carbone Lorraine from 1993 to 1997. From 1995 to 1997, he ran Pechiney's Food and Health Care Packaging Sector and held the position of COO of the American National Can Company in Chicago (United States). From 1998 to 2002, Patrick Kron was Chairman of the executive board of Imerys before joining Alstom where he has been CEO since 1 January 2003, and Chairman and CEO since 11 March 2003. He has also been a Director since 24 July 2001.

Principal positions outside Bouygues SA

Chairman and CEO of Alstom¹.

Other positions and functions outside the Group

In France: Chairman of Alstom Resources Management; director of Afep and Vice-Chairman of "Les Arts Florissants" vocal group.

Outside France: CEO and director of Alstom Asia Pte Ltd.

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

2012 – Director of Alstom UK Holdings Ltd (United Kingdom).

HERVÉ LE BOUC

7 place René Clair, 92653 Boulogne-Billancourt cedex, France

Date of birth: 07/01/1952 – French

Date of first appointment: 24/04/2008

Expiry date of current term of office: 2014

Number of shares in the company: 2,010

Expertise/experience

Hervé Le Bouc holds a degree in engineering from École Spéciale des Travaux Publics (ESTP). He joined the Bouygues group in 1977 and began his career at Screg Île-de-France (now a Colas subsidiary) as a site engineer, subsequently working as an area supervisor and then a regional manager until 1989. In 1985, he was appointed Director reporting to the Chairman and Chief Executive Officer. In 1989, he was named director in charge of commercial development of Bouygues Offshore for Europe, French overseas departments and territories (Dom-Tom) and Australia, and subsequently South East Asia and Mexico. He became COO of Bouygues Offshore in 1994, then CEO in 1996 and Chairman and CEO in 1999. From November 2001 to September 2002, he served concurrently as COO of Bouygues Construction, Chairman of the Board of Bouygues Offshore and Chairman of the Board of ETDE. From September 2002 to February 2005, Hervé Le Bouc was CEO of Saur, then Chairman and CEO from February 2005 to April 2007. In February 2007, Hervé Le Bouc became a director of Colas and was named Deputy CEO in August of the same year. On 30 October 2007, he was appointed Chairman and CEO of Colas.

Principal positions outside Bouygues SA

Chairman and CEO of Colas¹.

Other positions and functions in the Group

In France: Chairman & CEO and director of Colasie; director of Bouygues Immobilier; standing representative of Colas¹ on the boards of Société Parisienne d'Études d'Informatique et de Gestion, Colas Midi Méditerranée and Screg Est; manager of Échangeur International; standing representative of Spare on the board of Sacer Atlantique; standing representative of IPF on the boards of Aximum and Colas Rail; Chairman of the Colas Foundation.

Outside France: Member of the supervisory board of La Route Marocaine (Morocco) and La Société Maghrébienne d'Entreprises et de Travaux (Morocco); director of Hindustan Colas Limited (India), ColasCanada (Canada), Tipco Asphalt (Tasco) (Thailand), Isco Industry (Korean Republic) and Colas Inc (United States); standing representative of Colas¹ on the supervisory boards of Colas Émulsions (Morocco) and Grands Travaux Routiers (Morocco).

Other positions and functions outside the Group

In France: standing representative of Colas¹ on the board of Cofiroute.

(1) Listed company.

HELMAN LE PAS DE SÉCHEVAL

38 avenue Kleber, 75008 Paris, France

Date of birth: 21/01/1966 - French

Date of first appointment: 24/04/2008

Expiry date of current term of office: 2014

Number of shares in the company: 600

Chairman of the Accounts Committee**Expertise/experience**

Helman le Pas de Sécheval is a graduate of École Normale Supérieure with a PhD in Physical Sciences and an engineering degree from École des Mines. He began his career in 1991 as a project manager in the financial engineering department of Banexi. From 1993 to 1997, he was deputy inspector-general of the underground quarries of Paris. In July 1997, he was appointed deputy to the head of the Department of Financial Operations and Information of the COB (the former name of the French securities regulator), becoming head of this department in 1998. From November 2001 to December 2009, Helman le Pas de Sécheval was group Chief Financial Officer of Groupama, with responsibility for the group's financing, investing, reinsurance and accounting divisions and oversight of the group's financial subsidiaries: Groupama Banque, Banque Finama (which merged with Groupama Banque on 1 October 2009), Groupama Asset Management, Groupama Immobilier, Groupama Private Equity and GIE Groupama Systèmes d'Information. From January 2010 to December 2011, he was Managing Director of Groupama Centre-Atlantique. In September 2012, he was appointed Senior Executive Vice-President, General Counsel of Veolia Environnement.

Other positions and functions outside the Group

In France: Senior Executive Vice-President, General Counsel of Veolia Environnement¹.

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

2011 – Vice-Chairman and director of Groupama Banque (October 2009 to December 2011); director of Gan Assurances, Groupama Holding and Groupama Holding 2 (February 2010 to December 2011); standing representative of Groupama Centre-Atlantique on the board of GIE Groupama Systèmes d'Information (January 2010 to June 2011); Managing Director of Centaure Centre-Atlantique (January 2010 to December 2011); director of Silic¹ (November 2001 to December 2011); standing representative of Groupama Centre-Atlantique on the board of GIE Groupama Supports & Services (July to December 2011); standing representative of Groupama SA and co-manager of SCI d'Agassac (January 2004 to December 2011); standing representative of Groupama Centre-Atlantique and co-manager of SCA d'Agassac (January 2004 to December 2011); director of Groupama Assicurazioni S.p.A., former Nuova Tirrena (Italy) (October 2009 to December 2011).

2010 – Standing representative of Groupama SA on the board of GIE Groupama Systèmes d'Information (October 2007 to January 2010); non-voting director of Gimar Finance & Compagnie (December 2004 to January 2010).

2009 – Chairman of Groupama Asset Management (May 2005 to December 2009), Groupama Private Equity (May 2005 to November 2009), Groupama Immobilier (May 2005 to December 2009) and Compagnie Foncière Parisienne (October 2003 to December 2009); standing representative of Groupama SA on the supervisory board of Lagardère SCA¹ (September 2002 to December 2009); director of Groupama Vita S.p.A. (Italy) (March 2002 to November 2009) and Groupama Assicurazioni S.p.A.² (Italy) (March 2002 to November 2009).

2008 – Director of Groupama International (September 2006 to December 2008).

COLETTE LEWINER

Tour Europlaza, 20 avenue André Prothin,
92927 Paris La Défense cedex, France

Date of birth: 19/09/1945 - French

Date of first appointment: 29/04/2010

Expiry date of current term of office: 2013

Number of shares in the company: 11,930

Member of the Remuneration Committee**Expertise/experience**

Colette Lewiner is a graduate of École Normale Supérieure and holds the prestigious rank of "agrégée" teacher in physics, as well as a PhD in science. She spent a large part of her career with EDF, where she was the first woman to be appointed Senior Vice President within the group, with responsibility for development and marketing strategy. She went on to lead Cogema's engineering subsidiary SGN. In 1998, she joined Capgemini, where she headed the Global Energy, Utilities and Chemicals sector, before becoming Advisor to the Chairman on matters regarding energy and utilities. In September 2010, in addition to her functions at Capgemini, Colette Lewiner was appointed non-executive chairwoman of TDF. She is an Officer of the Legion of Honour and a Commander of the National Order of Merit.

Principal positions outside Bouygues SA

Advisor to the Chairman of Capgemini¹ on matters regarding energy and utilities.

Other positions and functions in the Group

In France: Director of Colas¹.

Other positions and functions outside the Group

In France: Chairwoman and member of the Board of Directors of TDF; director of Nexans¹, Eurotunnel¹ and Lafarge¹.

Outside France: Director of TGS Nopec Geophysical Company¹ (Norway), and Crompton Greaves Limited⁽¹⁾⁽³⁾ (India).

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

2012 – Vice-Chairwoman, Global Leader Energy, Utilities and Chemicals sector of Capgemini.

2011 – Director of La Poste (December 2005 to April 2011).

2008 – Director of Ocean Rig (January 2008 to June 2008).

⁽¹⁾ Listed company.

⁽²⁾ Groupama Assicurazioni was absorbed by Nuova Tirrena on 1 November 2009, which took on the Groupama Assicurazioni company name.

⁽³⁾ Since end-January 2013. In 2012, Colette Lewiner respected the number of directorships as required under Article 17 of the Afep/Medef Code.

SANDRA NOMBRET

1 avenue Eugène Freyssinet, 78280 Guyancourt, France
 Date of birth: 24/05/1973 – French
 Date of first appointment: 29/04/2010
 Expiry date of current term of office: 2013

Director representing employee shareholders**Expertise/experience**

Sandra Nombret has a DESS postgraduate diploma in foreign trade law. After joining the Bouygues group in 1997, she is currently a department head with Bouygues Bâtiment International, where she is Senior Legal Officer for the Near and Middle East, Africa, Central Asia, Canada and Cyprus.

Principal positions outside Bouygues SA

Department Head and Senior Legal officer, Bouygues Bâtiment International.

NONCE PAOLINI

1 quai du Point du Jour, 92656 Boulogne-Billancourt cedex, France
 Date of birth: 01/04/1949 – French
 Date of first appointment: 24/04/2008
 Expiry date of current term of office: 2014
 Number of shares in the company: 500

Expertise/experience

Nonce Paolini holds a Master of Arts degree and graduated from Institut d'Études Politiques de Paris (IEP) in 1972. He started his career at the French power and gas utility EDF-GDF, where he worked first in operational positions (customer service/sales and marketing), and then in senior management (organisation, training, human resources, corporate communications). He joined the Bouygues group in 1988 as human resources development director, then became the Group corporate communications director in 1990. He joined TF1 in 1993 as human resources director and became Deputy CEO of the TF1 group in 1999. In January 2002, he was appointed Senior Vice-President of Bouygues Telecom to head up sales and marketing, customer relations and human resources. Nonce Paolini became Deputy CEO in April 2004 and a director in April 2005. Nonce Paolini has been CEO of TF1 since 22 May 2007, and Chairman and CEO since 31 July 2008.

Principal positions outside Bouygues SA

Chairman and CEO of TF1¹.

Other positions and functions in the Group

In France: Chairman of NT1 and Holding Omega Participations (H.O.P.); Chairman and director of Monte Carlo Participation (MCP) and of the TF1 Corporate Foundation; director of Bouygues Telecom; standing representative of TF1 Management, and manager of La Chaîne Info and TF1 D.S.; standing representative of TF1¹ on the boards of Extension TV, TF1 - Acquisitions de Droits and TF6 Gestion; standing representative of TF1¹ and member of the Board of Directors of Groupe AB.

Outside France: Vice-Chairman and director of Télé Monte Carlo (TMC) (Monaco).

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

2009 – Standing representative of TF1¹ on the board of Médiamétrie (July 2007 to November 2009); standing representative of TF1¹ on the board of WB Television (September 2008 to November 2009); member of the supervisory board and Vice-Chairman of France 24 (September 2007 to February 2009).

JEAN PEYRELEVADE

32 rue de Lisbonne, 75008 Paris, France
 Date of birth: 24/10/1939 – French
 Date of first appointment: 25/01/1994
 Expiry date of current term of office: 2013
 Number of shares in the company: 500

Chairman of the Selection Committee**Expertise/experience**

Jean Peyrelevade is a graduate of École Polytechnique and Institut d'Études Politiques de Paris (IEP), and is a senior civil aviation engineer. He was deputy head of the private office of the Prime Minister in 1981, and in 1983 became Chairman of Compagnie Financière de Suez and, at the same time, of Banque Indosuez. He was appointed Chairman and CEO of Banque Stern, then in 1988 became Chairman of UAP, before becoming Chairman of Crédit Lyonnais in 1993 for ten years. He is currently a merchant banker at Banca Leonardo group.

Principal positions outside Bouygues SA

Chairman of the Supervisory Board of Leonardo & Co.

Other positions and functions outside the Group

Outside France: Director of Bonnard et Gardel Holding SA (Switzerland); member of the supervisory board of KLM (Netherlands); director of Leonardo & Co NV (Belgium).

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

2013 – Chairman of Leonardo Midcap CF (September 2009 to January 2013).

2012 – Chairman of the Board of Directors of Leonardo & Co (March 2010 to December 2012).

2011 – Director of DNCA Finance (November 2006 to July 2011).

2010 – Vice-Chairman of Leonardo France (November 2006 to March 2010).

2009 – Member of the supervisory board of CMA-CGM (June 2005 to September 2009); director of Société Monégasque d'Électricité et de Gaz (Monaco) (June 1991 to June 2009).

2008 – Director of Suez¹ (June 1983 to July 2008).

⁽¹⁾ Listed company.

FRANÇOIS-HENRI PINAULT

10 avenue Hoche, 75008 Paris, France
 Date of birth: 28/05/1962 – French
 Date of first appointment: 22/12/1998 (as standing representative of Financière Pinault)
 Date of second appointment: 13/12/2005 (in his personal capacity)
 Expiry date of current term of office: 2013
 Number of shares in the company: 500

Member of the Selection Committee and the Ethics and Sponsorship Committee**Expertise/experience**

François-Henri Pinault is a graduate of École des Hautes Études Commerciales (HEC). He has spent his whole career within the PPR group. He was CEO of France Bois Industries from 1989 to 1990 and was appointed Chairman and CEO of Pinault Distribution in 1991. In 1993, he became Chairman of CFAO. He was appointed Chairman and CEO of Fnac in 1997, then Executive Vice-President of the PPR group and subsequently head of Internet activities and Chairman of the supervisory board of PPR-Interactive from 2000 to 2001. Since 1998, François-Henri Pinault has been a director, and since 2003 Chairman of the Board of Directors of Artémis. In 2005, he became Chairman of the Executive Board and then Chairman and CEO of PPR.

Principal positions outside Bouygues SA

Chairman, CEO and director of PPR¹.

Other positions and functions outside the Group

In France: Managing partner of Financière Pinault; Chairman and director of Artémis; Vice-Chairman and member of the supervisory board of Boucheron Holding; director of Sapardis, Fnac SA and Soft Computing¹; Chairman and member of the supervisory board of Yves Saint Laurent SAS; member of the management board of SC du Vignoble de Château Latour.

Outside France: Chairman and member of the Board of Gucci Group NV¹ (Netherlands); Deputy Chairman of the Administrative Board of Puma SE¹ (Germany); board member of Christies International Plc¹ (United Kingdom) and Volcom Inc (United States); Chairman and director of Sowind Group (Switzerland); director of Stella McCartney (United Kingdom); director of Brioni SPA (Italy).

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

2012 – Member and Vice-Chairman of the supervisory board of CFAO¹ (October 2009 to September 2012).

2011 – Vice-Chairman and director of Sowind Group (June 2008 to July 2011); Chairman and member of the supervisory board of Puma AG¹ (June 2007 to July 2011).

2009 – Chairman and CEO of Redcats (December 2008 to April 2009).

MICHÈLE VILAIN

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
 Date of birth: 14/09/1961 – French
 Date of first appointment: 29/04/2010
 Expiry date of current term of office: 2013

Director representing employee shareholders**Expertise/experience**

Michèle Vilain joined Bouygues Immobilier in 1989, holding various positions in the IT and Office Automation department, including responsibility for customer services. She is currently Deputy Director, in charge of customer relations within the Support Functions division.

Principal positions outside Bouygues SA

Senior Vice-President, in charge of customer relations for the Residential Property France division at Bouygues Immobilier.

SCDM

32 avenue Hoche, 75008 Paris, France
 Date of first appointment: 22/10/1991
 Expiry date of current term of office: 2013
 Number of shares in the company: 65,999,480

Other positions and functions in the Group

In France: Director of GIE 32 Hoche.

Other positions and functions outside the Group

In France: Chair of Actiby, SCDM Participations and SCDM Invest-3.

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

2011 – Chair of SCDM Énergie (September 2005 to September 2011).

2010 – Chair of SCDM Investcan (January 2008 to September 2010); SCDM Investur (July 2007 to September 2010) and SCDM Invest-1 (June 2008 to April 2010).

2009 – Chair of Investaq Énergie (June 2008 to July 2009).

Non-voting director**ALAIN POUYAT**

32 avenue Hoche, 75008 Paris, France
 Date of birth: 28/02/1944 – French
 Date of first appointment: 26/04/2007
 Expiry date of current term of office: 2013
 Number of shares in the company: 5,830

Expertise/experience

A graduate of École Nationale Supérieure des Arts et Métiers (Ensam) Alain Pouyat joined Bouygues in 1970 as an IT engineer. He was appointed IT Manager in 1981, then Group IT Director in 1986. He has been Executive Vice-President, Information Systems and New Technologies since 1988.

Other positions and functions in the Group

In France: Director of Bouygues Telecom, Bouygues Energies & Services, Société d'Informatique et de Gestion; standing representative of Bouygues on the board of C2S.

⁽¹⁾ Listed company.

2. REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE, INTERNAL CONTROL AND RISK MANAGEMENT

This report has been drawn up by the Corporate Secretary in close cooperation with the Group's senior management. Information about corporate governance has been prepared taking into consideration various internal documents (by-laws, rules of procedure and minutes of the Board of Directors and its committees, internal control principles and procedures, etc.).

Information about internal control and risk management procedures has been prepared with input from Bouygues' Internal Control department, in collaboration with stakeholders in the internal control process at the business segments. The contributors have consulted several of the company's bodies and divisions (senior management and the management of

the Legal Affairs, Finance and HR departments), as well as business segment Corporate Secretaries.

The contributors have taken into consideration the regulations in force, the reports and recommendations of the Autorité des Marchés Financiers (AMF) concerning corporate governance and internal control, the AMF working group report on the Audit Committee meeting of 22 July 2010, the AMF guidelines for internal control and risk management systems, the Afep/Medef Corporate Governance Code and best practices adopted by other listed companies.

The draft report was submitted to the Accounts Committee. This report was discussed and approved by the Board of Directors at its meeting of 26 February 2013.

2.1 Corporate governance

2.1.1 Membership of the Board of Directors

The Board of Directors includes between three and 18 directors appointed by a general meeting of shareholders for a period of three years, and a maximum of two directors representing employee shareholders, elected by a general meeting for a period of three years at the proposal of the supervisory boards of the employee share ownership funds.

The general meeting may also appoint one or more non-voting directors for a three-year term. Non-voting directors attend Board meetings and participate in discussions in an advisory capacity. They are tasked with ensuring that the by-laws are strictly applied. They review the detailed statements of assets and liabilities and full-year financial statements and, where they consider appropriate, present their observations in this connection at general meetings (Article 18 of the by-laws). At Bouygues, non-voting directors are generally experienced Group executives who make their experience and technical skills available to the Board.

The Board of Directors appoints one of its members as Chairman. It also appoints the Chief Executive Officer. At the proposal of the Chief Executive Officer, the Board of Directors can appoint one or more Deputy Chief Executive Officers.

The by-laws set no age limit for directors. However, a maximum age of 70 is stipulated for the functions of chairman, Chief Executive Officer and deputy Chief Executive Officer. When a person serving in one of these functions reaches 65, his term is submitted to the Board of Directors at

its next meeting for confirmation for a period of one year. The Board of Directors may then renew the term annually for one-year periods up to the age of 70, at which time the person steps down automatically.

The Rules of Procedure of the Board of Directors lay down certain imperatives regarding Board membership. They specify that the number of directors or standing representatives of legal entities coming from external companies in which a corporate officer or salaried director of Bouygues holds an executive position must not exceed two.

Reappointments are staggered across three consecutive years.

At 31 December 2012, the Company was managed by a Board of Directors with 18 members and a non-voting director:

- 16 directors appointed by the Annual General Meeting: Patricia Barbizet, François Bertière, Mrs Francis Bouygues, Martin Bouygues, Georges Chodron de Courcel, Lucien Douroux, Yves Gabriel, Anne-Marie Idrac, Patrick Kron, Hervé Le Bouc, Helman le Pas de Sécheval, Colette Lewiner, Nonce Paolini, Jean Peyrelevade, François-Henri Pinault and SCDM (represented by Olivier Bouygues);
- two directors elected by the Annual General Meeting from among the members of the Supervisory Boards of the employee share ownership funds (profit-sharing and the company savings schemes), representing employee shareholders: Sandra Nombret and Michèle Vilain;
- one non-voting director: Alain Pouyat.

The membership of the Board of Directors at 31 December 2012 is summarised in the following table:

Name	Age ^(a)	Accounts Committee	Remuneration Committee	Selection Committee	Ethics and Sponsorship Committee	Start of first term	End of current term	Years on the Board ^(a)	Professional experience
EXECUTIVE DIRECTORS									
Martin Bouygues Chairman and CEO	60					1982	2015	30	Industry
Olivier Bouygues Deputy CEO Standing representative of SCDM	62					1997 ^(b)	2013	28	Industry
INDEPENDENT DIRECTORS									
Anne-Marie Idrac	61					2012	2015	0	Industry, Transport
Patricia Barbizet	57	●	●			2005 ^(c)	2014	14	Industry, Retail
Lucien Douroux	79			●		1999	2013	13	Banking, Finance
Helman le Pas de Sécheval	46	●				2008	2014	4	Finance, Insurance
Colette Lewiner	67		●			2010	2013	2	Industry
Jean Peyrelevade	73			●		1994	2013	18	Banking, Finance
François-Henri Pinault	50			●	●	2005 ^(d)	2013	14	Industry, Retail
DIRECTORS REPRESENTING EMPLOYEE SHAREHOLDERS									
Sandra Nombret	39					2010	2013	2	Industry, Construction
Michèle Vilain	51					2010	2013	2	Property development
SALARIED DIRECTORS FROM BOUYGUES BUSINESS SEGMENTS OR ALSTOM									
François Bertiére	62					2006	2015	6	Property development
Yves Gabriel	62					2002	2013	10	Industry, Construction
Patrick Kron	59					2006	2013	6	Industry, Transport
Hervé Le Bouc	60					2008	2014	4	Industry, Construction
Nonce Paolini	63					2008	2014	4	Telecoms, Media
OTHER DIRECTORS									
SCDM						1991	2013	21	-
Mrs Francis Bouygues	88					1993	2015	19	-
Georges Chodron de Courcel	62	●				1996	2015	16	Banking, Finance
NON-VOTING DIRECTOR									
Alain Pouyat	68					2007	2013	5	Industry, IT

(a) At 31 December 2012.

(b) From 1984 to 1997, either in a personal capacity or as a standing representative.

(c) From 1998 to 2005 as a standing representative of Artémis.

(d) From 1998 to 2005 as a representative of Financière Pinault.

Information about the terms of office and duties of the directors and the non-voting director (in accordance with Article L. 225-102-1 paragraph 4 of the Commercial Code) is given in section 1, chapter 5 of this Registration Document.

2.1.2 Assessing director independence

The Board members include seven directors who are considered to be independent by the Board.

To retain independent director status, the Rules of Procedure refer to the criteria set out in the Afep/Medef Code and the European Commission Recommendation of 15 February 2005 on the role of directors of listed companies. They specify that, when identifying independent directors, the Board of Directors must attach greater weight to substance than to form. To this end, the Selection Committee gives an opinion on the circumstances of each of its members.

Independence should be understood as referring to the absence of any material conflict of interest. Directors should only be considered independent where they are not bound by any business, family or other relationship – with the company, its controlling shareholder or the senior management of either – which creates a conflict of interest liable to impair their judgement.

According to the Afep/Medef Code, “*A director is independent when he or she has no relationship of any kind whatsoever with the company, its Group or the management of either that is such as to colour his or her judgement. Accordingly, an independent director is to be understood not only as a non executive director, i.e. one not performing management duties in the company or its Group, but also as one devoid of any particular bonds of interest (significant shareholder, employee, other) with them*”.

The Board of Directors may conclude that even though directors meet these criteria, they cannot be considered independent because of their specific situation. Conversely, the Board may decide that a director who does not meet the criteria set forth in the Afep/Medef Code is nonetheless independent.

The independence criteria applied by the Afep/Medef Code are as follows:

- not being an employee or corporate officer of the company or an employee or director of its parent company or of a company that it consolidates; and not having been in such a position during the previous five years;
- not being a corporate officer of a company in which the company holds a directorship, directly or indirectly, or in which an employee appointed as such or a corporate officer of the company (currently in office or having held such office going back five years) is a director;
- not being a customer, supplier, investment banker or commercial banker that is material for the company or its Group, or for which the company or its Group represents a significant part of its business;
- not being related by close family ties to a corporate officer;

- not having been an auditor of the company within the previous five years;
- not having been a director of the company for more than 12 years, on the understanding that independent status expires at the end of the term of office during which the 12-year threshold is exceeded.

With respect to the final criterion, the Bouygues Board of Directors considers that being a director for more than 12 years does not automatically result in the loss of independent director status (see paragraph 2.1.6.3 below).

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

In line with the recommendations of the Afep/Medef Code, after seeking the opinion of the Selection Committee, and as it does each year, the Board of Directors carried out its annual assessment of Board members and determined the proportion of its members that were independent. It reviewed each director's situation in light of the independence criteria defined by the Afep/Medef Code.

After examining the situation of each of the persons concerned and ensuring that none of them had a material business relationship with the company, the Board concluded that seven directors (Patricia Barbizet, Lucien Douroux, Anne-Marie Idrac, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade and François-Henri Pinault) were independent in light of the Afep/Medef criteria.

In particular:

- Lucien Douroux has held management positions with financial institutions that have a business relationship with the company, but has not held such positions for a number of years; furthermore, the institutions concerned have undergone substantial changes since that time;
- François-Henri Pinault and Patricia Barbizet are respectively Chairman and Chief Executive Officer of Artémis, a Pinault group company that had entered into a shareholder agreement with SCDM. However, that agreement expired in 2006 and Artémis is no longer a shareholder in the company;
- Patricia Barbizet, Lucien Douroux, François-Henri Pinault and Jean Peyrelevade have been directors for more than 12 years. However, after examining their situation in accordance with Article 8.3 of the Afep/Medef Code, the Board accepted that all five had retained their status as independent directors. The Board noted in particular that these directors' contributions to the Board's work showed that their long period on the Board and their experience gave them additional expertise and authority as well as excellent knowledge of the company without in any way compromising their freedom of judgement or their opinions on matters in the Board's domain.

The Board takes the view that none of these persons is connected with the company, with the shareholders controlling it, or with its management by a relationship that creates a conflict of interest. These seven directors are therefore considered independent in light of the Afep/Medef criteria.

2.1.3 Gender balance on the Board

At the beginning of 2010, two of the 18 directors on the Bouygues Board were women, or a proportion of 11.1%.

Following a proposal by the Board of Directors, the Combined Annual General Meeting of 29 April 2010 appointed three women to the Board of Directors, and the Combined Annual General Meeting of 26 April 2012 appointed Anne-Marie Idrac as a director. As such, six of the directors on the Board are women, or a proportion of 33.3%.

The Board will seek to increase the proportion of women among its directors over the next few years, in accordance with the recommendations of the Afep/Medef Code and the Act of 27 January 2011.

2.1.4 Management bodies

The law stipulates that the Board should elect one of its individual members as Chairman to organise and direct the Board's work and ensure the smooth running of the company's management bodies. The Board entrusts executive power over the company either to the Chairman of the Board of Directors or to another individual, who may or may not be a director, who has the title of Chief Executive Officer.

In April 2002, the Board of Directors opted not to separate the functions of Chairman and Chief Executive Officer. It has consistently renewed that option; the last to date was in April 2012.

The Board considers that combining the positions of Chairman and Chief Executive Officer is a source of effective governance, particularly in view of the Bouygues group's organisational structure: Martin Bouygues is Chairman and Chief Executive Officer of Bouygues, the Group's parent company. He does not have general management authority over the Group's five business segments; this is vested in the senior management of its major subsidiaries: Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom. Martin Bouygues does not therefore combine operational responsibility over these subsidiaries with his other duties. While Bouygues and its Chairman sometimes play an important role in projects that are essential for the Group, they do not replace the senior management of the Group's business segments.

Martin Bouygues is Chairman of the Board of Directors and Chief Executive Officer. Olivier Bouygues is Deputy Chief

Executive Officer, and has the same powers as the Chief Executive Officer. At the end of the Combined Annual General Meeting held on 26 April 2012, the Board of Directors reappointed Martin Bouygues as Chairman and Chief Executive Officer for the period of his term of office as a director, i.e. until the end of the Ordinary General Meeting called to approve the 2014 financial statements. The Board also decided to reappoint Olivier Bouygues as Deputy Chief Executive Officer throughout Martin Bouygues' term of office as Chairman and Chief Executive Officer. Should Martin Bouygues cease to be Chief Executive Officer, Olivier Bouygues' duties would cease on the date on which a new Chief Executive Officer was appointed, unless the Board decided they should cease immediately or, conversely, that they should continue at the proposal of the new Chief Executive Officer.

2.1.5 Restrictions on the powers of the Chief Executive Officer

According to law and the by-laws, the Chief Executive Officer has the broadest possible powers to act on the company's behalf under all circumstances. He exercises these powers within the confines of the corporate purpose and subject to powers expressly granted by law to general meetings and the Board of Directors.

The Board of Directors has the powers and carries out the tasks laid down by law. In addition, the Rules of Procedure of the Board of Directors specify the following:

- the Board, assisted where applicable by an *ad hoc* committee, reviews and decides on genuinely strategic activities;
- the strategic priorities for each business segment and for the Group as a whole are submitted to the Board for approval;
- any operations considered to be of importance for the Group as a whole, including investments or organic growth, acquisitions outside the Group, divestments, and internal restructuring measures, must also be granted prior approval by the Board, particularly those that fall outside the scope of the business strategy announced by the company;
- the Board authorises major corporate finance transactions involving public offerings of securities, as well as major guarantees and commitments;
- the Board monitors the quality of information provided to shareholders and the markets, particularly through the financial statements and in connection with major transactions.

The rules also recall the role of the Board in determining the remuneration of the executive directors with the help of the Remuneration Committee, in accordance with the recommendations of the Afep/Medef Code.

2.1.6 Rules of Procedure, Corporate Governance Code and Afep/Medef Code waivers

2.1.6.1 Rules of Procedure

At its meeting in September 2002 the Board adopted a set of procedural rules intended to clarify the conditions under which its work is prepared and organised. These Rules of Procedure, which are reviewed regularly, have since been amended on several occasions in order to comply with changes in laws and regulations and to take account of recommendations issued by the AMF, Afep and Medef, as well as Bouygues' own internal control principles. The main contents of the Rules of Procedure are summarised in this report. The full text is downloadable from the company's website www.bouygues.com under Group, Corporate governance, Board of Directors.

2.1.6.3 Afep/Medef Code: waivers

The following table shows the provisions of the Afep/Medef Code that have been waived and the reasons why.

Provisions of the Afep/Medef Code waived	Explanation for waiver
Proportion of independent directors on the Board	No definition of "controlling shareholder" is given in the Afep/Medef Code. According to Article 7 of this Code, " <i>It is not desirable, having regard to the great diversity of listed corporations, to impose formal and identical ways of organisation and operation for all Boards of Directors. The organisation of the Board's work, and likewise its membership, must be suited to the shareholder make-up, to the size and nature of each firm's business (...). Each Board is the best judge of this, and its foremost responsibility is to adopt the modes of organisation and operation enabling it to carry out its mission in the best possible manner</i> ".
Article 8.1 <i>in fine</i> <i>"Independent directors must represent at least half of all Board members in widely held companies with no controlling shareholder, and at least two thirds of all Board members in companies with a controlling shareholder".</i>	The Rules of Procedure of the Bouygues Board of Directors also specify that at least one third of directors must be independent within the meaning of the Afep/Medef Code. As at 31 December 2012, seven of the 18 directors were independent, representing a proportion of 39%. The Board considers this percentage to be appropriate, since the company is not widely held: there is a main shareholder with 29.2% of the voting rights and employee shareholders with 28.7% of voting rights. Moreover, in line with Bouygues' tradition, some directors hold executive management positions within the Group or at Alstom, in which Bouygues has a 29.4% equity interest. Consequently, the Board membership reflects the company's specific characteristics. It represents a good balance of skills and independence and, in particular, enables the Board to obtain quality information on the activities and strategies of the Group's various business segments.

2.1.6.2 Corporate governance code

For many years Bouygues has referred to the Afep and Medef recommendations on corporate governance. Pursuant to Article L. 225-37, paragraph 7 of the Commercial Code, in March 2009 the Board of Directors decided that in corporate governance matters it would voluntarily refer to the provisions of "The Corporate Governance of Listed Corporations", a code published in December 2008 by the French Association of Private Companies (Afep) and the French employers' federation (Medef) (hereafter "the Afep/Medef Code"). In June 2010, the Board of Directors adopted the April 2010 update of the Afep/Medef Code.

The Afep/Medef Code is downloadable from the Medef website www.medef.com. It is also included as an appendix to the Rules of Procedure of the Board of Directors.

Provisions of the Afep/Medef Code waived	Explanation for waiver
Independent director Independent director status Article 8.4 <i>Among "the criteria to be reviewed by the committee and the Board in order to have a director qualified as independent and to prevent risks of conflicts of interest between the director and the management, the corporation or its group", the Afep/Medef Code mentions "Not to have been a director of the corporation for more than twelve years".</i>	<p>Several members of the Bouygues Board of Directors have held seats for more than twelve years, but are nonetheless deemed to be independent directors. This is not a waiver of the Afep/Medef Code, strictly speaking, but rather an application of the principle set forth in Article 8.3 of the Afep/Medef Code that stipulates that the Board may find that a director who does not satisfy all the criteria for independent status set forth by the Code is nevertheless independent in view of his/her or the company's situation in relation to its shareholders or for any other reason.</p> <p>In accordance with this provision, the Bouygues Board of Directors considers that being a director for more than twelve years does not automatically result in the loss of independent director status and that having served on the Board for longer may, on the contrary, confer greater authority and independence on the person concerned. At the conclusion of the term in which this twelve-year period ends, the Board decides whether the director shall retain or lose this status by taking into consideration his/her particular situation (see paragraph 2.1.2 below).</p>
Assessing director independence Article 9.2 <i>In particular, the Board's assessment should enable it to "measure the actual contribution of each director to the Board's work through his or her competence and involvement in discussions".</i>	<p>The Board decided not to apply this recommendation literally, on the grounds that it is neither possible nor desirable to measure each director's actual contribution to the work of the Board, which, by nature, is a collegial body.</p> <p>However, when reviewing the membership of the Board and its committees, the Selection Committee and the Board looked at the directors' skills.</p> <p>Furthermore, when examining director independence, the Board examined the contribution and involvement in its proceedings of Patricia Barbizet, Lucien Douroux, François-Henri Pinault and Jean Peyrelade, who have been directors for more than twelve years.</p>

2.1.7 Operation of the Board of Directors

2.1.7.1 Convening notices, quorum and majority

The by-laws reiterate or stipulate the following rules: the Board of Directors meets as often as the company's interests require, as convened by the Chairman, either at the registered office or at any other place; convening notices may be issued by any method, including verbally; the Board may only validly deliberate where at least half its members are in attendance; decisions are made on the basis of a majority of those members in attendance or represented; in the event of a tie, the Chairman of the meeting has the casting vote.

The Rules of Procedure stipulate that any director who participates in a Board meeting by videoconferencing, or any other telecommunications means with technical characteristics that allow directors to be identified and participate fully in the meeting, is deemed to be in attendance for the purposes of quorum and majority. In accordance with law, this provision does not apply to decisions on the preparation of the full-year parent company and consolidated financial statements or the management report.

2.1.7.2 Board meetings

The Rules of Procedure state that in principle the Board of Directors holds five ordinary meetings a year (February/March, May, August, November and December). In February/March, the Board closes the financial statements for the previous financial year; at the May meeting, it closes the financial statements as at 31 March; in August, it closes the financial statements for the first half; in November, it closes the financial statements as at 30 September; in December, it reviews the estimated sales and earnings for the past year; and the strategic priorities, business plans and the financing policy for the business segments and the Group, are presented to it for approval. Other Board meetings are held as the Group's business requires.

The agenda for ordinary Board meetings is in three parts: business activity, accounting and legal affairs. A detailed review of each item is provided to each director.

The statutory auditors have been systematically convened to all meetings at which the Board examines full-year or first-half financial statements.

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

2.1.7.3 Information provided to the Board of Directors

The Rules of Procedure stipulate that the Chairman or Chief Executive Officer must provide each director with all documents and information needed to fulfil his or her duties, including:

- the information needed to follow the progress of business activities and in particular sales figures and order books;
- the financial situation and in particular the company's cash position and commitments;
- any event that materially affects the Group's consolidated financial results or that may do so;
- material events in the human resources area and in particular changes in the workforce;
- major risks to the company, any change therein, and the steps taken to control them.

Each quarter, senior management presents a report on consolidated sales and earnings for the quarter just ended to the Board of Directors.

Each director may, at his or her own initiative, gather additional information; the Chairman, Chief Executive Officer, Deputy Chief Executive Officer, as well as the Chief Financial Officer and the Corporate Secretary, are always available to provide Board members with explanations and any other relevant information.

Directors may also meet with key senior executives of the company, including when the executive directors are not present, provided that the latter have been informed in advance.

Through their work and the reports they produce, the committees tasked by the Board with studying specific matters help to ensure that the Board is properly informed and prepared for the decisions it has to make (see paragraph 2.1.8 below).

Directors always receive all documents publicly issued by the company or its subsidiaries, and in particular all information intended for shareholders.

Directors may, if they wish, receive additional training in matters pertaining to the company and its businesses and sectors.

2.1.8 Board committees

Committees are tasked by the Board of Directors with studying matters submitted for their review by the Board or its Chairman, as well as any matters that may be assigned to them by law. Four Committees have been set up since 1995: the Accounts Committee, the Remuneration Committee, the Selection Committee and the Ethics and Sponsorship Committee.

Annexes to the Rules of Procedure, the content of which is indicated below, define the membership, remit and operating rules of the four committees. Corporate officers and salaried directors of the company cannot sit on the committees.

The committees are chaired by independent directors within the meaning of the Afep/Medef Code.

The Board determines the membership and remits of the committees, which perform their activities under the Board's responsibility. The Board appoints committee members from among directors and non-voting directors, on the understanding that the Accounts Committee must consist only of directors.

2.1.8.1 Accounts committee

Article L. 823-19 of the Commercial Code, arising from the Order of 8 December 2008, requires French listed companies to form, within the Board, a "specialised" committee tasked with overseeing matters relating to the preparation and audit of accounting and financial information. Bouygues had long anticipated this reform, as it set up its Accounts Committee in 1995.

In accordance with the law, the Accounts Committee acts under the responsibility of the Board of Directors. As part of its role of overseeing matters relating to the preparation and audit of accounting and financial information, the Accounts Committee is tasked more specifically with overseeing the following:

- The process for preparing financial information. This involves:
 - reviewing the parent company and consolidated financial statements at least two days before they are presented to the Board,
 - ensuring that the accounting methods used to draw up the financial statements are both relevant and consistent,
 - reviewing the internal control procedures for the preparation of the financial statements, in conjunction with the relevant internal departments and advisors,
 - reviewing any changes that have a material impact on the financial statements,
 - reviewing the main accounting options, estimates and judgements made at year-end, as well as the main changes in the scope of consolidation;
- The effectiveness of internal control and risk management systems; to this end, in particular:
 - reviewing once a year the key risks faced by the company, any changes in them and the arrangements put in place to manage them,
 - reviewing at least once a year the main accounting and financial risks faced by the company, any changes in them and the arrangements put in place to manage them,
 - ensuring that the head of the Internal Audit department presents, at least once a year, the departmental organisation chart, along with the audit plan and a summary of his or her reports and the action taken in light of his or her recommendations;
- The audit of the parent company and consolidated financial statements by the statutory auditors;

- The independence of the statutory auditors. This involves:
 - reviewing the breakdown of the audit fees paid by the company and Group, and ensuring that they do not represent a proportion of the auditors' revenue such that their independence may be impaired,
 - supervising the auditor selection and renewal procedure; making recommendations on statutory auditors proposed for appointment at general meetings.

In addition to carrying out general and regular checks, the Committee selects specific topics for in-depth review, such as the consequences of disposals or acquisitions. It checks the accounting treatment of the major risks incurred by Group companies, particularly country risk and, for example, at Bouygues Construction, risks involved in the execution of certain projects. The Committee pays particular attention to changes in accounting methods and to the main accounting options used to close the financial statements.

The Accounts Committee issues all reports and recommendations in relation to the foregoing, both periodically when the financial statements are closed and as required by circumstances.

The Accounts Committee reviews the Chairman's draft report on internal control and risk management, and, if necessary, comments on this draft.

The Accounts Committee must have at least three members selected from among the members of the Board with the most financial and/or accounting experience. It must not include any Bouygues executive directors or senior executives. At least two of its members, including the Committee Chairman, must be independent directors.

A director may not be appointed to the Bouygues Accounts Committee if he or she also serves as a director of a company where a Bouygues director is a member of an equivalent committee.

The current members of the Accounts Committee are Helman le Pas de Sécheval (Chairman), Patricia Barbizet and Georges Chodron de Courcel. Helman le Pas de Sécheval and Patricia Barbizet, are independent directors. Bouygues thus complies with the Afep/Medef Code recommendation according to which two thirds of the members of the Accounts Committee should be independent directors.

It is hereby noted that the three members of the Accounts Committee have extensive financial skills, as can be seen from their careers and the positions they hold or have held in other groups or establishments: specifically, Helman le Pas de Sécheval was head of the Corporate Finance and Disclosures department of the Commission des Opérations de Bourse (which became the AMF) and, after having served as finance director of the Groupama group from November 2001 to December 2009, was managing director of Groupama Centre-Atlantique until December 2011. Patricia Barbizet held key financial positions at the Renault group and then at the PPR group, where she has been Vice-Chairman and director since 2005. Georges Chodron de Courcel has held significant financial responsibilities within the BNP Paribas group, where he has been Chief Operating Officer since 2003.

Furthermore, until December 2009, Helman le Pas de Sécheval was Chairman of Groupama Private Equity's Audit Committee and a member of the Audit Committee of Banque Finama; he chaired the Internal Control Committee and the oversight body of Groupama Assicurazioni until December 2011. Patricia Barbizet is a member of the Audit Committee of PPR; she is also a member of the Audit Committee of TF1 and Chairman of the Audit Committee of Total. Georges Chodron de Courcel is a member of Alstom's Audit Committee and Chair of Nexans' Accounts Committee.

Members of the Committee receive information on accounting, financial and operational matters specific to the company when they are appointed.

Committee meetings are valid only if two members, including the Committee Chairman, are in attendance. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. It meets at least twice each year to review the first-half and full-year financial statements before they are submitted to the Board. The Committee Chairman draws up the agenda. The opinions put forward by the Committee are based on a simple majority. In the event of a tie, the Chairman holds the casting vote.

To carry out its duties, the Committee has access to all accounting and financial documents that it deems useful. It may also meet with the employees of the company who are in charge of the financial statements, cash management and internal audit, as well as with the external auditors without the company's corporate officers being present. The Committee also has the option of consulting external experts, as provided for in the Afep/Medef Code.

The Committee may seek the views of the statutory auditors without a company representative being present, to ensure that they were given full access to information and that they have all the resources they need to fulfil their duties. The statutory auditors provide the Accounts Committee with a summary of their work and of the accounting options used in preparing the financial statements.

When the financial statements are reviewed, the statutory auditors provide the Committee with a memorandum discussing the key issues regarding the scope of consolidation, its results and the accounting options used. The Chief Financial Officer provides the Committee with a memorandum describing the company's risk exposure and any material off-balance sheet commitments.

Key recommendations made by the statutory auditors are covered by an action plan and monitoring procedures presented to the Accounts Committee and senior management at least once each year.

The Committee reports on its work at the following meeting of the Board of Directors, and immediately informs the Board of any difficulties encountered. The Accounts Committee's deliberations and the information provided to it are of a particularly confidential nature and must not be disclosed outside the Board of Directors. However, this rule does not impinge upon the financial reporting obligations incumbent upon listed companies.

2.1.8.2 Remuneration Committee

The Remuneration Committee was formed in 1996. In accordance with recommendations in the December 2008 Afep/Medef Code on the remuneration of executive directors and corporate officers of listed companies, it is responsible for:

- submitting proposals to the Board of Directors concerning the remuneration to be paid to corporate officers as well as any benefits provided to them;
- proposing and overseeing the rules used to determine the variable portion of corporate officers' remuneration each year, and ensuring that the arrangements are consistent with their performance and with the company's medium-term strategy;
- proposing a general policy for awarding stock options or bonus shares, stipulating in particular that no discount may be offered on options or bonus shares awarded to Group senior executives, and in particular corporate officers;
- examining stock option plans or bonus shares awarded to corporate officers and employees; and making recommendations to the Board on whether the option plans should concern new or existing shares;
- proposing remuneration and incentive arrangements for the Group's senior executives;
- where stock options or bonus shares are awarded to the Chairman, Chief Executive Officer or Deputy Chief Executive Officer, making recommendations on the number of shares resulting from the exercise of stock options or bonus share grants that the beneficiary is required to retain until the end of his or her term of office;
- proposing the performance conditions applicable to the allotment and exercise of options or bonus shares granted to the Chairman and Chief Executive Officer and/or the Deputy Chief Executive Officer;
- submitting each year to the Board the draft of the report required by the Commercial Code concerning:
 - executive remuneration and benefits granted by the company and/or by the companies it controls within the meaning of Article L. 233-16 of the Commercial Code,
 - stock options granted to and exercised by corporate officers and the top ten grantees among the company's employees,
 - stock options granted to and exercised by employees of companies in which Bouygues has a controlling interest.

The Remuneration Committee must have at least two members. An independent director chairs the Committee. The Committee may not include executive directors or senior executives of the company; it is mainly composed of independent directors as defined by the aforementioned rules.

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

The current members of the Committee are Patricia Barbizet (Chairman) and Colette Lewiner. Both are independent directors, representing 100% of the Committee's members.

The Rules of Procedure stipulate that the Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. Committee meetings are valid only where two members, including the Committee Chairman, are in attendance. The Committee Chairman draws up the agenda.

The opinions issued by the Remuneration Committee are based on a simple majority. Where only two members are in attendance at a Committee meeting, the Chairman has the casting vote.

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

The Committee reports on its work at the following meeting of the Board of Directors. When the report on the work of the Remuneration Committee is presented to it, the Board of Directors deliberates with no executive directors present.

2.1.8.3 Selection Committee

The Selection Committee was formed in July 1997. According to its Rules of Procedure, it is responsible for:

- periodically reviewing issues related to the membership, organisation and operation of the Board of Directors in order to make proposals to the Board;
- reviewing for this purpose:
 - applications for directorships and non-voting directorships, taking care to ensure that at least one third of Board members are independent directors,
 - plans to form analysis committees within the Board, and proposed lists of their remits and members;
- giving an opinion on appointments to the Board and on term of office renewals or removals from office of a director or an executive director presented to the Board;
- considering solutions for replacing executive directors in the event of an unforeseen vacancy.

The Selection Committee pays particular attention to the mix of skills, experience and knowledge of the Group businesses that each candidate will need to make an effective contribution to the Board's work.

The Selection Committee comprises two or three directors. It does not include any executive directors and consists mainly of independent directors. The Committee is chaired by an independent director within the meaning of this Code.

The Selection Committee's current members are Jean Peyrelevade (Chairman) and François-Henri Pinault. They are both independent directors within the meaning of the Afep/Medef Code, representing 100% of the Committee's members.

Committee meetings are valid only if two or more of its members, including its Chairman, are in attendance. The

Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. The Committee Chairman draws up the agenda.

The Chairman of the Board of Directors is involved in the Committee's proceedings. In the course of its work, the Committee may meet with any candidates it considers suitable for positions to be filled.

The opinions issued by the Selection Committee are based on a simple majority. Where only two members are in attendance at a Committee meeting, the Chairman has the casting vote.

The Committee reports on its work at the following meeting of the Board of Directors.

2.1.8.4 Ethics and Sponsorship Committee

The Ethics and Sponsorship Committee, which was set up in March 2001, has the following responsibilities:

- in the field of ethics, the Committee:
 - helps define the Code of Conduct or principles underpinning corporate behaviour applicable to senior management and employees alike,
 - makes recommendations or gives an opinion on initiatives aimed at promoting best practices in this area,
 - ensures compliance with the values and rules of conduct thus defined;
- in the field of sponsorship, the Committee:
 - sets rules or makes recommendations for Bouygues' corporate sponsorship policy,
 - gives its opinion to the Chairman of the Board on corporate sponsorship projects identified by Bouygues when they represent a significant financial investment,
 - ensures that its recommendations are implemented and that these projects are properly carried out.

The Committee also gives the Board an opinion on the report on the social and environmental consequences of the company's business, as required by Article L. 225-102-1 of the Commercial Code.

The Ethics and Sponsorship Committee has to comprise two or three directors. An independent director chairs the Committee.

The Committee's current members are Lucien Douroux (Chairman) and François-Henri Pinault. Lucien Douroux and François-Henri Pinault are independent directors, representing 100% of the Committee's members.

The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. Committee meetings are valid only where two members, including the Committee Chairman, are in attendance. In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by him. The Committee reports on its work at the following meeting of the Board of Directors.

2.1.9 Ethical conduct

At its 1 March 2011 meeting, the Board of Directors approved the directors' Code of Conduct, which is appended to the Rules of Procedure. The full text is downloadable from the company's website www.bouygues.com, under Group, Corporate governance, Board of Directors.

This Code, which summarises the provisions that were previously contained in the Rules of Procedure, includes detailed requirements regarding directors' duty to be informed, regular attendance and reducing multiple directorships, preventing conflicts of interest, holding shares in the company, confidentiality, and detailed measures for preventing insider trading.

As far as Bouygues is aware, the rules in Article 4 of the Code of Conduct, whose aim is to ensure that directors devote the necessary time and attention to their duties, are respected.

2.1.9.1 Potential conflicts of interest

The Code of Conduct sets forth specific measures for preventing conflicts of interest.

Directors and non-voting directors must ensure that they do not perform an activity that would place them in a conflict of interest with the company. In particular, directors must not seek to hold an interest or invest in a company, whether a customer, supplier or competitor of the company, if this interest or investment could influence their actions in their role as a director or non-voting director.

Directors undertake to inform the Chairman of any conflict of interest, even of a potential nature, between their duties in relation to the company and their private interests and/or other duties, and not to take part in voting on any resolution directly or indirectly affecting them. If the situation requires, directors may be obliged not to attend Board meetings during deliberations and not to take part in any voting on a resolution and not to have access to documents and information brought to the attention of the other directors concerning the subject in question.

The Chairman of the Board may ask directors at any time to confirm in writing that they are not subject to any conflict of interest.

At this time, the company is aware of the following potential conflicts of interest:

- major shareholders of the Group (SCDM and Mrs Francis Bouygues), as well as the Group's employee shareholders, are directly or indirectly represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Mrs Francis Bouygues, Sandra Nombret and Michèle Vilain;
- Patrick Kron is a director and Chairman and Chief Executive Officer of Alstom, a company in which Bouygues held 29.4% of the share capital at 31 December 2012, and of which Olivier Bouygues, Bouygues represented by Philippe Marien, and Georges Chodron de Courcel are directors;
- Georges Chodron de Courcel is also Chief Operating Officer of BNP Paribas, a financial institution that may offer banking services or loans to the Group;

- potential conflicts of interest exist because some of the directors hold directorships in other companies. The list of directorships is set out in section 1, chapter 5 of this Registration Document;
- Martin Bouygues, Olivier Bouygues and Mrs Francis Bouygues have family ties. The company is not aware of other family ties between Board members;
- François Bertiére, Yves Gabriel, Hervé Le Bouc, Nonce Paolini and Alain Pouyat are bound to the company by employment contracts. Sandra Nombret and Michèle Vilain are bound by employment contracts to Bouygues subsidiaries.

As far as the company is aware, and subject to the contract between SCDM and Bouygues, none of the members of the Board of Directors is linked to the company or any of its subsidiaries by a contract providing for benefits.

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

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

The Auditors' special report on regulated agreements and commitments (chapter 8, section 3 of this Registration Document) details the agreements and commitments submitted to the Board of Directors for authorisation and on which directors abstained from voting because of ongoing or potential conflicts of interest.

2.1.9.2 Regulated agreements

The rules described below were adopted in light of certain guidelines issued by the AMF in its Recommendation No. 2012-05 of 2 July 2012 on general meetings.

An internal Bouygues group charter on regulated agreements, which was approved by the Board of Directors, is available on www.bouygues.com, under The Group, Corporate governance, Board of Directors.

The aim of this charter is to make it easier for Bouygues group companies to identify agreements, which, as they directly or indirectly concern a senior executive or a shareholder, must follow the "regulated agreements" procedure provided for by the Commercial Code (the prior authorisation of the Board of Directors is required, then the statutory auditors must be informed and issue an opinion on the agreement in their special report, with a view to the agreement being approved by the Annual General Meeting).

This charter uses the definition of a "*person who is indirectly concerned*" suggested by the Paris Chamber of Commerce and Industry: "A person is considered to be indirectly concerned

by an agreement to which he is not a party where, due to his connections with the parties and the powers he has to influence their behaviour, he derives benefit from the agreement".

Regulated agreements that are authorised by the Bouygues Board of Directors but that have not yet been approved by the Annual General Meeting are described in the Board of Directors' report on the resolutions (chapter 8, heading 2.1 of this Registration Document) as well as in the Auditors' special report on regulated agreements (chapter 8, heading 3.1 of this Registration Document). This report also mentions regulated agreements for which the effects continue over time, which the Board of Directors reviews each year. Only new agreements are submitted to the Annual General Meeting.

Bouygues is not aware of any agreement entered into directly or indirectly by a subsidiary and that concerns, either directly or indirectly, a Bouygues senior executive and/or director, or a shareholder who holds more than 10% of Bouygues' share capital.

2.1.9.3 Judicial convictions

As far as the company is aware, during the last five years, none of the members of the Board of Directors has been:

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

2.1.9.4 Restrictions agreed to by the members of the Board of Directors in relation to the sale of their shares in the company.

The by-laws stipulate that each director must hold at least ten shares in the company. The Rules of Procedure recommend that each director and non-voting director own 500 shares in the company.

Subject to the foregoing, the members of the Board of Directors have not agreed to any restriction in relation to the sale of their investment in the capital of the company, with the exception of the rules relating to the prevention of insider dealing.

2.1.10 Work of the Board and its committees in 2012

2.1.10.1 Work of the Board

The Board of Directors met six times in 2012. The attendance rate was 93%.

At its meeting on 28 February 2012, the Board reviewed business for 2011, and the outlook and objectives for the Group and its business segments for 2012. It examined the

results of Alstom for the third quarter of FY2011/12. It reviewed the position of the Group's business segments compared to that of their main competitors. It familiarised itself with the 2011 consolidated financial statements and parent company financial statements. It heard the Accounts Committee's report and the statutory auditors' opinion on these financial statements. It closed the parent company financial statements, accounting and forecasting documents, the consolidated financial statements, the proposed appropriation of net profit, the management report and in particular, after hearing the Remuneration Committee's report, the section on remuneration of corporate officers and the special report on stock options. It reviewed the employee share ownership situation in the Group and took a decision in principle to carry out a new capital increase for the benefit of employees. It familiarised itself with the specific terms and conditions of the €800-million bond issue decided by the Chairman and Chief Executive Officer on 30 January 2012 pursuant to a delegation of powers granted by the Board of Directors. It familiarised itself with the directives of the Competition Authority on introducing compliance programmes. It also signed off on the description of the share buyback programme in the management report. It approved the Report by the Chairman on corporate governance and internal control.

After hearing the Selection Committee's report, the Board examined the Committee's membership in light of the issues of gender balance on the Board. It decided to ask the Annual General Meeting to renew the directorships of Martin Bouygues, François Bertiére, Mrs Francis Bouygues and Georges Chodron de Courcel and to appoint Anne-Marie Idrac as a director.

It decided to convene a Combined Annual General Meeting for 26 April 2012. It drew up the agenda and prepared the wording of the resolutions to be submitted to the Combined Annual General Meeting, together with its report on those resolutions.

At the same meeting, it renewed for one year the authority granted to Martin Bouygues and Olivier Bouygues to make decisions on issuing bonds. It empowered Martin Bouygues and Olivier Bouygues, also for one year, to decide on one or more public exchange offers on bond issues.

The Board familiarised itself with the Remuneration Committee's report concerning the variable portion of the remuneration of the two executive directors and four senior executives of business segments, remunerations and stock options granted in 2011, and the Group's remuneration policy in 2011. The Board also made recommendations with regard to policies for 2012. It voted in favour of these recommendations. It acknowledged that the complementary retirement benefit received by members of the Group Management Committee would remain capped at eight times the upper earnings limit for social security contributions.

The Board authorised a number of regulated agreements. It drew up the list of companies that fall within the scope of tax election. The Board updated its Rules of Procedure to complete the description of the Accounts Committee's remits.

On 26 April 2012, the Board renewed the company's decision not to separate the functions of Chairman and Chief Executive Officer. It reappointed Martin Bouygues as Chairman and Chief Executive Officer and reappointed Olivier Bouygues as Deputy Chief Executive Officer. It appointed Colette Lewiner as member of the Remuneration Committee and Patricia Barbizet as Chairman of this Committee. On the advice of the Remuneration Committee, it decided to establish a new stock option plan for the Group's senior executives and employees on 13 June 2012. The Board delegated power to the Chairman and Chief Executive Office to set the subscription price for options, in accordance with the law.

On 15 May 2012, the Board reviewed the company's business and financial statements to 31 March 2012. It familiarised itself with the Alstom group's FY2011/12 results and outlook. It familiarised itself with bases for comparison between the Group and its competitors. The Board reviewed the outlook and objectives for the business segments. Having heard the Accounts Committee's report on the financial statements and the statutory auditors' opinion, it closed the first-quarter financial statements. It amended its Rules of Procedure to update the schedule for the work performed during the Board's periodic meetings. It approved the wording of the press release.

On 28 August 2012, the Board reviewed the company's key figures and business activity to 30 June 2012, bases for comparison between the Group and its competitors, as well as the outlook and objectives for 2012. Having heard the opinions of the Accounts Committee and the statutory auditors, it closed the first-half financial statements and approved the Half-year financial review. It renewed the authority granted to the Chairman and Chief Executive Officer to give guarantees, endorsements and sureties. It heard the report of the Ethics and Sponsorship Committee. It authorised a number of regulated agreements. It approved the wording of the press release. The Board reviewed the exercise price for the 2012 option plan.

At its meeting of 3 October 2012, the Board commenced the Bouygues Confiance 6 leveraged employee share ownership plan.

On 14 November 2012, the Board reviewed the company's business and financial statements to 30 September 2012 as well as the outlook and objectives for 2012. It familiarised itself with the terms and conditions of the bond issue carried out on 2 October 2012. The Board carried out a self-assessment. It considered company policy on equal opportunities and gender pay equality. It authorised a number of regulated agreements and reviewed the regulated agreements for which the effects continue over time. It approved the wording of the press release.

The Board also devoted a meeting to analysing strategies and business plans for the Group and its five business segments. As this meeting could not take place in December 2012, it was held in January 2013.

2.1.10.2 Work of the Accounts Committee

The Accounts Committee met four times in 2012. The attendance rate was 100%.

The Accounts Committee reviewed, at least two days before they were presented to the Board, the quarterly, first-half and full-year parent company and consolidated financial statements, the draft Half-year financial review and corresponding draft press releases and the section of the draft Chairman's report on internal control and risk management procedures. It also reviewed, among other things, the following subjects:

- mapping of the Group's major risks;
- accounting standards and rules applied by the Group;
- oversight of the statutory audit of the financial statements by the statutory auditors;
- fees paid to auditors;
- the Group's cash position;
- scrutiny of internal control arrangements in each business segment;
- Group self-assessment within the framework of internal control;
- monitoring of internal audit assignments;
- table showing provisions;
- impairment testing of Bouygues' shareholdings in Alstom, TF1, Bouygues Telecom and Colas;
- Bouygues Construction: Miami, Gautrain, Flamanville, Tanger Med and Balard projects;
- Bouygues Immobilier: sale of the Farman building; adaptation plan for the land portfolio; value of the land inventory in Spain;
- Colas: status of certain projects in Central Europe;
- TF1: changes in TF1's shareholding in Groupe AB;
- Bouygues Telecom: recognition of the loyalty costs and the cost of the 4G licence, and of the financial expenses related to the acquisition of frequencies; impacts of the arrival of a new operator;
- Selection of the independent third-party body tasked with certifying environmental and CSR information.

In the course of its duties, the Accounts Committee interviewed the Group's CFO (regarding the company's material risks and off-balance sheet commitments), the Accounts and Audit Director and the statutory auditors, without senior executives being present.

2.1.10.3 Work of the Remuneration Committee

The Remuneration Committee met twice in 2012. The attendance rate was 100%. It analysed the remuneration and stock options granted to corporate officers and suggested a number of criteria for calculating the variable portion of executive remuneration. It made proposals concerning the length of time that corporate officers should hold a percentage

of their option shares; it reviewed the Group's remuneration policy. It made proposals for determining the remuneration of senior executives and suggested clarifying the procedures for awarding the variable portion of the remuneration package. It examined the conditions in which senior executives received complementary retirement benefit. At its meeting in April 2012, the Committee recommended setting up a new option plan and proposed that options not be granted to the executive directors. Precise information is provided below in the report on stock options.

The Committee also examined and put to the Board reports on the remuneration of corporate officers and the grant and exercise of stock options during the year. The Committee took care to ensure that these reports complied with the Afep/Medef Code or the AMF presentation guidelines. It reviewed information on executive remuneration included in the Report by the Chairman.

2.1.10.4 Work of the Selection Committee

The Selection Committee met once in 2012. The attendance rate was 100%. After examining the Board's membership and checking the gender balance, the Selection Committee gave a positive opinion on the reappointment as directors of Mrs Francis Bouygues, Martin Bouygues, François Bertière and Georges Chodron de Courcel, and proposed that the Board put forward the candidacy of Anne-Marie Idrac to the Combined Annual General Meeting of 26 April 2012. The Committee confirmed that Pierre Barberis, Patricia Barbizet, Lucien Douroux, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelade and François-Henri Pinault were independent directors. It reviewed the Corporate governance section of the draft Report by the Chairman presented at the Combined Annual General Meeting of 26 April 2012.

2.1.10.5 Work of the Ethics and Sponsorship Committee

The Ethics and Sponsorship Committee met three times in 2012. The attendance rate was 100%.

In the area of corporate sponsorship, after reviewing numerous projects proposed to Bouygues, the Committee gave a favourable opinion on the commencement or continuation of some 30 corporate sponsorship initiatives of a humanitarian, medical, social and cultural nature. The main corporate sponsorship activities are described in chapter 3 of this Registration Document. In total, the Group devotes around €13 million per year to corporate sponsorship initiatives. TF1 also provides free advertising space and makes donations during the events it airs.

In the field of ethics, the Committee also monitored the current legal proceedings. No new major lawsuit was brought to its attention in 2012. The Committee also reviewed the systems implemented to prevent and detect anti-competitive or unethical business practices. Anti-corruption measures are described in chapter 3 of this Registration Document. The Committee oversees and is involved in drawing up a compliance programme in order to formalise and, as required, complete and detail the preventive measures that are already in force in the Group.

2.1.11 Assessment of the Board of Directors

The Board's Rules of Procedure stipulate that the Board should periodically assess its ability to meet shareholders' expectations by reviewing its membership, organisation and operation, and by undertaking a similar review of Board committees.

Once a year, the Board devotes an item on the agenda of one of its meetings to assessing its own operations.

This formal assessment is intended to:

- take stock of the operating methods of the Board and its committees;
- ensure that important issues are properly prepared and debated.

Shareholders are informed every year, in the Registration Document, of the completion of this assessment, together with any action to be taken as a result.

The Rules of Procedure stipulate that external directors (who are neither executive directors nor salaried directors) are completely free to meet periodically, in particular to assess executive performance and consider future management arrangements.

Pursuant to these provisions, on 14 November 2012, the Board of Directors devoted an item on its agenda to a discussion of its organisation and operations. As in previous years, this assessment was of a formal nature: a detailed questionnaire and a memorandum on the Board's operations had been sent in advance by the Chairman and Chief Executive Officer to directors and the non-voting director to enable them to prepare for this discussion. The questionnaire included both closed questions, in order to categorise responses accurately, and open questions, so as to give directors the opportunity to qualify and explain their responses. Supplemental questionnaires had been sent to the members of each committee. Directors who so wished were invited to hold a discussion with the Group's Corporate

Secretary with a view to optimising preparations for the meeting.

In all, 15 written responses to 18 questionnaires were received, a response rate of 83%. These responses were reviewed by the Corporate Secretary and compared with those from previous years in order to measure progress. In their responses and the discussion that took place on 14 November 2012, members expressed very satisfactory views on the composition and operation of the Board.

The Board considers its membership to be balanced given the presence of representatives of major shareholders, executives from each of the business segments, industry leaders, and individuals with skills in accounting and finance.

It was unanimously agreed that, although high, the number of directors was appropriate, especially in view of the diversity of the Group's business segments. The presence of business segment senior executives on the Board was deemed to be useful.

The proportion of independent directors (39%) is considered satisfactory, since the Group has a main shareholder.

Most directors consider that efforts made to increase the presence of women on the Board must be pursued, while emphasising that skill and commitment are paramount for directors. The directors all agree on the need to give priority to the quality of the candidate when selecting future Board members.

According to the directors, the quality of the information provided to the Board continued to improve, in particular in the areas of sustainable development and ethics. As is the case each year, this assessment made it possible to identify potential ways to bring about improvement in certain areas, in particular, in 2012, R&D, strategy and long-term development, planned acquisitions and disposals, as well as the work of certain committees, notably that of the Selection Committee; the Accounts Committee's work is viewed in a particularly positive light.

2.2 Internal control and risk management procedures

2.2.1 Introduction

Bouygues and its subsidiaries are acutely aware of the importance of internal control and risk management, which are processes that help give reasonable assurance that the Group's principal objectives are being achieved.

Risk management has always been an essential part of the Group's corporate culture. It is a key concern of the Group's managers and is based on internal control procedures inspired by principles that have been applied across the Group's business segments for many years.

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

Like any control and risk management system, however, the system set up by Bouygues cannot provide a cast-iron guarantee of the Group's ability to reach its goals.

While the aim of internal control is to ensure that the instructions and guidelines set by senior management are applied, the process is also intended to ensure that the way in which the Group is managed and conducts its business, and the behaviour of staff, comply with regulations and with the regulations, rules and principles that Bouygues wishes to apply within the Group.

Internal control plays its primary role in operations, and risk management is deeply embedded in key processes of the Group's business segments, for which internal control aims to ensure the smooth operation.

Given the potential importance of the quality and reliability of the Group's accounting and financial information, internal control is also widely applied in accounting and financial matters.

The purpose of the risk management system is to safeguard the value, assets and reputation of the company while buttressing its processes and decision-making arrangements. The system helps people act in a way that is consistent with the company's values and to unite employees behind a shared view of the main risks.

The scope of this report covers the Bouygues group (parent company, Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom).

This report has been prepared with input from Bouygues' Corporate Secretary and its Internal Control department, in collaboration with stakeholders in the internal control process at the business segments. It has been submitted to the Accounts Committee and the Bouygues Board of Directors for approval.

2.2.2 Bouygues group internal control and risk management

The Bouygues group's system of risk management and internal control is based on the reference framework published by the AMF in 2007.

This system was updated in 2010 after the framework was revised to accommodate changes in laws and regulations on risk management as well as the AMF Recommendation on audit committees.

The Bouygues system covers the general principles of internal control and risk management, on the one hand, and internal control principles relating to accounting and finance, on the other. The main objectives are to:

- formalise the Group's key internal control principles;
- better identify common best practices across its business segments;
- develop a consistent approach to major issues affecting the entire Group.

Each business segment further developed this Group approach by analysing the specific aspects of its own internal control procedures and supplementing the Group-wide procedures with principles specifically related to its own activities.

The procedures include a "Risk management principles and method" component, which describes the approach to be used in the Group to:

- identify and monitor major risks;
- pass knowledge from one generation to another (experience).

This approach encompasses the various key stages of risk management: identification, classification, assessment, prioritisation, handling, reporting and communication.

A series of key principles have been defined for each stage for which the concept has been precisely defined. Taken as a whole, these principles make up the Group procedure for managing risks.

Every year, each business segment presents its risk map based on the above principles to its Accounts Committee and its Board. A map of Group-wide risks, derived from the business segments' maps, is then presented to the Accounts Committee and subsequently to the Bouygues Board.

The procedure also includes a "Permanent oversight of internal control" component, which describes in particular the method for self-assessing internal control principles.

Using this methodology, the business segments continued to assess the extent to which these internal control principles were being applied in 2012 using the new Group internal control self-assessment software.

At Colas, a new assessment was done in 2012 at each regional subsidiary in France and in each international subsidiary, a total of 66 subsidiaries in all. In this 2012 campaign, the assessment once again focused in particular on the operational units. Action plans were put in place for principles that were assessed as sub-par.

This fourth self-assessment campaign showed that the internal control principles had been properly applied as a whole in the majority of subsidiaries, as well as increased accountability and ownership on the part of the various stakeholders concerned. It showed progress in the application of principles compared to 2011, in conjunction with the action plans implemented.

At Bouygues Telecom (and its subsidiary RCBT), the 2012 assessment campaign had an even wider scope since it included Internet sales, and Technologies, Innovation and Services, etc.). The campaign concerned all internal control principles (joint and business-specific principles).

The 2012 campaign at Bouygues Construction focused on a broader swathe of support and operational functions, with close to 100 entities involved. Some 15 topics were selected (each of the eight major entities was allowed to add extra topics) and then assessed by all the entities. Once the summaries had been presented, each major entity drew up action plans to be implemented or taken forward.

At Bouygues Immobilier, the 2012 assessment campaign innovated by placing the segment regional divisions at the centre of the process and by implementing a new methodology that gives priority to accountability and ownership among operational staff. The campaign focused on entities generating sales and all the Regional Residential Property divisions, two subsidiaries in France (Urbis and SLC), two European subsidiaries (Belgium and Poland) and the key part of the commercial property. For the France and Europe subsidiaries, all the principles were assessed. The results of the assessments either gave rise to action plans at local level, or at segment level for crosscutting subjects.

At TF1, the 2012 assessment primarily focused on common principles within a perimeter that includes the entities where the SAP software had been deployed.

In each business segment, a summary of the assessments made in the 2012 campaign was presented to the Accounts Committee of the business segment's lead company.

2.2.3 General internal control environment

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

That determination was further reflected in the Group Conference on Internal Control and Risk Management, organised on 19 January 2012 and attended by the principal managers involved in this process. During the conference, which served as an interim review, the Group's senior management once again stressed that the internal control approach ought to be implemented with ever greater effectiveness throughout the Group. They said that risk management needed to be increasingly hands-on so that it could make a truly significant contribution to the smooth organisation and management of the Group.

More generally, Group senior management's desire to promote the general internal control environment is expressed in various areas and notably employee behaviour and respect for ethics. The Chairman and Chief Executive Officer regularly issues strong messages to the Group's senior executives about the need for impeccable conduct in every respect, which means both complying with prevailing laws and regulations and observing the Group's own ethics and values.

He does so firstly at Group Management Meetings, which are attended once a quarter by the Group's top managers (about 450 people), and also through the Bouygues Management Institute (IMB), which organises regular seminars on Development of Bouygues Values, designed to raise awareness among top management of the need to comply in all circumstances with laws and regulations and with the ethical rules that form the basis of the Group's mindset. The Chairman and Chief Executive Officer of Bouygues and other members of the company's senior management always speak at these seminars.

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

These efforts are taken up and amplified in the business segments. For example, in 2012 at Colas, training days were provided on ethics and the criminal liability of senior executives (in France and abroad) for around 200 group managers.

The Board of Directors of Bouygues has formed an Ethics and Sponsorship Committee. Detailed information on the committee and what it does can be found in the report devoted to corporate governance.

The Bouygues group also has a Code of Ethics that sets out the essential values to which the Group and its employees are expected to adhere in the workplace. The existence of this code contributes to achieving the objective of better conduct and is intended to help staff make decisions in real situations by reference to clear and precise principles.

This momentum is continuing, with each business segment appointing an Ethics Officer and the Boards of Directors of most business segments (Bouygues Immobilier, Bouygues Telecom, Bouygues Construction and Colas) creating Ethics Committees.

The Bouygues group has implemented a whistleblowing procedure so that employees can report infringements of ethical principles.

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

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

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

These principles are formulated at Management Committee level and passed on to business segments at all levels (Board of Directors, senior management and management committee). Strategic decisions taken by the Group at the highest level are consistently inspired by this philosophy and serve as a benchmark for each business segment.

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

The Senior Vice-President, Human Resources and Administration chairs and coordinates the Group Human Resources Committee, an essential link in passing on the Group's values.

The Group's Human Resources Charter helps to spread the Group's culture by reminding everyone that the company's development is primarily dependent on employees.

2.2.4 Objectives/management cycle

The purpose of introducing internal control procedures is to help the Group achieve its objectives by taking into consideration the risks to which it is exposed.

The Group's general objectives are defined through the management cycle, a process which enables the Group's senior management to participate early on in determining the strategies of each business segment, to approve their business plans prepared in the context of that strategic framework, and then to monitor the gradual achievement of objectives in the course of the year.

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

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

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

The key members of the parent company's senior management team sit on the Boards of the lead companies of the Group's business segments, and it is those Boards that decide on strategic priorities and business plans.

2.2.4.1 Strategic plan and business plan

Each business segment defines its own strategic plan for the medium term (three years) taking into account the Group's general strategy and its own particular characteristics. The strategic plan is presented to the Group's senior management by the senior management of each business segment in May/June, and to the Bouygues Board of Directors in December.

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

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

2.2.4.2 Annual plan

In the December business plan, the first year is described in the greatest detail and represents a commitment by each business segment to the Group's senior management. This is known as the annual plan.

An initial review of progress (or update) of the annual plan for the current year takes place in May/June, when the strategic plan is presented to the Group's senior management.

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

2.2.5 Organisation - key players

2.2.5.1 Senior management

Senior management teams are responsible for managing internal control arrangements as a whole, defining strategic priorities and ensuring that internal control and risk management procedures are designed and implemented in a manner appropriate to each company's development.

2.2.5.2 Accounts committees

The characteristics and responsibilities of the Bouygues Accounts Committee are set out in the Corporate Governance chapter of this report. Each business segment's Board of Directors has formed an Accounts Committee with similar responsibilities to those of the Bouygues Accounts Committee. In particular, these include monitoring the effectiveness of internal control and risk management systems. The business segments' Accounts Committees review the programmes and findings of internal audits as well as the risk mapping exercises. Consequently, the Accounts Committee is a key component in the internal control and risk management mechanism.

2.2.5.3 Internal control departments

The parent company created a Group Internal Control and Audit department in 2010. The department will play a major role in developing the Group's internal control policy. The Group Internal Control and Audit department is charged in particular with:

- directing up the Group's internal control and audit functions;
- coordinating the business segments' internal control, risk management and audit activities.

The business segments also have an organisational structure dedicated to internal control. Generally, the bodies that are set up are mainly in charge of assessment campaigns and risk mapping. They sometimes take on more overarching responsibilities in relation to internal control procedures.

Bouygues Construction directs internal control and receives support in rolling out the approach mainly from support sectors. Each entity has nominated an internal control correspondent, who serves as the operational contact point. This role is generally performed by the subsidiary's Corporate Secretary.

Bouygues Telecom has put in place a business-wide risk management process that is embedded in the company's normal business cycle. A risk manager is responsible for the process, assisted by 22 risk correspondents who represent the organisation's main departments and whose main task is to collate and assess risk. Risk correspondents and a validation group make sure that the overall system and its development are coherent. A report is submitted every four months to senior management. Furthermore, a presentation is made twice a year to the Accounts Committee and once a year to the Board of Directors.

At TF1, the internal control approach is directed by the Strategic Planning and Internal Control department. Risk Committees have been set up within operating entities, and each entity has a risk correspondent. There is also a Support Risk Committee, which deals with issues falling within the scope of support divisions.

At Bouygues Immobilier, the Internal Control division is in charge of risk mapping with assistance from the relevant bodies and managers, as well as organising and summarising the self-assessment procedure, including the monitoring of

action plans. There is also an Organisation and Processes division, which is tasked with maintaining, developing and updating all the processes and procedures.

At Colas, at parent company level, the Corporate Secretary organises and directs internal control in conjunction with the subsidiaries, as part of a highly decentralised organisation.

2.2.5.4 Corporate Secretary – Legal affairs departments

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

In this context, the Group's Corporate Secretary may occasionally become involved alongside the business segments in handling major disputes or matters having an impact at Group level.

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

The Corporate Secretary is also the Group Ethics Officer.

Within the business segments, the legal affairs departments, and more generally the support departments, play a major role in preventing and dealing with risks. They are sometimes directly involved in the internal control process (this is the case, for example, at Bouygues Construction).

2.2.5.5 Risk and Insurance departments

The Group Risk and Insurance department provides assistance, advice and support to the Group's subsidiaries. It also has a role in risk management.

Based on its comprehensive overview of the business segments' guidelines on insurance, the Group's Risk and Insurance department takes out Group-wide insurance policies to supplement the insurance taken out at business segment level.

It ensures that subsidiaries are insured with top-ranking companies and that the terms of their policies (coverage, deductibles and premiums) are consistent with their risk exposure.

The Risk and Insurance departments of the business segments make a vital contribution to risk management.

2.2.5.6 Management control

The management control system is organised such that no Group company escapes the control process. Any company not controlled by the business segments is controlled by the parent company.

The principles governing operational relations between the parent company and the business segments have been summarised in a regularly updated document drawn up by the Group Strategy and Development department. This document serves as a guideline for all the business segments.

Group reporting

The parent company systematically controls subsidiaries' financial management through an annual plan (including updates) and sets of monthly indicators. The indicators are sent directly to the Group's senior management and centralised by the Group Strategy and Development department, which plays a pivotal role in the Group's management control mechanism.

The monthly indicators provided to the parent company are the same as those prepared by each business segment for its own senior management.

Every quarter, interim financial statements are produced and consolidated at Group level.

The management cycle and control and reporting procedures thus provide a regular flow of information and ensure ongoing dialogue with the business segments. Plans can be adjusted and the parent company is always in a position to control the management of its subsidiaries and intervene in advance of strategic decisions.

Business segment reporting

In the business segments, management control is also carried out according to the same principles through the specifically assigned departments and dedicated information systems that have been put in place.

At TF1, for example, the process is decentralised. It is handled by each structure and coordinated by the Group's Financial Control and Strategic Planning department. A system of rolling forecasts was introduced in 2009 so that the accounting impacts of ongoing projects and events could be updated on a monthly basis. Once a month each structure prepares a reporting schedule comprising a monthly statement, and if required, a year-end forecast and key performance indicators. On this basis the Financial Control department draws up a consolidated reporting schedule for the group and presents it to senior management.

2.2.5.7 Cash management and finance

The Group Cash Management and Finance department at the parent company defines and monitors the application of sound financial management principles at Group level. Its role is both to direct and to coordinate.

The operating principles mainly concern the Bouygues Relais and Uniservice cash management centres, managed at parent company level, and at the business segments' own cash management centres. They also apply to the financing of subsidiaries.

The fundamental rules of prudent management relate in particular to internal security (two signatures for payments, etc.), external security (secure cheques, payment by promissory note, etc.), liquidity (confirmed credit facilities, investment of cash surpluses, etc.), counterparty quality, legal documentation for loan agreements and the assessment and hedging, where necessary, of exchange rate risk.

2.2.5.8 Internal audit

Internal audit is an analytical and monitoring tool that plays a key role in risk management.

Each business segment has a structured Internal Audit department carrying out tasks in a broad range of areas.

The Group's internal Audit Charter stresses that the main tasks of internal audit are to provide senior management with reasonable assurance that the organisational and management principles and the internal control and risk management systems are both reliable and effective. Internal audit assesses:

- the identification and control of risks based on an analysis of key issues;
- the effectiveness of risk management and internal control systems and implementation of action plans;
- the control and efficiency of operational and support processes;
- the integrity, reliability, completeness, traceability and protection of information produced for accounting, financial and management purposes.

At parent company level, the Group Internal Control and Audit department combines both functions, coordinating the internal audit function at Group level and performing internal audit assignments at the request of Bouygues' senior management. The Group thus has around 50 auditors.

2.2.6 Internal control and risk management procedures

Specific risks may differ considerably depending on the business segment concerned. For example, they may relate to regulation (TF1 and Bouygues Telecom), technology (TF1 and Bouygues Telecom), competition (Bouygues Telecom), the environment (Bouygues Immobilier and Colas), country risk or risks involved in major projects (Bouygues Construction). The business segments have thus set up formalised and appropriate procedures aligned with the nature of risks in order to ensure better control. (All these points are covered in chapter 4 "Risk factors" of this Registration Document).

2.2.6.1 Bouygues Construction

At Bouygues Construction, risk management is fully integrated in to the company's processes: strict procedures apply to the selection and submission of tenders, which are considered by formal Commitment Committees in light of the risks arising on each contract. Depending on the level of financial commitments, the cost of work or the technical challenges involved, Bouygues Construction's entities are required to make an application to request the agreement of Bouygues Construction's senior management. Financial and legal affairs teams are involved before projects are launched. From a technical standpoint, each entity has major resources for studies and, in certain areas, can call on experts who are organised into centres of excellence at group level. For major projects, specific attention is paid to studies that are cross-validated (internally and by external consulting firms).

The financial risk curve is monitored on an ongoing basis for major contracts. The management control function has the resources and authority to track the results of each construction project every month and to flag any discrepancies with budgeted figures.

2.2.6.2 Bouygues Immobilier

Bouygues Immobilier has an internal procedures manual that is updated on a regular basis.

Particular attention is paid to the land acquisition commitment process (promises to sell and land acquisition) and the start of works.

A meeting of the Commitments Committee must be held before any deed is signed with a view to acquiring land (or buildings). All decisions to acquire land are strictly controlled.

Furthermore, the company has strengthened its environmental risk prevention policy in connection with land purchases.

The company could also have its liability triggered by its customers if the properties it sells were found to be poorly constructed. Under the terms of its performance guarantee, Bouygues Immobilier calls on external companies to address any snags as quickly as possible. It is also careful to ensure that all involved parties (contractors, engineering consultants, technical design firms, etc.) scrupulously comply with ten-year insurance requirements.

2.2.6.3 Colas

Financial and accounting risks have always been managed by reference to clearly defined principles and procedures within the Colas group. Risk management is mainly based on preventive measures and insurance cover.

Despite a very strong culture of decentralisation, arrangements exist for the control of commitments both in terms of commercial commitments (projects are submitted to Contract Committees) and in terms of external growth or property acquisitions, which must be presented for prior agreement to the senior management of the subsidiary or of Colas and, in some cases, to its Board of Directors.

Furthermore, contracts generating sales in excess of €20 million on completion are monitored on a half-yearly basis by the Accounts Committee.

2.2.6.4 TF1

TF1 has launched a procedure for identifying major risks, with a view to establishing a decision-making procedure in crisis situations. This resulted in the "Réagir" Committee, whose objective, linked to business continuity, is to build and update a model of mission-critical processes in the event of incidents. The Réagir Committee works to monitor and mitigate major risks that are associated with TF1 group mission-critical processes. It also updates and adds to the various procedures.

In this respect, the importance of the role played by the Technical and Information Systems department, which is responsible for making some of the channel's shows, programme broadcasting, broadcasting networks and IT systems, should

be emphasised. The department also guarantees the channel's security and works to formally document an information security policy and establish security standards across the TF1 group. The TF1 Programme department, also ensures that programmes are compliant and that the channel's operating terms of reference are observed.

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

2.2.6.5 Bouygues Telecom

Product/service offerings are vitally important and are therefore examined by a special committee in which Bouygues Telecom's senior management is involved. For the same reasons, a review committee has been set up to follow up product/service offerings and monitor results in light of initial forecasts.

Purchasing is particularly tightly controlled at Bouygues Telecom in light of the volume of purchases made by the company. The Purchasing department applies very strict procedures, and is itself subject to regular checks.

2.2.7 Information and communication

The production and dissemination of information, both inside and outside the Group, does much to enhance internal control.

Information systems have been put in place to manage and supervise the business. Communication helps both to make staff more aware of the importance of control and to provide those outside the Group with reliable and relevant information that complies with legal requirements.

2.2.7.1 Internal communications

The Group Corporate Communications department plays an active part in circulating information to the Group's employees. This strengthens the Bouygues group's identity and plays a unifying role.

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

The department also supervises e.by and e.bysa, the respective Bouygues group and parent company intranet portals, which provide online access to a wealth of information. Bouygues and Group employees use these sites as tools of work and tools to share information.

The Group Corporate Communications department also publishes Bouygues' *In Brief*, a publication summarising

financial, corporate, social and environmental information that is circulated externally as well as to the Group's managerial, supervisory, technical and clerical staff.

The Group Management Meeting is also an important channel for transmitting key information and messages to the Group's senior executives.

This is also the case at business segment level. At TF1, for example, the Internal Communication department publishes an employee magazine three times a year (*Regards*) and a monthly video magazine (*TF1 inside*). In addition, employees can access a wealth of information through Declic, the intranet portal.

2.2.7.2 External communications

The Group Corporate Communications department works in close cooperation with the business segments for their mutual benefit.

Its main tasks are to:

- promote the Group's image (press relations, public relations, corporate sponsorship, etc.);
- pass on information from external sources to the Group's senior management and executives;
- handle financial disclosures to the press and the public, in collaboration with the Investor Relations department.

2.2.8 Internal control procedures relating to accounting and financial information

One of the main aims of internal control is to ensure the reliability of accounting and financial reporting. This is done through a comprehensive system and a set of stringent procedures.

2.2.8.1 Quarter-end close

Each business segment sets its own procedures for closing financial statements, which have to fit into the broader framework of the Group's consolidation process.

At TF1, for example, the Accounting and Management Control departments use a common process to analyse and sign off on inventory entries. The Accounting department ensures compliance with asset measurement procedures, which include identifying impairment indicators for intangible assets and accounting for impairments after testing. It then presents the results for approval to the Audit Committee and the statutory auditors. Provisions are recognised in collaboration with the Finance department, the corporate secretary and the Legal Affairs department.

2.2.8.2 Consolidation process

At the parent company, the Group Consolidation and Accounting department is chiefly responsible for determining and establishing consistent rules and methods of consolidation for the Group and assisting the business segments in their consolidated management. It also prepares the parent company financial statements.

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

Special software, widely used by listed companies, is used to consolidate the financial statements at the various levels. Each of the business segments uses it as part of their step-by-step approach to consolidation. It ensures rigorous control over preparation of the financial statements, which are thus subject to standard procedures.

In addition to the computerised accounting system, the Group Consolidation and Accounting department has produced a Group consolidation handbook containing the rules and procedures applicable to consolidation throughout the Group. The handbook is an important reference tool for preparing the consolidated financial statements. It is accessible to all accounting staff on a dedicated intranet site describing the various principles and options that apply within the Group.

As part of its task of organising and coordinating financial statement consolidation, the Group Consolidation and Accounting department also regularly provides the business segments with information about applicable rules and methods (by organising seminars, distributing circulars, etc.), and thus helps to maintain the consistency of the system used to prepare the consolidated financial statements. This was particularly the case for the introduction of IFRS, and the related interpretations and amendments.

2.2.8.3 Internal control procedures for finance and accounting

In addition to the core procedures set out in the Bouygues group's internal control guidelines in terms of accounting and finance, each business segment organises its internal controls in accordance with its own system.

At Bouygues Telecom, for example, the system is as follows:

Ongoing control

- Management of the Accounting department's documentary database, comprising procedures, operating methods, special principles, etc. The contents of the database are revised and updated periodically, and the accounting managers concerned are duly informed.
- Analysis of data on accounting entries from the general ledger (supporting evidence for balances, compliance with accounting and tax legislation, etc.). Analysis reports and action plans are presented to the Accounting Management Committee.
- Monitoring of compliance with the segregation-of-duties principle (respect for the security charter establishing the prerogatives of each accounting discipline). Periodic controls are carried out to ensure that the principles are being applied.
- Monitoring the recommendations of the statutory auditors further to interim reviews.

Selective control

The system is assessed on an annual basis (see 2.2.2).

2.2.8.4 Accounts committees

The Accounts Committee is a key component of the internal control system at the accounting and financial level.

Detailed information about Bouygues' Accounts Committee is set out in paragraphs 2.1.8.1 and 2.1.10.2 above. The parent company of each business segment has an accounts or Audit Committee with responsibilities similar to those of Bouygues.

2.2.8.5 Investor relations

For Bouygues SA, the Group Cash Management and Finance department is responsible for relations with investors and financial analysts. The department is constantly in contact with shareholders and analysts while providing the market with the information it needs.

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

These documents are prepared using a process that involves various support divisions (Communications, General Secretariat, etc.). They are approved by senior management and checked by the statutory auditors. They are approved by senior management and checked by the statutory auditors. The quarterly press releases are approved by the Accounts Committee and the Board of Directors.

Procedures have been put in place to inform staff about regulations concerning inside information.

The other listed companies in the Group (TF1 and Colas) handle their own investor relations.

2.2.9 Steering

Internal control systems must themselves be controlled by means of regular assessments, and they must be subject to continuous improvement.

The Audit departments of the parent company and the business segments have always assessed the effectiveness of internal control in the course of their work, and are actively involved in this improvement process.

The Conference on Risk Management and Internal Control held in 2012 reflects the Group's determination to continually improve the existing arrangements.

The essential concern is still to define and implement action plans with the primary objective of controlling the Group's operations more effectively.

2.3 Other information

2.3.1 Specific formalities for shareholder participation in Annual General Meetings

Specific formalities for shareholder participation in Annual General Meetings and, in particular, the conditions under which double voting rights are granted to shareholders who have held shares in registered form for over two years, are set out under heading 1.2, chapter 6 of this Registration Document.

2.3.2 Information covered by Article L. 225-100-3 of the Commercial Code

The information covered by Article L. 225-100-3 of the Commercial Code (factors likely to have an impact on any public tender offer price) is set out under heading 1.4, chapter 6 of this Registration Document.

2.3.3 The principles and rules for determining the remuneration and other benefits granted to the executive directors

The corresponding information is set out in section 4, chapter 5 of this Registration Document.

3. AUDITORS' REPORT ON THE REPORT BY THE CHAIRMAN

3.1 Auditors' report, prepared in accordance with Article L. 225-235 of the Commercial Code, on the Report by the Chairman of Bouygues

To the shareholders,

In our capacity as auditors of Bouygues and in accordance with the requirements of Article L. 225-235 of the Commercial Code, we present below our report on the report compiled by the Chairman of the Board of Directors of Bouygues in accordance with Article L. 225-37 of the Commercial Code for the year ended 31 December 2012.

The Chairman is responsible for compiling and submitting a report to the Board of Directors for approval regarding the internal control and risk management procedures put in place within the company, and for providing the other information required by Article L. 225-37 of the Commercial Code, particularly in the area of corporate governance.

Our responsibility is to:

- report our comments on the information contained in the Report by the Chairman regarding risk management and internal control procedures relating to the preparation and treatment of accounting and financial information, and
- certify that the Report by the Chairman contains the other information required by Article L. 225-37 of the Commercial Code, it being specified that that we are not responsible for verifying the fairness of that information.

We conducted our work in accordance with the professional practices applicable in France.

Information regarding risk management and internal control procedures relating to the preparation and treatment of accounting and financial information

Professional practices require that we perform procedures to assess the fairness of the information provided in the Report by the Chairman on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

These procedures include:

- obtaining an understanding of the risk management and internal control procedures relating to the preparation and treatment of accounting and financial information described in the Report by the Chairman, and of other existing documentation;
- obtaining an understanding of the work underlying the information contained in the Report by the Chairman, and of other existing documentation;
- determining whether the Report by the Chairman contains the appropriate disclosures regarding any material weaknesses we might have identified in internal control procedures relating to the preparation and treatment of accounting and financial information.

Based on our work, we have no matters to report on the information contained in the Report by the Chairman prepared in accordance with Article L. 225-37 of the Commercial Code on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

Other information

We certify that the Report by the Chairman contains all of the other information required by Article L. 225-37 of the Commercial Code.

Paris La Défense, 26 February 2013.

The Auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Guillaume Potel

4. REMUNERATION OF CORPORATE OFFICERS – STOCK OPTIONS GRANTED TO CORPORATE OFFICERS AND GROUP EMPLOYEES

4.1 Remuneration

Report required by Articles L. 225-102-1 and L. 225-37 paragraph 9 of the Commercial Code.

This chapter contains the reports required under the French Commercial Code. It also includes the tables required by the Afep/Medef Corporate Governance Code of December 2008 and by the AMF Recommendation of 22 December 2008 (as updated on 10 December 2009) on the information to be provided in registration documents concerning the remuneration of corporate officers.

4.1.1 Principles and rules for determining the remuneration of executive directors

In 2007, the Board took into account the Afep/Medef recommendations published in January 2007 relating to the remuneration of executive directors of listed companies. Afep and Medef published a new set of recommendations on 6 October 2008. The Board noted that virtually all these recommendations had already been implemented and adopted the remaining provisions in early 2009.

4.1.1.1 Fixed remuneration and benefits in kind in FY2012

The rules for determining fixed remuneration were decided in 1999 and have been applied consistently since then.

Fixed remuneration takes account of the level and difficulty of the individual's responsibilities, job experience, and length of service in the Group and also the wage policy of groups or companies in similar sectors.

Benefits in kind involve use of a company car and, in the case of Martin Bouygues and Olivier Bouygues, the part-time assignment of an assistant and a chauffeur/security guard for their personal requirements.

4.1.1.2 Variable remuneration in FY2012

The rules for determining the variable portion of remuneration were also decided in 1999 and remained unchanged until February 2007, when the Board adjusted the calculation in light of the Afep/Medef recommendations. It then modified them again in 2010.

Variable remuneration is awarded on an individual basis: the Board decides the criteria for the variable portion of each executive director's remuneration and limits it to a percentage of the fixed remuneration. The percentage limit relative to the fixed remuneration also depends on the individual executive director.

Variable remuneration is based on the performance of the Group, with performance being determined by reference to the following key economic indicators:

- increase in current operating profit;
- change in consolidated net profit (attributable to the Group) relative to the plan;
- change in the consolidated net profit (attributable to the Group) compared with the preceding year;
- free cash flow of Bouygues (before changes in working capital).

These quantitative objectives have been calculated precisely but are not publicly disclosed for confidentiality reasons.

Each criterion is used to determine part of the variable remuneration.

In exceptional cases, on the advice of the Remuneration Committee, the Board may award special bonuses.

The existence of a capped additional retirement provision is taken into account when setting the overall remuneration of executive directors, as is the fact that they have received no severance compensation.

4.1.1.3 Other information regarding remuneration

Remuneration accruing to Martin Bouygues and Olivier Bouygues is paid by SCDM, which then invoices Bouygues pursuant to the agreement governing relations between Bouygues and SCDM, approved under the regulated agreements procedure.

4.1.2 Table 1 – Overview of remuneration, benefits in kind and options granted to the two executive directors in 2012

Note: Martin Bouygues and Olivier Bouygues requested that no variable remuneration be granted to them for FY2012.

(€)		M. Bouygues Chairman and CEO		O. Bouygues Deputy CEO	
		2012	2011	2012	2011
Remuneration owing in respect of the year (see breakdown in table 2)		1,024,970	2,419,525	585,077	1,335,605
Value of options granted in the year ^(a)		-	-	-	-
Value of performance shares in the year ^(b)		-	-	-	-
TOTAL		1,024,970	2,419,525	585,077	1,335,605
YoY change		-58%		-56%	

(a) No options were granted in 2011 and 2012.

(b) The company granted no performance shares.

4.1.3 Table 2 – Remuneration of the two executive directors

Position and years in the Group	Remuneration ^(a)	Amounts ^(b) in respect of FY2012 (€)		Amounts ^(b) in respect of FY2011 (€)		Variable remuneration criteria (FY2012) ^(f)
		due ^(c)	paid	due ^(c)	paid	
Martin Bouygues Chairman and CEO (39 years)	Fixed	920,000	920,000	920,000	920,000	<ul style="list-style-type: none"> • Increase in current operating profit (50%). • Change in consolidated net profit^(g) versus the Plan (25%). • Change in consolidated net profit^(g) versus 2011 (25%). • Free cash flow before changes in working capital (50%).
	- Change	0	0%	0	0%	
	Variable	0	1,380,000	1,380,000	1,380,000	
	- Change	-100%		0%		
	- % variable/fixed ^(d)	0%		150%		
	- Ceiling ^(e)	150%		150%		
	Exceptional remuneration	-	-	-	-	
	Directors' fees	71,587	71,587	73,900	73,900	
	Benefits in kind	33,383	33,383	45,625	45,625	
	Total	1,024,970	2,404,970	2,419,525	2,419,525	
Olivier Bouygues Deputy CEO (39 years)	Fixed	500,000	500,000	500,000	500,000	<ul style="list-style-type: none"> • Increase in current operating profit (50%). • Change in consolidated net profit^(g) versus the Plan (25%). • Change in consolidated net profit^(g) versus 2011 (25%). • Free cash flow before changes in working capital (50%).
	- Change	0	0%	0	0%	
	Variable	0	750,000	750,000	750,000	
	- Change	-100%		0%		
	- % variable/fixed ^(d)	0%		150%		
	- Ceiling ^(e)	150%		150%		
	Exceptional remuneration	-	-	-	-	
	Directors' fees	73,422	73,422	73,950	73,950	
	Benefits in kind	11,655	11,655	11,655	11,655	
	Total	585,077	1,335,077	1,335,605	1,335,605	
TOTAL EXECUTIVE DIRECTORS		1,610,047	3,740,047	3,755,130	3,755,130	
Change		-57%	-0.40%	0%		

(a) No remuneration other than that mentioned in the table was paid to the executive directors by companies in the Group.

(b) Amounts due = all the amounts allocated in respect of one financial year. Amounts paid = all the amounts paid in the financial year. However, the variable component allocated for a financial year is actually paid in the first quarter of the following year.

(c) Amounts due - Change: the percentages inserted under the fixed and variable remuneration show variations relative to the previous financial year.

(d) Variable remuneration expressed as a percentage of fixed remuneration.

(e) Variable remuneration ceiling, set as a percentage of fixed remuneration.

(f) Variable remuneration criteria: the portion expresses the weighting of the criterion when determining total variable remuneration.

(g) Consolidated net profit = consolidated net profit (attributable to the Group) of Bouygues.

4.1.4 Table 3 - Directors' fees

The Annual General Meeting of 24 April 2003 set the total amount of directors' fees to be allocated to corporate officers and directors of Bouygues at €700,000 each year, leaving it to the Board's discretion as to how this amount should be split.

The amounts of the directors' fees are as follows:

Chairman and CEO.....	€50,000
Directors.....	€25,000
Member of the Accounts Committee.....	€14,000
Member of another committee (Remuneration, Selection, Ethics and Sponsorship)	€7,000

(€)		Origin (Notes 1 and 2)	2012	2011
M. Bouygues	Chairman and CEO	Bouygues	50,000	50,000
		Subsidiaries	21,587	23,900
O. Bouygues	Deputy CEO	Bouygues	25,000	25,000
		Subsidiaries	48,422	48,950
Sub-total for executive directors		Bouygues	75,000	75,000
		Subsidiaries	70,009	72,850
		Total	145,009	147,850
P. Barbizet	Director	Bouygues	22,500	25,000
			21,000	21,000
F. Bertière	Director	Subsidiaries	31,295	32,900
		Bouygues	25,000	25,000
		Subsidiaries	17,750	20,000
Mrs Francis Bouygues	Director	Bouygues	25,000	17,500
G. Chodron de Courcel	Director	Bouygues	25,000	25,000
			14,000	12,600
L. Douroux	Director	Bouygues	25,000	22,500
			7,000	7,000
Y. Gabriel	Director	Bouygues	25,000	25,000
A.-M. Idrac	Director	Bouygues	16,875	0
P. Kron	Director	Bouygues	25,000	25,000
H. Le Bouc	Director	Bouygues	25,000	25,000
		Subsidiaries	25,000	20,000
C. Lewiner	Director	Bouygues	22,500	22,500
			4,375	
		Subsidiaries	17,750	-
H. le Pas de Sécheval	Director	Bouygues	25,000	25,000
			14,000	14,000
S. Nombret	Director	Bouygues	25,000	25,000
N. Paolini	Director	Bouygues	25,000	25,000
		Subsidiaries	31,000	31,000
J. Peyrelevade	Director	Bouygues	25,000	25,000
			7,000	7,000
F.-H. Pinault	Director	Bouygues	22,500	25,000
			12,834	14,000
M. Vilain	Director	Bouygues	25,000	25,000
Sub-total for Directors (Note 3)		Bouygues	476,834	470,100
		Subsidiaries	122,795	103,900
		Total	599,629	574,000
TOTAL DIRECTORS' FEES		Bouygues	551,834	545,100
EXECUTIVE DIRECTORS + DIRECTORS (NOTE 3)		Subsidiaries	192,804	176,750
		Total	744,638	721,850
Non-voting director				
A. Pouyat	Non-voting director	Bouygues	25,000	25,000
		Subsidiaries	19,126	36,400
TOTAL NON-VOTING DIRECTOR			44,126	61,400

Note 1: Bouygues = directors' fees paid in respect of participation on the Board of Bouygues. The first line shows directors' fees paid for attending Board meetings; the second line shows directors' fees paid for participation in one or more committees. **Note 2:** Subsidiaries = directors' fees paid by Group companies, within the meaning of Article L. 233-16 of the Commercial Code, i.e. mainly Colas, Bouygues Telecom and TFI. **Note 3:** The grand total for FY2012 includes directors' fees paid to: Pierre Barberis who received €8,750 from Bouygues and €3,500 for participation in the Remuneration Committee. This director left the Board in 2012.

4.1.5 Other remuneration

4.1.5.1 Remuneration of salaried directors

The principles and rules for determining the remuneration of salaried directors, including François Bertiére, Yves Gabriel, Hervé Le Bouc and Nonce Paolini, each of whom is in charge of one of the Group's businesses, are the same as those used to calculate the remuneration of the two executive directors. However, the criteria for determining variable remuneration take into account the specifics of the business concerned.

Qualitative criteria are also used to determine these directors' variable remuneration.

The criteria for determining variable remuneration are as follows:

- change in the consolidated net profit (attributable to the Group) of Bouygues;
- change, relative to the plan, in the consolidated net profit (attributable to the Group) of the subsidiary managed by the corporate officer (Bouygues Construction, Bouygues Immobilier, Colas or TF1);

- change in the consolidated net profit (attributable to the Group) of the subsidiary managed in relation to the preceding year.

These quantitative objectives have been calculated precisely but are not publicly disclosed for confidentiality reasons.

- qualitative criteria: four pre-established qualitative criteria, which are not publicly disclosed for confidentiality reasons.

On the recommendation of the Remuneration Committee, the Board decided in early 2009 to place greater emphasis on these qualitative criteria, since the performance of senior executives during periods of crisis should be measured by more than financial results.

Remuneration paid by Bouygues is invoiced to the subsidiary managed by the senior executive (F. Bertiére: Bouygues Immobilier; Y. Gabriel: Bouygues Construction; H. Le Bouc: Colas; N. Paolini: TF1).

4.1.5.2 Salaried directors representing employee shareholders

The salary paid to the two directors who represent employee shareholders and who have an employment contract with Bouygues or one of its subsidiaries is not disclosed.

4.1.5.3 Remuneration of salaried directors

Position and years of service in the Group	Remuneration ^(a)	Amounts ^(b) in respect of FY2012 (€)		Amounts ^(b) in respect of FY2011 (€)	
		due ^(c)	paid	due ^(c)	paid
F. Bertiére	Fixed	920,000	920,000	920,000	920,000
Director (28 years)	- Change	0%		0%	
	Variable	557,980	1,380,000	1,380,000	1,236,204
	- Change	-59.6%		+11.6%	
	- % variable/fixed ^(d)	60.6%		150%	
	- Ceiling ^(e)	150%		150%	
	Exceptional remuneration	-	-	-	-
	Directors' fees	42,750	42,750	45,000	45,000
	Benefits in kind	4,944	4,944	4,944	4,944
	TOTAL	1,525,674	2,347,694	2,349,944	2,206,148
Y. Gabriel	Fixed	920,000	920,000	920,000	920,000
Director (38 years)	- Change	0%		0%	
	Variable	1,380,000	1,380,000	1,380,000	972,716
	- Change	0%		+41.9%	
	- % variable/fixed ^(d)	150%		150%	
	- Ceiling ^(e)	150%		150%	
	Exceptional remuneration	-	-	-	-
	Directors' fees	25,000	25,000	25,000	25,000
	Benefits in kind	9,704	9,704	9,704	9,704
	TOTAL	2,334,704	2,334,704	2,334,704	1,927,420

Position and years of service in the Group	Remuneration ^(a)	Amounts ^(b) in respect of FY2012 (€)		Amounts ^(b) in respect of FY2011 (€)	
		due ^(c)	paid	due ^(c)	paid
H. Le Bouc Director (35 years)	Fixed	920,000	920,000	920,000	920,000
	- Change	0%		0%	
	Variable	460,000	1,380,000	1,380,000	650,716
	- Change	-66.66%		+112%	
	- % variable/fixed ^(d)	55.65%		150%	
	- Ceiling ^(e)	150%		150%	
	Exceptional remuneration	-	-	-	-
	Directors' fees	50,000	50,000	45,000	45,000
	Benefits in kind	4,100	4,100	4,100	4,100
	TOTAL	1,434,100	2,354,100	2,349,100	1,619,816
N. Paolini Director (24 years)	Fixed	920,000	920,000	920,000	920,000
	- Change	%		-7%	
	Variable	460,000	936,284	936,284	1,050,000
	- Change	-50.86%		-11%	
	- % variable/fixed ^(d)	55.65%		101.77%	
	- Ceiling ^(e)	150%		150%	
	Exceptional remuneration	-	-	-	-
	Directors' fees	56,000	56,000	56,000	56,000
	Benefits in kind	5,037	5,037	5,037	5,037
	TOTAL	1,441,037	1,917,321	1,917,321	2,031,037

(a) No remuneration other than that mentioned in the table was paid to corporate officers by companies in the Group.

(b) Amounts due = all the amounts allocated in respect of one financial year. Amounts paid = all the amounts paid in the financial year. However, the variable component allocated for a financial year is actually paid in the first quarter of the following year.

(c) Amounts due - Change: the percentages inserted under the fixed and variable remuneration show variations relative to the previous financial year.

(d) Variable remuneration expressed as a percentage of fixed remuneration.

(e) Variable remuneration ceiling, set as a percentage of fixed remuneration.

4.1.6 2013 financial year

The Board of Directors has decided that none of the above rules will be changed for 2013.

4.2 2012 report on stock options and performance shares

Report required under Articles L. 225-184 and L. 225-197-4 of the Commercial Code.

This chapter contains the reports required under the Commercial Code and the tables recommended by the Afep/Medef Corporate Governance Code of December 2008 or by the AMF Recommendation of 22 December 2008 (updated on 10 December 2009) concerning the information to be provided in registration documents concerning the remuneration of corporate officers.

4.2.1 Principles and rules for granting stock options and bonus shares

The twenty-second resolution of the Combined Annual General Meeting of 21 April 2011 authorised the Board of Directors on one or more occasions to grant options conferring the right to subscribe new shares or to purchase existing shares. This authorisation, granted for thirty-eight months, requires the beneficiaries of these options to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-180 of the Commercial Code.

The nineteenth resolution of the Combined Annual General Meeting on 29 April 2010 also authorised the Board of Directors to grant on one or more occasions existing or future shares for free. This authorisation, granted for thirty-eight months, requires the beneficiaries of these bonus shares to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues within the meaning of Article L. 225-197-2 of the Commercial Code.

To date, the Board of Directors has not made use of the authorisations granted by the Annual General Meeting to allot bonus shares or grant options to purchase shares. All of the options granted have been to subscribe for shares.

4.2.1.1 General rules applicable to grants of stock options and bonus shares

The Board of Directors has taken into account the Afep/Medef's January 2007 recommendations as well as the recommendations published on 6 October 2008.

The Board of Directors also decided in 2010 to adopt AMF Recommendation No. 2010-07, "Guide to preventing insider misconduct by executives of listed companies".

It should be noted that:

- stock options or bonus shares are granted to help attract senior executives and employees, secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in light of their contribution to value creation;
- more than 1,000 senior executives and employees are beneficiaries under each plan. The beneficiaries are selected and individual allotments are decided by reference

to each beneficiary's responsibility and performance, with particular attention being paid to executives with potential;

- in the case of stock options, no discount is applied;
- a ceiling has been set to prevent a significant increase in the size of stock option plans when the market is falling. This ceiling has been set at 15% of the volume of the previous plan;
- at its 2 December 2010 meeting, the Board of Directors changed the periods during which senior executives and employees are prohibited from selling shares arising from the exercise of stock options:
 - for the thirty calendar days immediately preceding the publication of the first-quarter and third-quarter financial statements and those for the first half and full year as well as on the day these statements are publicly disclosed,
 - for the fifteen calendar days immediately preceding the publication of Bouygues' quarterly sales figures and on the day this information is publicly disclosed.

The Board of Directors reiterated that this obligation to refrain from selling shares arising from the exercise of stock options was also to be observed during the period in which a senior executive or employee was privy to confidential information and on the day this information is publicly disclosed.

- barring an exceptional decision to the contrary, stock options are to be granted each year after the publication of the full-year financial statements for the previous financial year;
- in addition to these measures, several internal rules were laid down and disseminated to prevent breaches of insider trading policy or insider trading offences: the drawing up of a list of people having access to inside information; a reminder of the three abstention obligations; information concerning stock market laws; and a recommendation concerning the setting-up of a share trading plan.

4.2.1.2 Specific rules applicable to corporate officers

The Rules of Procedure of the Board of Directors include the following:

- stock options or bonus shares shall not be granted to senior executives leaving the company;
- speculative trades and risk-hedging transactions relating to the exercise of stock options or the sale of bonus shares are forbidden; to the company's knowledge, no hedges have been put in place by corporate officers;
- executive directors and salaried directors who wish to sell shares acquired through the exercise of stock options or sell bonus shares should obtain confirmation from the Group Ethics Officer that they do not hold inside information;

- the value must not exceed the value of the stock options allocated to a corporate officer, which is capped at 100% of his remuneration;
- a ceiling is set on allotments to the Chairman and CEO (a maximum of 5% of an allotment plan) and to the Deputy CEO (a maximum of 2.5% of an allotment plan);
- performance criteria are set for the executive directors at the time of the allotment (consolidated net profit attributable to the Group earned during the year preceding the allotment) and the exercise of options (consolidated net profit attributable to the Group earned in each of the four years preceding the exercise of the options);
- when stock options or bonus shares are granted, the Board of Directors shall set the number of bonus shares or exercise option shares that executive directors are required to retain until the expiry of their term of office. This provision was implemented for stock options granted in 2008, 2009 and 2010 (in 2011 and 2012, at their request, the executive directors were not granted stock options or performance shares). The Board set the number of shares obtained from the exercise of stock options that executive directors are required to hold in registered form either directly or through a company. The percentage of shares they must keep from the 2008, 2009 and 2010 plans is 25% of the shares that remain after selling the number of shares required to cover the costs of exercising the options and paying any related taxes or social charges;
- declaration to the Board of Directors of transactions performed;
- the Rules of Procedure note that the AMF recommends executives to set up share trading plans.

4.2.1.3 General information: stock option characteristics

All the stock options granted by the Board of Directors in 2012 have the following characteristics:

- exercise price: the average of the opening prices quoted on the 20 trading days prior to the option grant, with no discount;
- validity period: seven years and six months from the date the stock options are granted;
- lock-up period: four years from the date the stock options are granted;
- exercise period: three years and six months after expiry of the lock-up period (with three exceptions where stock options may be exercised at any time during the seven years: stock options exercised by heirs within six months of death of a beneficiary; change of control of Bouygues or cash tender or exchange offer relating to Bouygues; exercise of stock options in accordance with Article L. 3332-25 of the Labour Code, using assets acquired under the Group savings scheme);
- automatic cancellation if the employment contract or appointment as corporate officer is terminated, unless given special authorisation, or in the case of invalidity, departure or retirement.

4.2.2 Stock options granted to or exercised by executive directors and salaried directors in 2012

Options for new Bouygues shares were granted in 2012. On 26 April 2012, the Board of Directors decided to make a grant on 13 June 2012 of 2,956,025 options to 1,092 beneficiaries who are corporate officers or employees of the company or companies in the Bouygues group.

The exercise price was set at €20.11 per share subscribed.

The value of each stock option was €0.46 at the grant date, estimated in accordance with the method used for the consolidated financial statements.

This stock option plan represented 0.94% of the company's share capital at 31 December 2011¹.

¹) Share capital of Bouygues at 31 December 2011: 314,869,079 shares.

4.2.2.1 Table 4 – Options granted to executive directors and salaried directors of Bouygues

Martin Bouygues and Olivier Bouygues asked the Board of Directors not to grant options to the two executive directors in 2012.

Executive directors	Company granting the options	Grant date	Number of options	Exercise price (€)
Martin Bouygues	Bouygues	-	-	-
Olivier Bouygues	Bouygues	-	-	-
TOTAL			-	

Options were granted to salaried directors.

Salaried directors	Company granting the options	Grant date	Number of options	Exercise price (€)
François Bertiére	Bouygues	13 June 2012	97,000	20.11
Yves Gabriel	Bouygues	13 June 2012	97,000	20.11
Hervé Le Bouc	Bouygues	13 June 2012	97,000	20.11
Nonce Paolini	Bouygues	13 June 2012	97,000	20.11
TOTAL			388,000	

Salaried directors were not granted any other options.

4.2.2.2 Table 5 – Stock options exercised by executive directors and salaried directors of Bouygues in 2012

Executive director	Company granting the options	Plan	Number of options exercised	Exercise price (€)
None			-	-

No executive directors or salaried directors exercised their options in 2012.

4.2.3 Performance (bonus) shares**4.2.3.1 Table 6 – Performance shares granted to each executive director**

No performance shares were granted by the company in 2012.

4.2.3.2 Table 7 – Performance shares that became available during the year for each executive director

No performance shares became available during the year as no such shares were granted by the company.

4.2.4 Summary of outstanding stock option plans

4.2.4.1 Table 8 – Breakdown of stock options for each plan and category of beneficiary

	2012	2011	2010	2009	2008	2007	2006
Date of AGM	21/04/2011	21/04/2011	24/04/2008	24/04/2008	28/04/2005	28/04/2005	28/04/2005
Grant date	13/06/2012	14/06/2011	30/06/2010	01/04/2009	31/03/2008	05/06/2007	05/09/2006
Number of stock options granted by the Board	2,956,025	2,936,125 2,974,497 ^(d)	4,145,650 4,199,015 ^(d)	4,672,200 4,731,074 ^(d)	4,390,000 4,434,475 ^(d)	4,350,000 4,395,190 ^(d)	3,700,000 3,701,367 ^(d)
• o/w to executive directors and salaried directors ^{(a)(b)}	388,000 Y. Gabriel: 97,000 F. Berti��re: 97,000 H. Le Bouc: 97,000 N. Paolini: 97,000	388,000 (393,028) ^(d) Y. Gabriel: 97,000 F. Berti��re: 97,000 H. Le Bouc: 97,000 N. Paolini: 97,000	770,000 (779,975) ^(d) M. Bouygues: 160,000 O. Bouygues: 90,000 Y. Gabriel: 130,000 F. Berti��re: 130,000 H. Le Bouc: 130,000 N. Paolini: 130,000	900,000 (911,659) ^(d) M. Bouygues: 200,000 O. Bouygues: 100,000 Y. Gabriel: 150,000 F. Berti��re: 150,000 H. Le Bouc: 150,000 N. Paolini: 150,000	750,000 (759,717) ^(d) M. Bouygues: 200,000 O. Bouygues: 100,000 Y. Gabriel: 150,000 F. Berti��re: 100,000	850,000 (861,012) ^(d) M. Bouygues: 200,000 O. Bouygues: 100,000 Y. Gabriel: 100,000 F. Berti��re: 100,000	750,000 (759,718) ^(d)
• o/w to ten employees of the company	402,800	404,200 (409,441) ^(d)	534,000 (540,920) ^(d)	520,000 (526,741) ^(d)	470,000 (476,093) ^(d)	530,000 (536,872) ^(d)	356,000 (360,617) ^(d)
Pre-adjustment exercise price	€20.11	€31.84	€34.52	€25.95	€43.23	€63.44	€40.00
Post-adjustment exercise price ^(c)	€20.11	€31.43	€34.08	€25.62	€42.68	€62.63	€39.49
Start of exercise period	14/06/2016	14/06/2015	30/06/2014	01/04/2013	31/03/2012	05/06/2011	05/09/2010
End of exercise period	13/12/2019	14/12/2018	30/12/2017	30/09/2016	30/09/2015	05/06/2014	05/09/2013
Number of options cancelled or lapsed	19,850	35,761 ^(d)	102,907 ^(d)	205,412 ^(d)	249,098 ^(d)	230,975 ^(d)	257,772 ^(d)
Number of options outstanding at 31/12/2012	2,936,175	2,938,736 ^(d)	4,096,108 ^(d)	4,525,662 ^(d)	4,195,427 ^(d)	4,173,215 ^(d)	3,487,495 ^(d)
Number of options exercised between 01/01/2013 and 26/02/2013	-	-	-	-	-	-	-
TOTAL OPTIONS OUTSTANDING AT 31/12/2012	26,352,818	-	-	-	-	-	-

(a) Total options granted, including to salaried directors who left the Board in 2012.

(b) Including only executive directors and salaried directors currently in office.

(c) In accordance with law, the exercise prices and the number of options granted were adjusted on 15 November 2011 following the share repurchase tender offer.

(d) After the number of options was adjusted on 15 November 2011 following the share repurchase tender offer.

4.2.5 Stock options granted to or exercised by the ten employees having received or exercised the most options in 2012

4.2.5.1 Table 9 – Stock options granted to the ten Bouygues employees (not corporate officers) having received the largest number of options in 2012

Employees	Company granting the options	Grant date	Number of options	Exercise price (€)
Jacques Bernard	Bouygues	13 June 2012	18,000	20.11
Georges Colombani	Bouygues	13 June 2012	18,000	20.11
Emmanuel Forest	Bouygues	13 June 2012	13,500	20.11
Jean-François Guillemin	Bouygues	13 June 2012	33,000	20.11
Gérard Lemarié	Bouygues	13 June 2012	8,300	20.11
Philippe Marien	Bouygues	13 June 2012	97,000	20.11
Alain Pouyat	Bouygues	13 June 2012	67,000	20.11
Olivier Roussat	Bouygues	13 June 2012	97,000	20.11
Jean-Claude Tostivin	Bouygues	13 June 2012	33,000	20.11
Gilles Zancanaro	Bouygues	13 June 2012	18,000	20.11
TOTAL			402,800	

4.2.5.2 Table 9 a – Stock options exercised in 2012 by the ten Bouygues employees having exercised the largest number of options

Employees	Company granting the options	Plan	Number of options exercised	Exercise price (€)
None		-	-	-
TOTAL		-	-	-

In 2012, no Bouygues stock options were exercised by employees of Bouygues or one of its subsidiaries, or by the executive directors, salaried directors and the ten employees listed above.

4.3 Other information on the executive directors

Table 10 – Executive directors: restrictions on combining positions as corporate officer with employment contract – supplementary retirement benefits – severance compensation – non-competition indemnities

Executive directors	Employment contract		Supplementary pension scheme ^(a)		Severance compensation or benefits due or likely to be due on termination or change of office ^(b)		Indemnities relating to non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Martin Bouygues								
Position: Chairman and CEO	●		● ^(a)		● ^(b)			●
Olivier Bouygues								
Position: Deputy CEO	●		● ^(a)		● ^(b)			●

(a) Additional retirement provision: members of the Group's management committee receive an additional retirement provision set at 0.92% of the reference salary (average of the best three years) per year in the scheme. Benefits are capped at eight times the social security ceiling, i.e. approximately €296,000 at the date of this report. Entitlement is acquired only after ten years' service with the Group and provided that the executive director is a member of the Group management committee at the date of retirement. The Group does not have to set aside provisions for this additional retirement provision, which takes the form of an insurance policy taken out with an insurer outside the Group. This additional retirement provision has been approved pursuant to the regulated agreements procedure.

(b) Compensation on leaving the company: the company and its subsidiaries have not entered into any commitment and have not given any undertaking relating to the granting of severance compensation in the event that the executive directors leave the company. No such commitment or undertaking has been entered into as regards salaried directors. However, salaried directors are covered by the collective agreement applicable to the company (Paris region construction company executives' collective agreement for Bouygues SA), which provides for certain compensation if a director's employment contract is terminated, even though such compensation is not strictly classified as severance compensation as such. Yves Gabriel, François Bertière, Hervé Le Bouc and Nonce Paolini are eligible for such compensation.

5. INFORMATION ON AUDITORS

5.1 Statutory auditors

- Mazars, 61 rue Henri Regnault, 92400 Paris La Défense, France, appointed as statutory auditors at the Annual General Meeting on 10 June 1998, and reappointed for a further six-year term at the Annual General Meeting on 22 April 2004 and then at the Annual General Meeting on 29 April 2010.
- Ernst & Young Audit, Tour First, 1 Place des Saisons, 92400 Courbevoie, France, appointed as statutory auditors at the Annual General Meeting on 24 April 2003, and reappointed for a further six-year term at the Annual General Meeting on 23 April 2009.

Mazars are represented by Guillaume Potel.

Ernst & Young Audit are represented by Jean Bouquot.

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

5.2 Alternate auditors

- Philippe Castagnac (Mazars group), appointed as alternate auditor at the Annual General Meeting on 29 April 2010, for an initial six-year term.
- Auditex (Ernst & Young group), appointed as alternate auditor at the Annual General Meeting of 23 April 2009, for an initial six-year term.

5.3 Fees paid by the Group to the auditors and members of their networks

The fees paid to each of the auditors and to the members of their networks by Bouygues and all fully consolidated Group companies are set forth in Note 22 to the consolidated financial

statements (section 1, chapter 7 "Financial statements" of this Registration Document).

Chapter 6

Information on the company

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1. LEGAL INFORMATION

1.1 General information

Company name	Bouygues
Registered office	32 avenue Hoche 75008 Paris, France
Telephone	+33 1 44 20 10 00
Registration No.	572 015 246 Paris
APE code	7010Z
Form	<i>Société Anonyme</i> (public limited company)
Date of incorporation	15 October 1956
Termination date	14 October 2089
Financial year	1 January to 31 December
Governing law	Bouygues is incorporated under French law. The activities performed by Group entities on international markets are generally subject to the legislation of the country concerned, or to other legislation, made applicable by contract or by international rule of law. The Group is present in several dozen countries. For a single project, many different contracts may be signed, often governed by different rules of law.

1.2 By-laws

1.2.1 Purpose (Article 2 of the by-laws)

The company has as its purpose in all countries:

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

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

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

After appropriations to other reserves and retained earnings as decided by the Annual General Meeting, the balance of distributable earnings is divided between the shareholders.

1.2.3 Annual General Meetings (Articles 19 to 21 of the by-laws)

Annual General Meetings are called in accordance with the formalities required by law; they include all shareholders, whatever the number of shares they hold.

1.2.4 Economic and voting rights attached to shares (Articles 10 and 12 of the by-laws)

Each share has pecuniary and non-pecuniary rights, in compliance with law and as set out in the by-laws. In particular, Article 10 of the by-laws states that each share entitles the holder to part-ownership of corporate assets and to part of the profits equal to the portion of the capital it represents. Article 12 of the by-laws states that, unless otherwise specified by law, and unless the double voting rights described hereafter apply, the number of voting rights of each shareholder, and the number of votes expressed in the Annual General Meeting, is equal to the number of shares owned.

1.2.5 Double voting rights (Article 12 of the by-laws)

This provision has been in force since 1 January 1972. It is based on a measure introduced in the by-laws by the Annual General Meeting of 31 December 1969.

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

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

An Extraordinary General Meeting may not abolish double voting rights unless authorised to do so by a special meeting of holders of those rights (Article L. 225-99 of the Commercial Code).

1.2.6 Notification of major holdings (Article 8.3 of the by-laws)

Persons or entities directly or indirectly holding at least 1% of the share capital or voting rights are required to inform the company of the total number of shares they own. Notification must be made by registered letter with acknowledgement of receipt sent to the registered office within 15 days of conclusion of the transaction, on- or off-market, irrespective of delivery of the securities.

Further notification must be provided as set out above each time a shareholding increases or decreases by 1%, or any threshold that is a multiple of 1%.

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

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

1.3 Shareholder agreements entered into by Bouygues

The material provisions of the Bouygues Telecom shareholder agreement are the following: a reciprocal pre-emptive right; prohibition, without the prior agreement of the other shareholders, on disposals of securities to a telephone

operator providing services to the public; and an undertaking by each party not to acquire a stake in the capital of any competing operator.

1.4 Factors likely to have an impact on any public tender offer price (Article L. 225-100-3 of the Commercial Code)

The factors likely to have an impact on the offer price in any potential tender offer relating to Bouygues' shares are set out below:

- capital structure: information relating to Bouygues' capital structure is set out below (section 3 "Share ownership" of this chapter). The main shareholders of Bouygues are SCDM and company employees. In view of their respective weight, the votes of these shareholders could have an impact on the outcome of any public tender offer for the capital of Bouygues;
- restrictions in the by-laws on the exercise of voting rights: Article 8.3 of the by-laws, summarised above in paragraph 1.2.6, makes provision to suspend the voting rights of shareholders who fail to declare ownership of at least 1% (or a multiple of 1%) of capital or voting rights. This restriction could have an impact in the event of a public tender;

- direct or indirect holdings in the share capital of which Bouygues is aware, pursuant to Articles L. 233-7 and L. 233-12 of the Commercial Code: the relevant information is set out below in the section 3 "Share ownership";
- a list of owners of any security with special control rights, with a description of these rights: not applicable;
- control mechanisms provided for within employee share ownership plans: the regulations of the various employee share ownership funds created by Bouygues stipulate that voting rights are exercised by the Supervisory Boards of those funds and not directly by employees. These employee share ownership funds, which held 28.72% of voting rights as at 31 December 2012, could therefore have an impact on the price of any public tender offer;
- agreements between shareholders of which Bouygues is aware and which could result in restrictions on the transfer

of shares and in the exercise of voting rights: not applicable;

- rules applicable to the appointment and replacement of members of the Board of Directors: the following is specified in Article 13 of the by-laws:

- the Board of Directors has between three and 18 members, subject to the waiver provided for by law in the event of a merger, appointed by the Annual General Meeting. It also has up to two members representing employee shareholders. These members are elected by the Annual General Meeting on the recommendation of the Supervisory Boards of the employee share ownership funds set up as part of the savings schemes run by the Bouygues group;
- the functions of a director elected from the employees sitting on the Supervisory Board of one of the employee share ownership funds will automatically terminate early if the director's employment contract terminates (excluding the case of an intra-Group transfer) or if the company for which the director works leaves the Bouygues group. The Board of Directors will then take all necessary steps to replace the director whose term of office has expired;
- directors can be re-elected;
- directors can be removed from office at any time by the Ordinary Annual General Meeting, in the case of directors chosen from shareholders;
- directors appointed from the members of the Supervisory Boards of employee share ownership funds, and who represent employees, can be only be removed from office for misconduct during their term of office, following a court decision;
- legal persons acting as directors are required to appoint a standing representative, in compliance with legal conditions.

See also the details in the Report by the Chairman (chapter 5, section 2 of this Registration Document):

- rules applicable to changes in company by-laws: Article L. 225-96 of the Commercial Code specifies that only the Extraordinary Annual General Meeting has the power to change the by-laws. Any other clauses will be considered as not written;
- powers of the Board of Directors with respect to issuance and buyback of shares (see the tables summarising financial authorisations in the report on the resolutions, chapter 8, section 2 of this Registration Document). In particular:
 - the Combined Annual General Meeting of 26 April 2012 (Resolution 12) authorised the Board of Directors to issue equity warrants during a public tender offer for the company's shares. The nominal amount of any capital increase that may result from the exercise of such equity warrants may not exceed €350 million. The Combined Annual General Meeting convened for 25 April 2013 will be asked to replace this delegation by a further delegation with the same purpose;
 - the Combined Annual General Meeting of 26 April 2012 (Resolution 13) also authorised the Board of Directors to

use, during the period of a public tender offer for the company's shares, all the authorisations and delegations of powers at its disposal to increase the share capital, particularly for the benefit of employees and corporate officers. The Combined Annual General Meeting convened for 25 April 2013 will be asked to replace this delegation by a further delegation with the same purpose;

- the Combined Annual General Meeting of 26 April 2012 (Resolution 10) also authorised the Board of Directors to trade in the company's shares, including during a public tender offer for the company's shares. The Combined Annual General Meeting convened for 25 April 2013 will be asked to replace this delegation by a further delegation with the same purpose;

- agreements entered into by Bouygues, which will be modified or expire in the event of a change of control of Bouygues:

- the ten-year bonds maturing in 2016, seven-year bonds maturing in 2013, 20-year sterling bonds maturing in 2026, seven-year bonds maturing in 2015, eight-year bonds maturing in 2018, nine-year bonds maturing in 2019 and ten-year bonds maturing in 2022, as well as the nine-year bonds maturing in 2023, include a change of control clause providing for the early redemption of bonds in the event of a change of control of Bouygues, accompanied by a rating downgrade;
- a change in the capital structure of Bouygues could potentially jeopardise TF1's authorisation to operate a national terrestrial television broadcasting service. Article 41-3-2 of the Act of 30 September 1986 governing audiovisual media specifies that any natural or legal person who controls, within the meaning of Article L. 233-3 of the Commercial Code, any company holding such an authorisation, or which has placed it under its authority or dependency, is deemed to be the holder of the authorisation. Article 42-3 adds that the authorisation may be withdrawn, without prior formal notice, if there is any substantial change in the circumstances on the basis of which the authorisation was granted, notably changes in capital structure;
- moreover, any changes in the capital and voting rights of Bouygues could throw doubt upon the ability of Bouygues Telecom to provide the financial and technical guarantees necessary to operate its network and supply services to the public, and could lead Arcep (French electronic communications and postal services regulator) to re-examine the validity of the authorisations granted to Bouygues Telecom. All the decisions and decrees that authorise Bouygues Telecom to establish and operate its wireless network and supply services to the public (the decision of 5 November 2009 on second-generation networks, the decree of 3 December 2002 on third-generation networks and the decisions of 11 October 2011 and 17 January 2012 on fourth-generation networks) specify that Arcep must be informed of any changes to any one of the items included in the request for authorisation prior to implementation. The items included in the request for authorisation are, particularly, the share ownership structure of the company or

companies that directly or indirectly control the authorisation holder.

- agreements making provision for compensation for members of the Board of Directors or employees, if they resign or leave the company without real and serious cause, or if their employment comes to an end following a public tender offer: not applicable. Nevertheless, although

this is not severance pay, a director who is also an employee of the company is covered by the applicable collective agreement (for Bouygues SA, the collective agreement for construction executives in the Paris region) and is therefore eligible for the compensation set out in the agreement if his or her contract of employment comes to an end. Yves Gabriel, Hervé Le Bouc and Nonce Paolini would be eligible for compensation of this type.

1.5 Breakdown of amounts owed to suppliers

Pursuant to Articles L. 441-6-1 and D. 441-4 of the Commercial Code (construction and civil works sector), the company has published a breakdown by due date of amounts owed to suppliers at 31 December 2012, as set out below.

	≤ 30 days	> 30 days
2012	€1,509,801	€69,286

Accrued expenses: €6,359,688 of which invoices due: €908,834 (contested or disputed amounts: none).

	≤ 30 days	> 30 days
2011	€2,760,993	€63,745

Accrued expenses: €8,879,489 of which invoices due: €2,853,083 (contested or disputed amounts: none).

1.6 Publicly available documents

During the validity of this Registration Document, originals or copies of the following documents may be accessed at the registered office of Bouygues and/or online at the website www.bouygues.com, under Finance/Shareholders:

- company by-laws;

- reports drawn up by the auditors, parts of which are incorporated or referred to in the Registration Document;
- historic financial data relating to the company and its subsidiaries for the two financial years preceding the publication of the Registration Document.

2. SHARE CAPITAL

2.1 General information

2.1.1 Share capital

The share capital of Bouygues at 31 December 2011 was €314,869,079, composed of 314,869,079 shares with a par value of €1 each.

On 28 December 2012, 9,363,295 new shares were issued as part of the Bouygues Confiance 6 share ownership plan reserved for employees.

Consequently, the share capital of Bouygues at 31 December 2012 was €324,232,374, composed of 324,232,374 shares with a par value of €1 each.

The total number of voting rights¹ was 445,673,682 at 31 December 2012 (compared with 439,994,172 voting rights¹ at 31 December 2011).

(1) Including non-voting shares, in accordance with the calculation methods set out in the AMF General Regulation.

2.1.2 Changes in the share capital over the last five years

All amounts in the following table are in euros.

Dates	Capital increases/ reductions over the last 5 years	Amount of changes in share capital		
		Nominal	Premiums and capitalisation of reserves	Amount of share capital
1 January to 31 May 2008	Exercise of stock options for 1,072,839 shares	1,072,839	30,161,529	348,575,417
3 June 2008	Cancellation of 6,952,935 shares bought back by the company	(6,952,935)	(321,937,158)	341,622,482
1 June to 31 December 2008	Exercise of stock options for 1,195,597 shares	1,195,597	34,383,665	342,818,079
1 January to 26 August 2009	Exercise of stock options for 1,277,142 shares	1,277,142	27,766,575	344,095,221
27 August 2009	Cancellation of 493,471 shares bought back by the company	(493,471)	(12,834,596)	343,601,750
27 August to 25 November 2009	Exercise of stock options for 1,004,779 shares	1,004,779	22,246,437	344,606,529
30 November 2009	Subscription by the Bouygues Partage 2 – five-year and Bouygues Partage 2 – ten-year employee share ownership plans of 9,881,360 shares	9,881,360	182,743,165	354,487,889
26 to 30 November 2009	Exercise of stock options for 2,500 shares	2,500	75,850	354,490,389
1 December 2009	Cancellation of 574,710 shares bought back by the company	(574,710)	(18,978,565)	353,915,679
1 December 2009 to 31 December 2009	Exercise of stock options for 352,232 shares	352,232	7,292,146	354,267,911
1 January 2010 to 30 November 2010	Exercise of stock options for 1,436,335 shares	1,436,335	28,235,345	355,704,246
30 December 2010	Subscription by the Bouygues Confiance 5 employee share ownership plan of 9,838,593 shares	9,838,593	240,160,055	365,542,839
1 to 31 December 2010	Exercise of stock options for 319,684 shares	319,684	7,721,569	365,862,523
1 January to 29 August 2011	Exercise of stock options for 418,473 shares	418,473	10,152,464	366,280,996
30 August 2011	Cancellation of 9,973,287 shares bought back by the company	(9,973,287)	(313,650,100)	356,307,709
31 August to 14 November 2011	Exercise of stock options for 228,036 shares	228,036	5,507,373	356,535,745
15 November 2011	Cancellation of 41,666,666 shares bought back by the company	(41,666,666)	(1,208,333,314)	314,869,079
28 December 2012	Subscription by the Bouygues Confiance 6 employee share ownership plan of 9,363,295 shares	9,363,295	140,636,691	324,232,374

2.1.3 Authorisations to increase or reduce the share capital or to buy back shares

The tables summarising authorisations in force and the financial authorisations submitted to the Combined Annual General Meeting of 25 April 2013 are set out in the Board of

Directors' report on the resolutions (chapter 8, section 2 of this Registration Document).

2.2 Employee share ownership

At 31 December 2012, Group employees owned 23.70% of the share capital of Bouygues and 28.72% of the voting rights through a number of employee share ownership funds.

The share ownership fund created in 1968 invests in Bouygues shares bought on the market. At 31 December 2012, this fund held 4.98% of the share capital and 6.49% of the voting rights.

The Group's share ownership plan is funded by voluntary contributions from employees and additional contributions paid by the company. These are invested in Bouygues shares

by direct purchases made on the market. At 31 December 2012, this fund held 10.41% of the share capital and 12.87% of the voting rights.

Following the capital increases carried out in 2009, 2010 and 2012, the leveraged share ownership plans known as Bouygues Partage 2 – five years, Bouygues Partage 2 – ten years, Bouygues Confiance 5 and Bouygues Confiance 6, held 8.31% of the share capital and 9.37% of the voting rights at 31 December 2012.

2.3 Potential creation of new shares

At 31 December 2012, no stock options were eligible for exercise in practice, as the exercise price for the options that

are out of the lock-up period exceeds the listed share price at 31 December 2012, the year's closing price, namely €22,400.

2.4 Share buybacks

2.4.1 Use in 2012 of authorisations granted by the Annual General Meeting

The Combined Annual General Meetings of 21 April 2011 and 26 April 2012 approved share buyback programmes authorising the Board of Directors, on the basis of Articles L. 225-209 et seq. of the Commercial Code, to buy, on- or off-market, a number of shares representing up to 10% (2011 AGM) or 5% (2012 AGM) of the company's share capital as at the purchase date, for the purposes set out in Commission

Regulation (EC) No. 2273/2003 of 22 December 2003 and within the confines of market practices authorised by the AMF.

The Combined Annual General Meetings of 21 April 2011 and 26 April 2012 authorised the Board of Directors to reduce the share capital by cancelling shares bought back, within the limit of 10% of the share capital in any 24-month period.

The table below, prepared in accordance with Article L. 225-211 of the Commercial Code, summarises the transactions carried out pursuant to these authorisations in 2012.

Transactions carried out by Bouygues in its own shares in 2012

Number of treasury shares held by the company at 31 December 2011	108,000
Shares purchased in 2012	1,029,786
Shares cancelled in 2012	-
Shares sold in 2012	1,052,786
Number of treasury shares held by the company at 31 December 2012	85,000
Value (purchase price) of treasury shares held by the company at 31 December 2012	€1,684,700

BREAKDOWN OF TRANSACTIONS BY PURPOSE

Cancellation of shares

Shares cancelled in 2012	-
Reallocations	-

Number of treasury shares held by the company at 31 December 2012

Liquidity contract

Shares purchased in 2012	1,029,786
Shares sold in 2012	1,052,786
Reallocations	-
Number of treasury shares held by the company at 31 December 2012 under the liquidity contract	85,000

2.4.2 Description of the new share buyback programme submitted for approval by the Combined Annual General Meeting of 25 April 2013

Pursuant to Articles 241-2 and 241-3 of the AMF General Regulation, the company sets out below a description of the share buyback programme to be submitted for approval by the Combined Annual General Meeting of 25 April 2013. This programme is intended to replace the one authorised by the Combined Annual General Meeting of 26 April 2012.

2.4.2.1 Number of shares and proportion of share capital held by Bouygues – Open derivatives positions

Between 1 January and 25 February 2013, the company purchased 5,494,016 shares (including 5,074,906 purchased directly and 419,110 under the liquidity contract) and sold 314,110 shares under the liquidity contract. At its 26 February 2013 meeting, the Board cancelled 5,074,906 shares held directly.

At 26 February 2013, after the cancellation of 5,074,906 shares held directly, the share capital of the company was made up of 319,157,468 shares, including 190,000 held by Bouygues via the liquidity contract, representing 0.06% of the share capital.

The company does not have any open derivatives positions.

2.4.2.2 Objectives of the new buyback programme

Subject to approval by the Annual General Meeting, the buyback programme may be used to:

- cancel shares under the conditions provided for by law, subject to authorisation by the Extraordinary General Meeting;
- ensure the liquidity of and stimulate the market for the company's shares, through an investment services provider acting under the terms of a liquidity agreement that complies with a code of conduct recognised by the AMF;
- retain shares and, where applicable, deliver them subsequently as a means of payment or exchange in an acquisition-based growth transaction, merger, spin-off or contribution, in accordance with recognised market practices and the applicable regulations;
- retain shares and, where applicable, deliver them subsequently upon exercise of rights attached to securities that grant the right to the allotment of company shares via redemption, conversion, exchange, presentation of a warrant or otherwise;

- allot shares to employees or corporate officers of the company or associated companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, company savings schemes and inter-company savings schemes or through an allotment of bonus shares;
- implement any market practice that the AMF may accept in the future and generally to carry out any other transaction in compliance with prevailing regulations.

2.4.2.3 Maximum proportion of capital, maximum number and characteristics of shares that may be bought back

Under the terms of this programme, Bouygues may acquire shares representing a maximum of 5% of its share capital. In theory, this equates to 15,957,873 shares at 26 February 2013, subject to any adjustments in connection with share capital transactions.

Where shares are bought back for liquidity purposes, the number of shares included for the purposes of calculating 5% of the share capital is the number of shares purchased, less the number of shares resold during the authorisation period.

In accordance with the law, the total number of shares held at a given date may not exceed 10% of issued share capital at that date.

Within the scope of this authorisation, the company may purchase its own shares on- or off-market. The purchase price may not exceed €50 per share, subject to any adjustments in connection with share capital transactions.

Shares acquired may be sold under the conditions laid down by the AMF in its Position of 19 November 2009 regarding the introduction of a new regime governing the buyback of a company's own shares.

The maximum amount of funds that may be used for this share buyback programme is €1 billion.

Shares repurchased and retained by Bouygues shall not carry voting or dividend rights. Shares may be purchased, in compliance with applicable regulations, in any manner, including on- or off-market and over-the-counter, through derivative financial instruments, and at any time, including in particular during a public tender or exchange offer. The entire programme may be carried out through block trades.

2.4.2.4 Term of programme

Eighteen months with effect from the Combined Annual General Meeting of 25 April 2013, i.e. until 25 October 2014.

3. SHARE OWNERSHIP

3.1 Changes in share ownership over the last three years

Situation at 31 December 2012 ^(a)

Shareholder	Number of shares	% of capital	Number of voting rights ^(b)	% of voting rights
SCDM ^(c)	66,374,020	20.47	130,303,848	29.24
Bouygues employees ^(d)	76,849,827	23.70	127,989,455	28.72
Other French shareholders	58,458,895	18.03	64,830,747	14.55
Other foreign shareholders	104,875,566	32.35	104,875,566	23.53
First Eagle ^(e)	17,589,066	5.42	17,589,066	3.95
Bouygues	85,000 ^(f)	0.03	85,000 ^(g)	0.02
TOTAL	324,232,374	100	445,673,682	100

Situation at 31 December 2011

Shareholder	Number of shares	% of capital	Number of voting rights ^(b)	% of voting rights
SCDM ^(c)	66,374,020	21.08	130,022,232	29.55
Bouygues employees ^(d)	73,471,908	23.33	123,587,833	28.09
Other French shareholders	61,224,374	19.45	72,585,330	16.50
Other foreign shareholders	113,690,777	36.11	113,690,777	25.84
Bouygues	108,000 ^(f)	0.03	108,000 ^(g)	0.02
TOTAL	314,869,079	100	439,994,172	100

Situation at 31 December 2010

Shareholder	Number of shares	% of capital	Number of voting rights ^(b)	% of voting rights
SCDM ^(c)	66,256,330	18.11	131,853,952	27.30
Bouygues employees ^(d)	69,459,570	18.99	109,095,706	22.59
Other French shareholders	77,970,139	21.31	89,870,654	18.60
Alliance Bernstein ^(e)	17,869,767 ^(e)	4.88	17,869,767	3.70
Other foreign shareholders	129,486,523	35.39	129,486,523	26.81
Bouygues	4,820,194 ^(f)	1.32	4,820,194 ^(g)	1.00
TOTAL	365,862,523	100	482,996,796	100

(a) Based on a survey of identifiable bearer shares as at 31 December 2012: 309 million shares identified.

(b) In accordance with Article 223-11 of the AMF General Regulation, the total number of voting rights is calculated on the basis of all shares with voting rights attached, including those of which the voting rights have been suspended.

(c) SCDM is a simplified limited company controlled by Martin Bouygues and Olivier Bouygues. This figure includes shares owned directly by Martin Bouygues and Olivier Bouygues.

(d) Shares owned by employees under company savings schemes.

(e) Based on a declaration of the passing of a threshold on 14 November 2012.

(f) Treasury shares held under share buyback programmes and the liquidity contract.

(g) Voting rights attached to shares held by Bouygues are suspended.

The company is not aware of any shareholder, other than those shown in the table above, holding more than 5% of the capital or voting rights.

3.1.1 Significant changes in share ownership

The main changes in share ownership since 31 December 2011 are as follows:

- the interest held by employees increased slightly, from 23.33% to 23.70%. Bouygues Confiance 6, the latest employee share ownership plan, plus regular subscriptions to employee share ownership funds, offset the expiry of two previous plans (Bouygues Confiance 4 and Bouygues Partage). The share of total voting rights held by employees rose from 28.09% to 28.72%;

- following the employee share issue under the Bouygues Confiance 6 plan, the percentage interest held by SCDM fell from 21.08% to 20.47%, although the number of shares held by SCDM was unchanged relative to 31 December 2011. SCDM's share of voting rights fell from 29.55% to 29.24% of the total;
- on 14 November 2012, First Eagle Investment Management LLC passed above the threshold of 4% of the voting rights of Bouygues¹.

3.2 Voting rights

The terms on which the principal shareholders of Bouygues hold voting rights are no different from those enjoyed by the other shareholders. They are entitled, on the same terms as

the other shareholders, to double voting rights subject to the conditions specified in Article 12 of the by-laws, the terms of which are reproduced in section 1 "Legal information".

3.3 Control

As of 31 December 2012, Martin Bouygues and Olivier Bouygues held 29.2% of the voting rights, either directly or via the simplified limited company SCDM, which gives them significant power at general meetings (36.5% of the voting rights exercised at the 2012 Combined Annual General Meeting), given the number of voting rights actually exercised.

As indicated in the Report by the Chairman on corporate governance, the Board of Directors and Board committees include a significant proportion of independent directors (see chapter 5, section 2 of this Registration Document).

3.4 Shareholder agreements

As far as the company is aware, no shareholder agreement relating to the company's capital exists and no agreement

exists which could, if activated, result in a future change in control of Bouygues.

⁽¹⁾ Based on a declaration of the passing of a threshold on 20 November 2012.

4. STOCK MARKET INFORMATION

4.1 Stock market performance of Bouygues shares in 2012

Bouygues shares are listed on the Euronext Paris market (compartment A) and belong to the CAC 40, Euronext 100, FTSE Eurofirst 80 and Dow Jones Stoxx 600 indices. They are eligible for the deferred settlement service (SRD) and for French equity savings plans (PEAs).

There were a total of 324,232,374 shares in issue on 31 December 2012.

The average number of shares in issue during 2012 was 315,649,354.

The average daily volume traded during 2012, as reported by Euronext, was 1,325,863.

During 2012, the Bouygues share price fell by 8%, while the CAC 40 rose by 15%. Trends in the share price during the year went through three phases:

- From the start of the year the share price decoupled from the CAC 40 following the arrival of Free Mobile. Bouygues shares lost 20% of their value between 29 February and 1 June (versus a 15% fall for the CAC 40), and then tracked the CAC 40 until the end of August.
- Following the 2012 first-half results announcement, the Bouygues share price fell sharply, losing 19% of its value between 28 August and 14 November, while the CAC 40 remained flat (down 1%).
- After the 2012 nine-month results announcement, Bouygues shares outperformed the CAC 40, gaining 26% between 15 November and 31 December, while the index rose by 8%.

	Number of shares	Dividend paid for the year (€)	Quoted market price (€)			Dividend yield based on closing price (%)
			Net	High	Low	
2008	342,818,079	1.60	57.25	24.04	30.20	5.3
2009	354,267,911	1.60	37.76	21.77	36.43	4.4
2010	365,862,523	1.60	40.56	30.40	32.26	5.0
2011	314,869,079	1.60	35.05	20.88	24.35	6.6
2012	324,232,374	1.60	25.74	17.54	22.40	7.1

On 28 February 2013, Bouygues shares were trading at €21.640.

4.2 Trends in share price and trading volumes

4.2.1 Bouygues share price over the last 18 months

	High (€)	Low (€)	Volume of shares traded	Capital traded (€m)
2011				
July	30.46	26.02	31,743,380	879
August	27.22	20.88	60,351,682	1,446
September	26.69	23.49	51,552,681	1,299
October	28.69	23.96	38,078,983	1,016
November	28.58	21.49	60,913,214	1,532
December	24.57	22.97	27,731,850	683
2012				
January	25.05	22.50	24,843,127	595
February	25.74	23.39	27,438,049	679
March	24.47	22.56	23,914,366	569
April	23.19	20.01	32,396,536	692
May	21.88	19.31	33,839,658	697
June	21.25	18.82	28,030,642	561
July	21.53	18.70	31,027,251	632
August	22.81	19.18	22,768,451	478
September	21.37	19.00	24,181,965	487
October	20.15	18.56	24,341,069	471
November	19.14	17.54	31,302,629	568
December	22.79	18.99	42,445,034	906

Source: NYSE - Euronext. Volumes traded are those reported by Euronext.

4.3 Share trading by senior executives and corporate officers

As required by Article 223-26 of the AMF General Regulation, the table below discloses details of transactions in Bouygues shares by senior executives, corporate officers or equivalent persons during 2012.

Person involved	Transaction carried out	Nature of transaction	Number of transactions	Number of shares	Amount (€)
François Bertière	In a personal capacity	Sale	1	11,769	247,031.31

5. BOUYGUES (PARENT COMPANY) RESULTS FOR THE LAST FIVE FINANCIAL YEARS

ITEM	2012	2011	2010	2009	2008
1. CAPITAL AT YEAR-END					
a) Share capital (€ million)	324	315	366	354	343
b) Number of ordinary shares in issue	324,232,374	314,869,079	365,862,523	354,267,911	342,818,079
c) Maximum number of shares to be created in the future	-	-	6,192,274	6,785,691	6,650,786
2. OPERATIONS AND RESULTS FOR THE YEAR (€ million)					
a) Sales excluding taxes	68	69	66	69	80
b) Earnings before tax, amortisation, depreciation and provisions	515	692	655	836	828
c) Income tax	139	135	194	135	145
d) Employee profit sharing	(1)	(1)	(1)	(1)	(1)
e) Earnings after tax, amortisation, depreciation and provisions	664	808	894	1,017	882
f) Distributed earnings	511 ^(a)	504	570	566	545
3. EARNINGS PER SHARE (€)					
a) Earnings after tax but before amortisation, depreciation and provisions	2.02	2.63	2.32	2.74	2.84
b) Earnings after tax, amortisation, depreciation and provisions	2.05	2.57	2.44	2.87	2.57
c) Gross dividend per share	1.60	1.60	1.60	1.60	1.60
4. PERSONNEL					
a) Average number of employees during the year	171	184	182	179	179
b) Payroll (€ million)	33	31	31	31	46
c) Amount paid in respect of benefits (social security, company benefits, etc.) (€ million)	12	14	13	13	15

(a) Taking account of the cancellation of 5,074,906 treasury shares, in accordance with the Board's decision of 26 February 2013.

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INFORMATION ON THE COMPANY

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Chapter 7

Financial statements

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CONSOLIDATED BALANCE SHEET

Assets (€ million)	Note	31/12/2012 Net	31/12/2011 Net
Property, plant and equipment	3.2.1	6,451	6,542
Intangible assets	3.2.2	1,886	1,209
Goodwill ^(a)	3.2.3	5,648	5,580
Investments in associates ^(b)	3.2.4	5,335	5,085
Other non-current financial assets	3.2.4	578	770
Deferred tax assets and non-current tax receivable	7.1	272	256
NON-CURRENT ASSETS		20,170	19,442
Inventories, programmes and broadcasting rights	4.1	2,949	2,727
Advances and down-payments on orders	4.2	480	390
Trade receivables	4.3	6,364	6,739
Tax asset (receivable)	4.3	184	121
Other current receivables and prepaid expenses	4.3	2,086	2,050
Cash and cash equivalents	4.4	4,487	3,415
Financial instruments ^(c)	17.3	24	23
Other current financial assets	17.3	10	15
CURRENT ASSETS		16,584	15,480
Assets held for sale and discontinued operations		-	-
TOTAL ASSETS	16	36,754	34,922
Liabilities and shareholders' equity (€ million)			
Share capital	5.1	324	315
Share premium and reserves		7,527	6,907
Translation reserve	5.3.1	94	69
Treasury shares			
Consolidated net profit for the period		633	1,070
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	5.2	8,578	8,361
Minority interests	5.2	1,500	1,317
SHAREHOLDERS' EQUITY	5.2	10,078	9,678
Non-current debt	8.1	7,502	6,807
Non-current provisions	6.1	2,173	1,865
Deferred tax liabilities and non-current tax liabilities	7.2	170	203
NON-CURRENT LIABILITIES		9,845	8,875
Advances and down-payments received		1,449	1,574
Current debt	8.1	951	216
Current taxes payable		82	136
Trade payables		6,925	6,826
Current provisions	6.2	803	831
Other current liabilities	10	6,372	6,445
Overdrafts and short-term bank borrowings		189	239
Financial instruments ^(c)	17.3	41	38
Other current financial liabilities	17.3	19	64
CURRENT LIABILITIES	10	16,831	16,369
Liabilities on held-for-sale assets and discontinued operations		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	16	36,754	34,922
Net surplus cash/(net debt)	9/16	(4,172)	(3,862)

(a) Goodwill of fully consolidated entities.

(b) Entities accounted for by the equity method (including goodwill on such entities).

(c) Fair value hedges of financial liabilities.

CONSOLIDATED INCOME STATEMENT

(€ million, except for earnings per share)	Note	Full year 2012	Full year 2011
SALES^(a)	11/16	33,547	32,706
Other revenues from operations		107	139
Purchases used in production		(16,269)	(14,847)
Personnel costs		(7,062)	(6,778)
External charges		(7,306)	(7,501)
Taxes other than income tax		(664)	(653)
Net depreciation and amortisation expense	16	(1,462)	(1,411)
Net charges to provisions and impairment losses	16	(521)	(387)
Changes in production and property development inventories		189	(22)
Other income from operations ^(b)		1,330	1,288
Other expenses on operations		(603)	(715)
CURRENT OPERATING PROFIT	12/16	1,286	1,819
Other operating income	12/16	34	38
Other operating expenses	12/16	(200)	
OPERATING PROFIT	12/16	1,120	1,857
Financial income	13.1	62	82
Financial expenses	13.1	(352)	(359)
COST OF NET DEBT	13/16	(290)	(277)
Other financial income	13.2	63	55
Other financial expenses	13.2	(52)	(68)
Income tax expense	14/16	(330)	(528)
Associates:			
Share of profits/(losses) of associates	16	270	198
Loss on dilution of interests in associates	16	(53)	-
NET PROFIT FROM CONTINUING OPERATIONS	16	728	1,237
Net profit from discontinued and held-for-sale operations			
NET PROFIT	16	728	1,237
Net profit attributable to the Group	16	633	1,070
Net profit attributable to minority interests		95	167
<i>Basic earnings per share from continuing operations (€)</i>	15.2	2.00	3.06
<i>Diluted earnings per share from continuing operations (€)</i>	15.2	2.00	3.06
(a) Of which sales generated abroad (including export sales)		11,239	10,105
(b) Of which reversals of unutilised provisions/impairment losses & other items		447	375

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€ million)	Full year 2012	Full year 2011
NET PROFIT	728	1,237
ITEMS NOT RECLASSIFIABLE TO PROFIT OR LOSS		
Actuarial gains/losses on employee benefits (IAS 19)	(83)	27
Change in remeasurement reserve	-	-
Net tax effect of equity items not reclassifiable to profit or loss	25	(11)
Share of non-reclassifiable income and expense of associates ^(a)	(59)	(30)
ITEMS RECLASSIFIABLE TO PROFIT OR LOSS		
Change in cumulative translation adjustment of controlled entities	11	62
Net change in fair value of financial instruments used for hedging purposes and of other financial assets (including available-for-sale financial assets)	7	(69)
Net tax effect of equity items reclassifiable to profit or loss	8	12
Share of reclassifiable income and expense of associates ^(a)	2	(19)
INCOME AND EXPENSE RECOGNISED		
DIRECTLY IN EQUITY	(89)	(28)
TOTAL RECOGNISED INCOME AND EXPENSE	639	1,209
Recognised income and expense attributable to the Group	547	1,040
Recognised income and expense attributable to minority interests	92	169

(a) Relates primarily to Alstom (accounted for by the equity method).

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€ million)	Share capital & share premium	Reserves related to capital / retained earnings	Consolidated reserves and profit for the period	Treasury shares	Items recognised directly in equity	Total attributable to the Group	Minority interests	Total
POSITION AT 31 DECEMBER 2010	2,711	2,273	4,574	(155)	(86)	9,317	1,290	10,607
Movements during 2011								
Capital and reserves transactions, net	(1,557)	324	(324)	1,574	(9)	8	6	14
Acquisitions/disposals of treasury shares	-	-	-	(1,419)	(3)	(1,422)	-	(1,422)
Acquisitions/disposals without loss of control	-	-	-	-	(31)	(31)	-	(31)
Dividend paid	-	-	(570)	-	-	(570)	(124)	(694)
Other transactions with shareholders	-	-	19	-	-	19	-	19
Net profit for the period	-	-	1,070	-	-	1,070	167	1,237
Translation adjustment	-	-	-	-	57	57	-	57
Other recognised income and expense	-	-	-	-	(87)	(87)	2	(85)
Total recognised income and expense^(b)	-	-	1,070	-	(30)	1,040	169	1,209
Other transactions (changes in scope of consolidation and other items)	-	-	(10)	-	10	-	(24)	(24)
POSITION AT 31 DECEMBER 2011	1,154	2,597	4,759	-	(149)	8,361	1,317	9,678
Movements during 2012								
Capital and reserves transactions, net	150	304	(324)	-	46	176	-	176
Acquisitions/disposals of treasury shares	-	-	-	-	-	-	-	-
Acquisitions/disposals without loss of control	-	-	-	-	15	15	-	15
Dividend paid	-	-	(504)	-	-	(504)	(104)	(608)
Other transactions with shareholders	-	-	15	-	-	15	-	15
Net profit for the period	-	-	633	-	-	633	95	728
Translation adjustment	-	-	-	-	25 ^(a)	25	(1)	24
Other recognised income and expense	-	-	-	-	(111)	(111)	(2)	(113)
Total recognised income and expense^(b)	-	-	633	-	(86)	547	92	639
Other transactions (changes in scope of consolidation and other items)	(1)	1	(32)	-	-	(32)	195	163
POSITION AT 31 DECEMBER 2012	1,303	2,902	4,547	-	(174)	8,578	1,500	10,078

(a) Translation reserve

	Attributable to: Group	Minority interests	Total
Controlled entities	12	(1)	11
Associates	13		13
Total	25	(1)	24

(b) See the statement of recognised income and expense.

CONSOLIDATED CASH FLOW STATEMENT

(€ million)	Note	Full year 2012	Full year 2011
I - CASH FLOW FROM CONTINUING OPERATIONS			
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit from continuing operations		728	1,237
Share of profits effectively reverting to associates		(87)	(84)
Elimination of dividends (non-consolidated companies)		(13)	(14)
Charges to/(reversals of) depreciation, amortisation, impairment & non-current provisions		1,604	1,454
Gains and losses on asset disposals		(68)	(77)
Miscellaneous non-cash charges		(7)	4
Sub-total		2,157	2,520
Cost of net debt		290	277
Income tax expense for the period		330	528
Cash flow	16	2,777	3,325
Income taxes paid during the period		(378)	(399)
Changes in working capital related to operating activities ^(a)		42	(56)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES		2,441	2,870
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	16	(2,307)	(2,056)
Proceeds from disposals of property, plant and equipment and intangible assets	16	355	170
Net liabilities related to property, plant and equipment and intangible assets		(74)	118
Purchase price of non-consolidated companies and other investments	16	(22)	(63)
Proceeds from disposals of non-consolidated companies and other investments	16	9	2
Net liabilities related to non-consolidated companies and other investments		-	35
Effects of changes in scope of consolidation		-	-
Purchase price of investments in consolidated activities	16	(112)	(86)
Proceeds from disposals of investments in consolidated activities	16	31	33
Net liabilities related to consolidated activities		(28)	(1)
Other effects of changes in scope of consolidation (cash of acquired and divested companies)		(5)	24
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)		-	(53)
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES		(2,153)	(1,877)
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases paid by shareholders & minority interests and other transactions between shareholders		317	(1,377)
Dividends paid during the period:			
• Dividends paid to shareholders of the parent company		(504)	(570)
• Dividends paid to minority shareholders of consolidated companies		(104)	(124)
Change in current and non-current debt		1,404	(768)
Cost of net debt		(290)	(277)
Other cash flows related to financing activities		5	(9)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES		828	(3,125)
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS			
CHANGE IN NET CASH POSITION (A + B + C + D)		1,122	(2,106)
NET CASH POSITION AT 1 JANUARY	9	3,176	5,282
Net cash flows during the period	9	1,122	(2,106)
Other non-monetary flows		-	-
NET CASH POSITION AT END OF PERIOD	9	4,298	3,176
II - CASH FLOWS FROM DISCONTINUED AND HELD-FOR-SALE OPERATIONS			
Net cash position at 1 January		-	-
Net cash flows during the period		-	-
Net cash position at end of period		-	-

(a) Definition of change in working capital related to operating activities: Current assets minus current liabilities (excluding income taxes paid, which are reported separately).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Declaration of compliance:

The consolidated financial statements of Bouygues and its subsidiaries (the "Group") for the year ended 31 December 2012 have been prepared using the principles and methods defined in the standards issued by the International Accounting Standards Board (IASB) as endorsed by the European Union and applicable as of 31 December 2012. These standards, collectively referred to as "IFRS", comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the IFRS Interpretations Committee, previously the International Financial Reporting Interpretations Committee (IFRIC), which itself was the successor body to the Standing Interpretations Committee (SIC). The Bouygues group has not early adopted as of 31 December 2012 any standard or interpretation not endorsed by the European Union, except for the amendment to IAS 1 on the presentation of the statement of recognised income and expense and the amendment to IAS 19 (both of which became effective in the European Union on 6 June 2012).

The financial statements are presented in millions of euros (unless otherwise indicated) and comprise: the balance sheet, the income statement and statement of recognised income and expense, the statement of changes in shareholders' equity, the cash flow statement, and the Notes to the financial statements. The comparatives presented are from the consolidated financial statements for the year ended 31 December 2011.

NOTE 1 - SIGNIFICANT EVENTS OF THE YEAR

1.1 Scope of consolidation as at 31 December 2012

1,129 entities were consolidated at 31 December 2012, against 1,132 at the end of 2011. The net reduction of 3 entities reflects the first-time consolidation of the Thomas Vale entities in the second quarter and the creation of new joint ventures (Bouygues Construction) plus the first-time consolidation of the Servant group entities in the first quarter (Colas), but also the deconsolidation of real estate partnerships and property companies on project completion (Bouygues Immobilier) and the effect of mergers between entities in the Colas group.

(at 31 December)	2012	2011
Fully consolidated	839	865
Proportionately consolidated	226	206
Associates (equity method)	64	61
	1,129	1,132

1.2 Significant events

1.2.1 Significant events of 2012

The main acquisitions and corporate actions of 2012 are described below:

- On 17 January 2012, Bouygues Telecom was granted, in exchange for €683 million, an authorisation to use 10 MHz frequencies in the 800 MHz band in France (excluding overseas territories) to establish and operate a public mobile radio-electric network, with a commitment to open it to Mobile Virtual Network Operators (MVNOs). This authorisation, which will come into use at a future date, was awarded for a period of 20 years.
- On 27 January 2012, Bouygues raised €800 million via a ten-year bond issue bearing interest at 4.5%, with a view to refinancing debt approaching maturity. The bond issue was paid up on 9 February 2012.
- On 18 September 2012, Bouygues raised €700 million via a bond issue maturing in 2023, bearing interest at 3.625%. The bond issue was paid up on 2 October 2012.
- The reorganisation and adaptation measures initiated by Bouygues Telecom and TF1 had a negative impact of €200 million in the year ended 31 December 2012 (see Note 12, "Operating profit").
- On 4 October 2012, Alstom carried out a €350-million capital increase via a private placing with institutional investors. As a consequence of this capital increase, the equity interest held by Bouygues was reduced to 29.40%, versus 30.71% as of 30 September 2012. The resulting loss on dilution, amounting to €53 million, was recognised in profit or loss in the fourth quarter of 2012.

- During the fourth quarter of 2012, Bouygues Telecom made disposals (see Note 12, "Operating profit") totalling €234 million (€207 million of operating disposals, €27 million of financial disposals): sale to Antin Infrastructure Partners of 85% of France Pylônes Services (the tower business which manages telecoms masts in France transferred to it by Bouygues Telecom), and sale to Digital Realty trust of the buildings and property infrastructure of three data processing centres near Paris (Saclay, Montigny-le-Bretonneux and Bièvres).

- On 21 December 2012, the Discovery Communications group acquired a 20% equity interest in Eurosport for €178 million, with the possibility of raising this interest to 51% in two years' time. If this were the case, TF1 would in turn have the possibility of selling the remaining 49% to the Discovery Communications group.

At the same time, the Discovery Communications group acquired a 20% equity interest in a number of TF1 pay-TV channels for €14 million, with the option to raise this interest to 49% in two years' time. Given that TF1 has not lost control of these entities, the fair value remeasurement of the divested interests, amounting to €93 million, was recognised in equity (see Note 2.3, "Consolidation methods" and Note 5, "Consolidated shareholders' equity").

1.2.2 Significant events of 2011

The main acquisitions and other corporate actions of 2011 are described below:

- Share repurchase tender offer and cancellation of treasury shares:
Following the launch of a share repurchase tender offer at the start of October 2011, Bouygues repurchased 41,666,666 of its own shares, representing 11.69% of the company's share capital, for €1,250 million. On 15 November 2011, the Bouygues Board of Directors decided to cancel these shares.
- On 11 October 2011, Bouygues Telecom was awarded, in exchange for €228 million, a licence to use a 15 MHz frequency in the 2.6 GHz band in France (excluding overseas territories) to establish and operate a public mobile radio-electric network. This licence, which will be brought into use after the end of the 2012 financial year, was awarded for a period of 20 years.
- Leadbitter Group (Bouygues Construction):

After receiving clearance from the European Commission competition authorities in March 2011, the Bouygues Construction group acquired 51% of the Leadbitter group for €37 million via the holding company Leadbitter Bouygues Holdings Ltd. The remaining 49% interest held by the Leadbitter management team was acquired in the third quarter of 2012.

The Leadbitter group, which has a construction business in the United Kingdom, has been fully consolidated in the Bouygues Construction group financial statements with effect from 31 March 2011. Goodwill arising on the transaction,

calculated using the partial goodwill method, amounted to €41 million as at 31 December 2012.

The commitment to buy out the minority shareholders in the holding company was reported as a liability in "Non-current debt" and deducted from equity as of 31 December 2011; the amount involved was €19 million.

- Gamma Materials Ltd (Colas):

At the end of June 2011, Colas acquired a 50% interest in Gamma Materials Ltd (Mauritius) for €33 million. This interest has been accounted for by the proportionate consolidation method since 1 July 2011. Goodwill recognised on the acquisition as of 31 December 2012 amounted to €7 million.

1.3 Consolidated sales

Consolidated sales for 2012 were €33,547 million, 2.6% higher than the 2011 figure of €32,706 million.

1.4 Significant events and changes in scope of consolidation subsequent to 31 December 2012

On 7 January 2013, Bouygues spent €99 million to acquire 5,074,906 of its own shares, representing 1.57% of the share capital. On 26 February 2013, the Bouygues Board of Directors decided to cancel these shares (see Note 5, "Consolidated shareholders' equity").

NOTE 2 - ACCOUNTING POLICIES

2.1 Business areas

The Bouygues group is a diversified industrial group, with operations in more than 80 countries.

The Group's activities are organised into a number of business areas:

a) Construction:

- Bouygues Construction (building & civil works, energy and services),
- Bouygues Immobilier (property),
- Colas (roads).

b) Telecoms/media:

- TF1 (television),
- Bouygues Telecom (mobile, fixed, TV and internet services).

c) The Bouygues group also holds a 29.4% interest in the Alstom group (Alstom Thermal Power, Alstom Renewable Power, Alstom Transport, Alstom Grid).

2.2 Basis of preparation

The consolidated financial statements of the Bouygues group include the financial statements of Bouygues SA and its subsidiaries, and investments in associates and joint ventures. They are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated, and take account of the recommendations on presentation (Recommendation 2009-R-03) issued on 2 July 2009 by the Conseil National de la Comptabilité - CNC (now called Autorité des Normes Comptables - ANC), the French national accounting standard-setter.

The consolidated financial statements were adopted by the Board of Directors on 26 February 2013, and will be submitted for approval by the forthcoming Combined Annual General Meeting on 25 April 2013.

The consolidated financial statements for the year ended 31 December 2012 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is a requirement under IFRS. They include comparatives as at and for the year ended 31 December 2011.

The Bouygues group applied the same standards, interpretations and accounting policies for the year ended 31 December 2012 as were applied in its consolidated financial statements for the year ended 31 December 2011, except for new IFRS requirements applicable from 1 January 2012 (see below) and the early adoption of the amendment to IAS 1 and of the amendment to IAS 19. These changes did not have a material impact on the consolidated financial statements.

• Principal new standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption for periods beginning on or after 1 January 2012:

- Amendment to IFRS 7: Disclosures – Transfers of Financial Assets (mandatorily applicable from 1 January 2012). This amendment does not alter the existing accounting treatment of securitisation transactions, but specifies the disclosure requirements for such transactions.

- Amendment to IAS 1: Presentation of items of Other Comprehensive Income (OCI). Although the amendment to IAS 1 had not been adopted by the European Union as of 31 December 2011, it was early adopted by the Group from 1 January 2011 since it was not in conflict with pronouncements that had already been endorsed. This amendment became effective within the European Union on 6 June 2012 and is mandatorily applicable from 1 January 2013.

- Amendment to IAS 19, "Employee Benefits" (published in the Official Journal of the European Union on 6 June 2012, mandatorily applicable from 1 January 2013,

early adoption permitted from 1 January 2012). The Bouygues group has early adopted this amendment in the consolidated financial statements for the year ended 31 December 2012. Given that the Group already recognises in equity actuarial gains and losses on defined-benefit employee benefit plans, applying this change in method would have had an immaterial impact on net assets as of 31 December 2011 and on net profit for the year then ended. The negative impact on consolidated equity of €20 million (net of deferred tax assets) relates primarily to a plan amendment that occurred in 2005, net of the amount already amortised through profit or loss under IAS 19 as previously applied.

- IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of Interests in Other Entities", IAS 27 "Separate Financial Statements" (as amended in 2011), IAS 28 "Investments in Associates and Joint Ventures" (as amended in 2011): these standards were endorsed on 29 December 2012 and are mandatorily applicable from 1 January 2014. The impact of these standards, which were not early adopted from 1 January 2012, is currently under review.
- Amendments to IAS 12, "Income Taxes" (Deferred Tax - Recovery of Underlying Assets) and to IFRS 1, "First-Time Adoption of International Financial Reporting Standards" (Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters), and IFRS 13 "Fair Value Measurement": these pronouncements were endorsed on 29 December 2012 and are mandatorily applicable from 1 January 2013. They have no impact on the financial statements of the Bouygues group.
- Other key standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union

The table below shows the principal standards, amendments and interpretations that had been issued by the IASB prior to 31 December 2012 but have not yet come into effect:

Standard/ amendment	IASB effective date ^(a)	Expected impact on the Bouygues group
IFRS 9: Financial Instruments – Classification and Measurement of Financial Assets	1 January 2015	Not quantifiable at present (pending)

(a) Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column.

- Elective accounting treatments and estimates used in the valuation of certain assets, liabilities, income and expenses:

Preparing financial statements to comply with IFRS standards and interpretations requires the use of estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the balance sheet date, and the amounts of income and expenses reported for the period.

These estimates and assumptions have been applied consistently on the basis of past experience and of various

other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply.

The main items involved are the impairment testing of goodwill, share-based payment (stock options), employee benefits (lump-sum retirement benefits, etc.), the fair value of unlisted financial instruments, deferred tax assets, and provisions.

Where no standard or interpretation applies to specific transactions, events or conditions, Group management exercises its judgement to define and apply accounting policies that will provide relevant information that gives a fair presentation and is comparable between periods, such that the financial statements:

- represent faithfully the financial position, financial performance and cash flows of the Group;
- reflect the economic substance of the underlying transactions;
- are neutral, prudent, and complete in all material respects.

Disclosures about judgements made by management are provided in the Notes to the consolidated financial statements.

2.3 Consolidation methods

2.3.1 Full consolidation

Companies over which Bouygues exercises control are consolidated using the full consolidation method. Acquisitions and divestments of minority interests without loss of control are treated as transactions between shareholders, and their impact on the Group's financial statements is recognised in equity without affecting profit or loss.

Assessment of exclusive control over TF1:

- As at 31 December 2012, Bouygues held 43.65% of the capital and voting rights of TF1. Exclusive control by Bouygues over TF1 is demonstrated by the following:
 - Bouygues has consistently and regularly held a large majority of the voting rights exercised at TF1 general meetings, and no other shareholder directly or indirectly controls a higher share of voting rights than Bouygues.
 - Bouygues has had exclusive power to determine decisions at TF1 general meetings during at least two consecutive financial years.

Other factors indicating the existence of exclusive control include:

- the large number of seats on the TF1 Board of Directors allocated to Bouygues;
- the role of Bouygues in appointing key executives of TF1.

All these factors clearly establish that Bouygues exercises exclusive control over TF1.

2.3.2 Proportionate consolidation: investments in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Bouygues consolidates the assets, liabilities, income and expenses of such entities using the proportionate consolidation method based on the percentage of control exercised. This definition applies in particular to Bouygues Construction and Colas construction project companies, and to Bouygues Immobilier property companies.

2.3.3 Investments in associates

An associate is a company over which Bouygues exercises significant influence without exercising control. Significant influence is presumed to exist where Bouygues directly or indirectly holds at least 20% of the entity's voting rights.

The net profit or loss and the assets and liabilities of such entities are accounted for by the equity method.

- Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by its 29.4% interest in the capital and its control of two seats on the Board of Directors.

As of 31 December 2012, the investment in Alstom is reported under "Investments in associates" and accounted for by the equity method; it is carried at net acquisition cost (including goodwill) plus Bouygues' share of Alstom's net profit since the acquisition date, giving a total carrying amount of €4,480 million (including goodwill of €2,510 million).

Given the time-lag between the financial year-ends of Alstom (31 March) and Bouygues (31 December), the financial contribution of Alstom to the Bouygues group's net profit for the fourth quarter of 2012 was estimated at €59 million, versus €56 million for the fourth quarter of 2011 (based on the published results of Alstom for the first six months of the financial year ending 31 March 2013), giving a total contribution of €240 million for the year to 31 December 2012 (versus €190 million for the year to 31 December 2011).

Amortisation of fair value remeasurements of Alstom's identifiable intangible assets and other items had a negative impact of €15 million on the consolidated income statement for the year ended 31 December 2012 (portion attributable to the Bouygues group).

- Concession arrangements and Public-Private Partnership (PPP) contracts:

The Bouygues Construction group enters into concession arrangements and PPP contracts with local authorities via entities in which the Group holds an equity interest, generally of less than 20%. Given the effectively limited role of the Group in these entities, they are not consolidated. Equity interests in concession operating entities are in the majority of cases accounted for as associates by the equity method, or otherwise are not consolidated.

- In accordance with IAS 39, equity investments in non-consolidated companies are measured at fair value, and are subject to impairment testing at each reporting date.

2.4 Business combinations

With effect from 1 January 2010, business combinations have been accounted for in accordance with the revised IFRS 3 and IAS 27, which use the concept of "obtaining control" in determining the accounting treatment to be applied to acquisitions or disposals of equity interests; depending on the circumstances, the impacts of such acquisitions and disposals are recognised either in consolidated profit or loss or in equity.

In a business combination, the fair value of the consideration transferred is allocated to the identifiable assets and liabilities of the acquiree, which are measured at fair value at the acquisition date and presented in the balance sheet using the full fair value method in accordance with IFRS 3. This method involves remeasuring the assets and liabilities acquired at fair value in full (including minority interests), rather than remeasuring just the percentage interest acquired.

The revised IFRS 3 allows entities to elect one of two methods of accounting for minority interests in each business combination:

- at fair value (full goodwill method), i.e. the minority interests are allocated their share of goodwill;
- at the minority interests' proportionate share of the acquired entity's identifiable assets and liabilities (partial goodwill method), i.e. no share of goodwill is allocated to the minority interests.

Fair value is the amount for which an asset or Cash Generating Unit (CGU) could be sold between knowledgeable, willing parties in an arm's length transaction.

Goodwill represents the excess of the cost of a business combination over the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities that can be reliably measured at the acquisition date; minority interests are either measured at fair value or not, depending on the option elected (see above). Goodwill is allocated to the CGU benefiting from the business combination or to the group of CGUs at the level of which return on investment is measured (business segment for the Bouygues group).

The purchase price allocation period is limited to the time required to identify and measure the acquired entity's assets and liabilities, the minority interests, the consideration transferred and the fair value of any previously-held equity interest, subject to a maximum period of 12 months.

Negative goodwill (i.e. gain from a bargain purchase) is taken to the income statement in the period in which the acquisition is made.

Subsequently, goodwill is carried at cost net of any impairment losses identified annually using the methods described under "Impairment testing of non-current assets" in Note 2.7.4 below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

In accordance with the revised IFRS 3, any previously-held equity interest is remeasured at fair value at the date on which control is obtained, with the resulting gain or loss

recognised in profit or loss for the period. In the event of loss of control, the retained equity interest is also remeasured at fair value; the gain or loss on remeasurement is recognised in profit or loss for the period, along with the gain or loss arising on the disposal.

In the event of a change in percentage interest with no effect on control, the difference between the consideration paid or received and the carrying amount of the minority interest is recognised directly in equity attributable to the Group. Consequently, no additional goodwill is recognised.

All acquisition-related costs are recognised as an expense in profit or loss for the period.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. This method involves restricting the fair value remeasurement of identifiable items to the percentage interest acquired. Minority interests in these items are measured on the basis of the carrying amount of the items as shown in the balance sheet of the acquired entity. The revised standards allow the acquirer to elect to account for each new business combination on either a full goodwill basis or a partial goodwill basis.

2.5 Foreign currency translation

2.5.1 Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into euros at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rate. Translation differences are recognised as income or expenses in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and accounted for at historical cost are translated using the exchange rate on the date of the transaction.

2.5.2 Financial statements of foreign entities with a functional currency other than the euro

All assets and liabilities of consolidated entities with a functional currency other than the euro are translated at the closing exchange rate. Income and expenses are translated at the average exchange rate for the period. Translation differences arising from this treatment, and arising from the retranslation of a subsidiary's opening shareholders' equity at the closing exchange rate, are taken to the translation reserve (which is a component of consolidated shareholders' equity). Translation differences arising on the net investment in foreign subsidiaries and associates are recognised in shareholders' equity.

2.6 Income taxes

Deferred taxation is recognised on differences between the carrying amount and tax base of assets or liabilities, and arises as a result of:

- Temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
 - items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or
 - items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes. Such assets are recognised to the extent that it is probable that sufficient taxable profits will be available against which to offset the temporary differences, and are reviewed at each balance sheet date.
- Tax losses available for carry-forward (deferred tax assets), where it is probable that these losses will be recovered in future periods.

Deferred taxes are measured using known applicable national tax rates for the relevant country as at the balance sheet date. In the case of France, the tax rate applied to deferred taxes expected to reverse in 2013 or 2014 incorporates the exceptional 5% contribution enacted in the new Finance Bill for 2012.

Deferred taxes are not discounted, and are reported in non-current assets and liabilities.

2.7 Non-current assets

2.7.1 Property, plant and equipment

Property, plant and equipment is measured at acquisition cost net of accumulated depreciation and impairment. Depreciation is recognised on a straight line basis over the estimated useful life of the asset.

2.7.1.1 Useful lives by main asset category and business segment:

	Construction	Media	Telecoms
Mineral deposits (quarries)	(a)	-	-
Non-operating buildings	10 to 40 years	25 to 50 years	-
Industrial buildings	10 to 20 years	-	30 years
Plant, equipment and tooling ^(b)	3 to 15 years	3 to 7 years	10 to 30 years
Other property, plant and equipment (vehicles and office equipment) ^(b)	3 to 10 years	3 to 10 years	3 to 10 years

(a) Depreciated on the basis of the rate of depletion, up to a maximum of 40 years (Colas).

(b) Depending on the type of equipment.

In accordance with IAS 16, when an item of property, plant and equipment consists of components with different useful lives, each component is accounted for and depreciated as a separate item of property, plant and equipment.

Gains and losses on disposal represent the difference between the sale proceeds and the carrying amount, and are recognised in the income statement under "Other operating income and expenses".

Depreciation periods are reviewed annually, and may be adjusted if expectations differ from previous estimates.

2.7.1.2 Leases

Items of property, plant and equipment held under leases whereby the Bouygues group retains substantially all the risks and rewards of ownership (i.e. finance leases) are recognised as assets in the balance sheet, along with a corresponding liability.

Assets held under finance leases are recognised in the balance sheet in "Property, plant and equipment" at the lower of fair value or the present value of the minimum lease payments, less accumulated depreciation and impairment losses. They are depreciated over their estimated useful lives. The lease obligation is recognised as a liability under "Debt" in the balance sheet.

Obligations under operating leases are disclosed in off-balance sheet commitments.

2.7.1.3 Grants received

Investment grants received from national, regional or local governments are netted off the value of the assets concerned in the balance sheet, and depreciated at the same rate as those assets once receipt of the grant becomes unconditional.

2.7.2 Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance which is controlled by the entity. An asset is identifiable:

- if it is separable, i.e. capable of being independently sold, transferred, licensed, rented or exchanged;
- or if it is derived from contractual or other legal rights, whether separable or not.

An asset is controlled if the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits.

Intangible assets with finite useful lives are depreciable. Intangible assets with indefinite useful lives are not depreciable, but are subject to impairment testing and are reviewed at each balance sheet date to ensure that their useful lives are still indefinite.

Intangible assets include:

- Development expenses
 - Development expenses are capitalised if the IAS 38 criteria are met, i.e. if they are expected to generate future economic benefits and their cost can be reliably measured,
 - In accordance with IFRS, incorporation and research expenses are expensed as incurred.
- Concessions, patents and similar rights

These include the following assets held by Bouygues Telecom:

Type of asset	Amortisation method	Period
UMTS licence	straight line	17.5 years ^(a)
IAP-IRU and front fees (indefeasible right of use)	straight line	25 years
Software, IT developments and office applications	straight line	3 to 8 years
4G licences	straight line	20 years maximum ^(b)

(a) UMTS licence awarded in 2002: Amortised from the date on which the high-speed broadband network opened (26 May 2005).

(b) The licences acquired in 2011 and 2012 were recognised as intangible assets in progress as of 31 December 2012; they were awarded for a 20-year period, and will be amortised from the date on which each licence is brought into use.

The fee for the UMTS licence, awarded for a 20-year period, comprises:

- a fixed component of €619.2 million, recognised as an intangible asset on the date the licence was awarded (12 December 2002),
- a variable component, calculated at 1% of sales generated by the operation of the third generation mobile network, recognised as incurred from the date on which the UMTS network opened (November 2007).

2.7.3 Other intangible assets

Other intangible assets recognised by the Group include leasehold rights and audiovisual rights (TF1).

TF1 audiovisual rights

This item includes shares in films and programmes produced or co-produced by TF1 Films Production, TF1-Vidéo and TF1 Production; audiovisual distribution and trading rights owned by TF1 DA and TF1 Entreprises; and music rights owned by Une Musique.

Audiovisual rights are recognised as assets, at historical cost. Dates of initial recognition and amortisation methods are as follows:

Categories of audiovisual rights			
	Film co-production shares	Distribution and/or trading rights	Music rights
Amortisation method	In line with revenues over 8 years	- Distribution: in line with revenues, minimum 3 years straight line - Trading: 5 years straight line	Over 2 years with: - 75% of gross value in year 1 - 25% of gross value in year 2
Initial recognition	At end of shooting or on receipt of censor's certificate	On signature of contract	On signature of contract

- Films co-produced by TF1 Films Production are amortised in line with revenues over a limited time-frame, taking account of the timing of revenue sources; this policy is consistent with industry practice.
- An impairment loss is recognised against audiovisual rights on a line by line basis where estimated future revenues do not cover the carrying amount of the asset.

2.7.4 Impairment testing – non-current assets and investments in associates

Impairment tests are carried out on the carrying amount of non-current assets and investments in associates if there is objective evidence that they may have become impaired. The carrying amounts of indefinite-lived intangible assets and goodwill are compared to their recoverable amounts at least at the end of each financial year.

2.7.4.1 Impairment testing of TF1, Bouygues Telecom and Colas

Method applied

In determining the recoverable amount, intangible assets to which independent cash flows cannot be directly allocated are grouped within the Cash Generating Unit (CGU) to which they belong, or within the appropriate group of CGUs representing the lowest level at which management monitors return on investment (business segment level in the case of the Bouygues group). The recoverable amount of CGUs is measured as follows:

- a) For TF1, which is listed on the stock market and has good liquidity: on the basis of the quoted share price if this exceeds the carrying amount of the assets (after allowing for a control premium); otherwise, using the Discounted Cash Flow (DCF) method as described below, taking account of the specific characteristics of TF1 (see (b) below).
- b) For other CGUs: using the DCF method, taking account of the specific characteristics of the CGU.
 - The cash flows used are derived from the three-year business plan prepared by the management of the business segment and approved by the entity's Board of Directors and, where appropriate, the Board of Directors of Bouygues SA.

- The discount rate is determined on the basis of a weighted average cost of capital appropriate to the sector in which the segment operates, by reference to a panel of comparable companies. Two alternative capital structure scenarios are applied: $\frac{1}{3}$ debt - $\frac{2}{3}$ equity (scenario 1); $\frac{2}{3}$ debt - $\frac{1}{3}$ equity (scenario 2).
- The terminal value is calculated by aggregating the discounted cash flows to infinity, based on normative cash flows and a perpetual growth rate that is consistent with the growth potential of the markets in which the business segment operates and with its competitive position in those markets.

The recoverable amount of the CGU as determined above is then compared with its carrying amount in the consolidated balance sheet. If this carrying amount is greater than the recoverable amount of the CGU, an impairment loss is recognised. Any such losses are allocated in the first instance to any goodwill recognised in the balance sheet, and may not be subsequently reversed.

Information about goodwill impairment tests performed as of 31 December 2012

- The recoverable amount of TF1, Bouygues Telecom and Colas was determined using the method described above, based on three-year cash flow projections corresponding to the business plans of each of the three subsidiaries as approved by the Boards of Directors of each entity and of Bouygues SA.
- Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate.
- The discount rates (weighted average cost of capital) and growth rates used at end-2012 were as follows:

	Discount rate		Perpetual growth rate
	Scenario 1 ^(a)	Scenario 2 ^(a)	
TF1	8.60%	7.61%	2%
Bouygues Telecom	5.04%	4.54%	2%
Colas	5.25%	4.73%	2%

(a) Depending on the capital structure: $\frac{1}{3}$ debt - $\frac{2}{3}$ equity (scenario 1); $\frac{2}{3}$ debt - $\frac{1}{3}$ equity (scenario 2).

- Assumptions used in the TF1 business plan:

The business plan used in testing the recoverable amount of the investment in TF1 was prepared on the basis of revenue growth rates and operating margins consistent with actual data for the last 5 years, and builds in a number of factors including:

- the impact of the economic situation on advertising spend in the current highly unsettled environment,
- the ongoing adaptation of the TF1 channel business model, including the implementation of phase II of the optimisation plan, which aims to achieve €85 million of new recurring savings by end-2014 on top of the €155 million of recurring savings already generated between 2007 and 2011,
- the effect of future major sporting events,
- the development of the free-to-view offering across all free media, including the TF1 group's free-to-view DTT channels and digital activities (MyTF1) driven by new technologies,
- the improvement in available funds that allows the TF1 group to envisage potential new developments.

However, the business plan does not build in expected synergies from the partnership with the Discovery Communications group signed at the end of 2012.

- Assumptions used in the Bouygues Telecom business plan:

The normative cash flows of Bouygues Telecom were determined on the assumption that in 2013 EBITDA will remain stable (but improve net of capex), and that thereafter free cash flow will improve as a result of:

- the measures taken in 2012 to adapt to the radical changes in the mobile market, which will enable €300 million of savings to be generated in mobile activities in 2013,
- the ongoing transformation initiated in 2012, with a focus on step change in two areas: technical assets, and the marketing of service-inclusive offers. The continuation of this transformation is a response to the market trends seen in early 2013 in terms of rates and strong growth in the "SoWo" (SimOnly/WebOnly) segment, which could eventually account for 25% of the French market as defined by Arcep (versus 10% at end-2012).

The strategic priorities of Bouygues Telecom are to:

- remain the most innovative player in the mobile market, while at the same time repositioning and streamlining its plans (recreating value thanks to growing data demand and the arrival of 4G),
- continue achieving growth in high-speed broadband services.

2.7.4.2 Impairment testing of the investment in Alstom

Method applied

Because goodwill included in the carrying amount of investments in associates is not reported separately, it is not tested separately for impairment, in line with IAS 36. An

impairment loss is recognised if the carrying amount of the investment exceeds its recoverable amount; this loss is charged against the carrying amount of the investment, and may be reversed.

Information about the impairment test performed as of 31 December 2012

The total carrying amount of the investment in Alstom was tested for impairment as of 31 December 2012 by comparing it with its recoverable amount, determined by reference to value in use as derived from cash flow projections established by Bouygues management based on forecasts prepared by a panel of financial analysts.

- The analysts' forecasts are consistent with those announced by Alstom in November 2012 and confirmed in January 2013, in terms of both revenue growth (over 5% a year for the financial year ending 31 March 2013 and the two subsequent financial years) and operating margin (around 8% in March 2015).
- The discount rates (weighted average cost of capital) and growth rate used for Alstom at end-2012 were:

	Discount rate		Growth rate applied to cash flows after a 5-year time horizon
	Scenario 1 ^(a)	Scenario 2 ^(a)	
Alstom	10.00%	8.82%	2%

(a) Depending on the capital structure: $\frac{1}{3}$ debt - $\frac{2}{3}$ equity (scenario 1); $\frac{2}{3}$ debt - $\frac{1}{3}$ equity (scenario 2).

2.7.4.3 Conclusion on impairment tests

For all the assets tested, the recoverable amounts determined using each of the two capital structure scenarios were greater than the carrying amount of the asset.

Note 3.2 to the consolidated financial statements includes a table showing the consolidated carrying amount of listed shares held by Bouygues (TF1, Alstom, Colas) relative to the closing quoted share price at 31 December 2012. As of that date, there were no material events that might call into question the carrying amounts reported for these companies.

2.7.4.4 Sensitivity analysis

An analysis was performed for the TF1, Bouygues Telecom and Colas CGUs, and for the investment in Alstom, in order to determine the sensitivity of the calculation to the key parameters (discount rates, growth rates, normative cash flows), either individually or using combined scenarios for discount rates and normative cash flows (including reasonably possible changes in normative cash flows).

For these CGUs, and for the investment in Alstom, the recoverable amount would equal the carrying amount of the assets tested if the assumptions shown below (taken individually) were to be applied:

	Increase in discount rate	Reduction in normative cash flows	
	Scenario 1 ^(a)	Scenario 2 ^(a)	Scenario 1 ^(a)
TF1	96 bp	194 bp	15%
Bouygues Telecom	161 bp	210 bp	37%
Colas	1,386 bp	1,438 bp	88%
Alstom	76 bp	194 bp	12%
			28%

(a) Depending on the capital structure: $\frac{1}{3}$ debt – $\frac{2}{3}$ equity (scenario 1); $\frac{2}{3}$ debt – $\frac{1}{3}$ equity (scenario 2).

For Bouygues Telecom, in the event of a 15% reduction in normative cash flows combined with an increase of 100 basis points in the discount rate, the recoverable amount would be equal to the carrying amount of the assets tested in scenario 1 and €850 million greater than the carrying amount in scenario 2.

2.7.5 Non-current financial assets

In addition to deferred tax assets (treated as non-current), other non-current financial assets include loans and receivables (including advances to non-consolidated companies), deposits and caution money, and investments in non-consolidated companies (i.e. those over which the Bouygues group exercises neither control nor significant influence).

Investments in non-consolidated companies are measured at fair value, with changes in fair value taken to shareholders' equity.

Fair value is the market price for listed investments, and value in use for unlisted investments. Value in use is determined using the most appropriate criteria for each individual investment.

If there is objective evidence that an investment is impaired, the accumulated losses taken to shareholders' equity are recognised in the income statement.

Advances to non-consolidated companies, and other loans and receivables, are accounted for at amortised cost, determined using the effective interest method.

In the case of variable-rate loans and receivables, cash flows are periodically re-estimated to reflect changes in market interest rates, resulting in an adjustment to the effective interest rate and hence to the valuation of the loan or receivable.

Loans and receivables are reviewed for objective evidence of impairment. An impairment loss is recognised if the carrying amount of a financial asset is greater than the estimated recoverable amount as determined by impairment testing. Impairment losses are recognised in the income statement (see Note 3.2.4 for details).

Concession arrangements and Public-Private Partnership (PPP) contracts:

The Group (Bouygues Construction and Colas) holds equity interests in entities that have entered into concession arrangements or PPP contracts. These contracts, which are accounted for in accordance with IFRIC 12, are assessed on a case by case basis.

Under the financial receivable method, the initial receivable represents the fair value of the activity undertaken; this

receivable is subsequently measured at amortised cost using the effective interest method as defined in IAS 39.

Consequently, the receivable represents the fair value of the activity undertaken, plus cumulative interest calculated using the effective interest method, minus payments received from the grantor.

2.8 Current assets

2.8.1 Inventories

Inventories are stated at the lower of cost (first in first out or weighted average cost, depending on the nature of the business) or market price.

Where the realisable value of inventory is lower than cost, the necessary provision for impairment is recognised.

2.8.2 Property development projects

Property development project inventories are measured at cost, which includes land acquisition costs and taxes, construction and fitting-out costs, utilities connection costs, professional fees and ancillary costs.

All advertising costs are recognised in profit or loss as incurred.

Preliminary studies relating to property development projects are recognised in inventory. If the probability of the project being completed is low, especially if there is a risk of withdrawal or refusal of planning permission, the amount recognised is written down via a provision for impairment.

2.8.3 Programmes and broadcasting rights (TF1)

In order to secure broadcasting schedules for future years, the TF1 group enters into binding contracts, sometimes for a period of several years, under which it acquires (and the other party agrees to deliver) programmes and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory under "Programmes and broadcasting rights" when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions). In the case of rights and programmes for which these two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc.), the Group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, these rights are

not recognised in the balance sheet, and any advance payments made to acquire such rights are treated as supplier prepayments.

Programmes and broadcasting rights

The “Programmes and broadcasting rights” line in the balance sheet includes:

- in-house productions, made by TF1 group companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by the TF1 group's channels and co-production shares of broadcasts made for the TF1 group's channels.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: overall production cost (direct costs plus a portion of indirect production costs);
- broadcasting rights and co-productions: purchase cost, less consumption for the year calculated at each balance sheet date.

TF1 SA programmes are deemed to have been consumed on transmission. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of this transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below (unless otherwise specified in the acquisition contract):

	Type of programme		
	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes and broadcasting rights
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

“Other programmes and broadcasting rights” in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

Programmes that have not been broadcast and the rights to which have expired are written off as a component of current operating profit, and any previously-recognised provisions are reversed.

Rights ordered under irrevocable contracts but not yet available for transmission are disclosed in Note 4.1 to the financial statements, and are priced at the contractual amount or the estimated future cash outflow, less any advance payments made.

2.8.4 Trade receivables

Trade receivables are carried at face value, net of impairment recorded to reflect the probability of recovery. These receivables are usually short-term and non interest-bearing. They are measured at the original invoice amount, unless application of an implied interest rate would have a material effect.

In line with the percentage of completion method of accounting for long-term contracts, trade receivables include:

- statements issued as works are executed or services provided, and accepted by the project owner;
- unbilled receivables, arising where works are entitled to acceptance but billing or acceptance by the project owner has been temporarily delayed.

2.8.5 Other current receivables and prepaid expenses

Other receivables are carried at face value, net of impairment recorded to reflect the probability of recovery.

2.9 Financial instruments

Some Group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

2.9.1 Risks to which the Group is exposed

2.9.1.1 Currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to any design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

2.1.9.2 Interest rate risk

The Group's financial expenses have low sensitivity to interest rate risk, since the bulk of debt is at fixed-rate either in the form of fixed-rate bond issues, or via a portfolio of hedging instruments that convert variable-rate debt into fixed-rate debt.

Consolidated financial expenses would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

2.9.2 Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of a downturn.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

2.9.3 Hedging rules

2.9.3.1 Currency risk

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions (currency derivatives are used solely for hedging purposes).

2.9.3.2 Interest rate risk

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

2.9.4 Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- Fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement.
- Cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

2.10 Consolidated shareholders' equity

Treasury shares are deducted from consolidated shareholders' equity. No expense or income arising on the cancellation of treasury shares is recognised in the income statement.

If a Group subsidiary holds its own shares, an additional percentage interest in that subsidiary is recognised at Group level.

2.10.1 Translation reserve

The translation reserve represents translation differences arising since 1 January 2004, when the reserve was deemed to be zero and the balance transferred to "Retained earnings".

2.10.2 Information about the management of capital

The objective of Bouygues management in managing capital is to maintain consolidated shareholders' equity at a level consistent with:

- maintaining a reasonable gearing ratio (net debt to shareholders' equity);
- distributing regular dividends to shareholders.

However, the level of equity may vary over short periods, especially if a strategically important investment opportunity arises.

The business plan is a key management tool, used by the parent company to assess the financial position of each business segment and of the Group as a whole, and the effects on consolidated shareholders' equity.

Within these overall principles, Group management allows the subsidiaries responsible for segments and their respective parent companies a degree of autonomy to manage their equity in line with their specific objectives and needs, given that equity capital requirements vary from business to business and segment to segment.

Bouygues defines net debt as all financial liabilities (including financial instrument liabilities associated with debt and short-term investments), less cash and cash equivalents and associated financial instruments.

2.11 Non-current liabilities

2.11.1 Non-current debt

With the exception of derivative instruments accounted for as financial liabilities measured at fair value, all other borrowings and financial liabilities are accounted for at amortised cost, measured using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of a financial liability are offset against that liability, and amortised over the life of the liability using the effective interest method.

The portion of long-term debt due within less than one year is included in current liabilities.

2.11.2 Non-current provisions

Under IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", a provision is recorded at the balance sheet date if the Group has an obligation to a third party resulting from a past event and it is probable that settlement of the obligation will result in a net outflow from the Group of resources embodying economic benefits.

The amount recognised as a provision represents the Group's best estimate of the net outflow of resources.

Non-current provisions are not usually associated with the normal operating cycle of each segment (compare the definition of current provisions below under 2.12.2).

Non-current provisions mainly comprise:

- provisions established to cover the uninsured portion of risks under two-year and ten-year construction contract guarantees. These provisions are recognised in line with recognition of contract revenues, based on statistical data reflecting actual experience over the long term;
- provisions related to tax exposures and to fines levied by the competition authorities;
- provisions for litigation, claims and foreseeable risks relating to the Group's operations, especially foreign operations, including permanent withdrawal from projects and sundry risks and liabilities;
- provisions for site rehabilitation and decommissioning costs (e.g. quarries).

Costs incurred as a result of a contractual obligation to remedy immediate environmental damage are covered by a provision.

- provisions for employee benefits, which comprise:

- provisions for long-service awards,
- provisions for obligations to employees in respect of lump-sum benefits payable on retirement.

This provision is calculated using the projected unit credit method based on final salary, and on the basis of the collective agreement for each business segment. The calculation takes account of:

- status, age and length of service for each employee category,

- employee turnover, calculated on the basis of the average number of leavers by business segment, age bracket and employee category,
 - average salary and wages including bonuses and benefits in kind, uplifted by a coefficient to reflect the applicable percentage of employer's social security charges,
 - a final salary inflation rate,
 - a discount rate applied to the obligation over the projected period to the retirement date,
 - estimated mortality, based on mortality tables.
- Provisions for pension obligations (depending on the country and terms of the pension plan).

To cover their pension obligations, Group companies make regular payments to external bodies including public and private pension funds and insurance companies (defined-contribution plans). There are however some remaining defined-benefit plans still in existence, mainly in the Colas group (United Kingdom, Ireland and Canada); only a limited number of employees are involved, as it was decided some years ago to close these plans to new entrants. The fair value of the assets held to cover these plans as of 31 December 2012 did not require any material impairment to be recognised in the consolidated financial statements.

The actuarial assumptions used to measure the present value of the pension obligation and the service cost for the period in respect of defined-benefit plans represent the best estimate of the variables that will determine the final cost of the benefits. These assumptions are internally consistent. The discount rate and the rate of return on plan assets are determined by reference to the expected market rate, taking into account the estimated timing of benefit payments; the discount rate applied to the obligation is determined by reference to the market rate for high-quality corporate bonds at the balance sheet date.

The Bouygues group recognises in consolidated shareholders' equity the effect of changes in actuarial assumptions on the pension obligation.

2.12 Current liabilities

2.12.1 Advances and down-payments on orders

This item comprises advances and down-payments received from customers on construction contract starts.

2.12.2 Current provisions

- Provisions relating to the normal operating cycle of each segment. These mainly comprise:
 - provisions for construction contract risks, joint ventures, etc;
 - provisions for restructuring.
- Provisions for losses to completion on construction contracts:

These relate to construction contracts in progress, and take account of claims accepted by the customer. They are measured on a contract by contract basis, with no netting between them.

2.12.3 Trade payables and other current liabilities

Because of the short-term nature of these liabilities, the carrying amounts shown in the consolidated financial statements are a reasonable estimate of market value.

2.13 Income statement

As allowed under IAS 1, "Presentation of Financial Statements", the Bouygues group presents an income statement that classifies expenses by nature, in the format specified in Recommendation 2009-R-03 issued by the French national accounting standard-setter, the Conseil National de la Comptabilité (CNC), now the Autorité des Normes Comptables (ANC), on 2 July 2009. An income statement classifying expenses by function is shown in Note 16 to the financial statements.

2.13.1 Revenue recognition

The Group recognises revenue when:

- it is probable that the future economic benefits of the transaction will flow to the Group;
- the amount of revenue can be reliably measured;
- at the transaction date, it is probable that the amount of the sale will be recovered.

Bouygues Telecom

Bouygues Telecom generates revenue from services, and from sales of handsets and accessories.

Services:

Price plans and commercial services (mobile and fixed) are invoiced one month in advance, and the corresponding revenue is recognised on a straight-line basis over the service period.

Revenues from call charges other than price plans, roaming fees and interconnection fees are recognised as the service is used.

Revenue generated by prepaid cards is recognised on sale of the card to the distributor or retailer but deferred until the card is activated, and then adjusted for unused minutes.

Services carried out on behalf of content providers in relation to SMS+ services and special numbers are not included in income and expenses for the period. Only the margin charged as consideration for the service is recognised in sales.

Sales of handsets and accessories:

Sales of handsets and SIM cards are recognised on sale to the distributor or retailer, but the margin on the sale is eliminated until the line is activated by the customer.

Distributor/retailer commission:

All commission payable to distributors and retailers is recognised as an expense.

Consumer loyalty programme:

Customers on non-capped plans earn points as they are billed, which they can use to obtain a handset update provided that they renew their plan for a minimum of 12 months. With effect from 2012, customers on capped plans have been able to obtain a cut-price handset upgrade after twenty-four months provided that they renew their plan.

In accordance with IFRIC 13 (paragraphs AG1 to AG3), Bouygues Telecom has measured the fair value of the benefits awarded under its loyalty programmes, and has not deferred any revenues as a result.

2.13.2 Accounting for construction contracts

2.13.2.1 Construction activities

All activities related to construction contracts are accounted for using the percentage of completion method.

Under this method, the revenue recognised equals the latest estimate of the total selling price of the contract multiplied by the actual completion rate determined by reference to the physical state of progress of the works. The latest estimate of the total selling price takes account of claims that have been accepted by the client or are highly probable.

If it is regarded as probable that a contract will generate a loss on completion, a provision for expected losses on completion is recognised as a current provision in the balance sheet. The loss is provided for in full as soon as it is can be reliably measured, irrespective of the completion rate.

2.13.2.2 Property development

Revenues and profits are recognised using the percentage of completion method once the following conditions have been met:

- building permit with no appeal;
- signature of notarised deed of sale or development contract;
- construction contract signed (order given to start works).

The percentage of completion represents costs recognised to date as a proportion of the total estimated costs to completion of the project.

Accrued expenses are recognised for finishing costs on this type of project, based on the percentage of completion; residual expenses on delivered projects are also recognised in "Trade payables".

Overheads, including sales force costs and all advertising costs, are expensed as incurred.

2.13.3 Profits/losses from joint operations

These profits and losses are included in "Other operating income and expenses", and represent the Group's share of profits or losses from non-consolidated companies (such as joint ventures) involved in the operation of production facilities for roadbuilding and asphalt products; they are included in current operating profit.

2.13.4 Share-based payment

In accordance with IFRS 2, stock subscription options granted to corporate officers or employees of the Group are accounted for in the financial statements as follows: the fair value of the options granted (corresponding to the fair value of the services rendered by the employees as consideration for the options) is recognised as an employee benefit under "Personnel costs" in the income statement, with the matching entry credited to shareholders' equity.

The amount of the employee benefit is measured at the grant date of the option using the Black & Scholes model, and is charged to the income statement over the vesting period of the rights.

2.14 Cash flow statement

The cash flow statement is presented in accordance with IAS 7 and with CNC Recommendation 2009-R-03 of 2 July 2009, using the indirect method.

The net profit of consolidated entities is adjusted to eliminate the impact of transactions with no cash effect, and of income and expenses related to investing or financing activities.

Cash flow is defined as consolidated net profit before: net depreciation and amortisation expense, net changes in provisions and impairment losses, gains and losses on asset disposals, cost of net debt (included in financing activities in the cash flow statement), and net income tax expense for the period.

The cash flow statement explains changes in the Group's net cash position, which is defined as the net total of the following balance sheet items:

- cash and cash equivalents;
- overdrafts and short-term bank borrowings.

2.15 Other financial indicators

2.15.1 EBITDA

Current operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).

2.15.2 Free cash flow

Cash flow (determined after cost of net debt and net income tax expense, but before changes in working capital) minus net capital expenditure for the period.

2.15.3 Net debt

This represents the aggregate of:

- cash and cash equivalents;
- overdrafts and short-term bank borrowings;
- non-current and current debt;
- financial instruments (used to hedge financial liabilities measured at fair value).

2.16 Statement of recognised income and expense

The Bouygues group presents a statement of recognised income and expense, disclosing a comparative net profit figure on the line "Total recognised income and expense" which includes income and expenses recognised directly in equity.

2.17 Comparability of the financial statements

Changes in the scope of consolidation during the year ended 31 December 2012 did not have a material effect on the consolidated financial statements as presented for that year, and do not impair comparisons with the consolidated financial statements for the year ended 31 December 2011.

Sales contributed in 2012 by Leadbitter (Bouygues Construction), which was acquired at the end of March 2011, amounted to €474 million (versus €384 million in the 2011 financial year, covering the period from April 2011).

NOTE 3 – NON-CURRENT ASSETS
20,170

For a breakdown of non-current assets by business segment see Note 16, "Segment Information".

3.1 Acquisitions of non-current assets during the year, net of disposals

(€ million)	2012	2011
Acquisitions of property, plant and equipment	1,433	1,677
Acquisitions of intangible assets	874	379
Capital expenditure	2,307	2,056
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies and other long-term investments)	134	149
Acquisitions of non-current assets	2,441	2,205
Disposals of non-current assets	(395)	(205)
Acquisitions of non-current assets, net of disposals	2,046 ^(a)	2,000

(a) Includes €1,366m for Bouygues Telecom (€1,089m in 2011), and €404m for Colas (€496m in 2011).

3.2 Non-current assets: movements during the period

3.2.1 Property, plant and equipment 6,451

(€ million)	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
Gross value					
31 DECEMBER 2010	1,923	10,313	2,530	431	15,197
Movements during 2011					
Translation adjustments	8	28	2	(1)	37
Changes in scope of consolidation	35	11	8	(1)	53
Acquisitions during the period	134	896	336	311	1,677
Disposals, transfers and other movements	(41)	(237)	(141)	(289)	(708)
31 DECEMBER 2011	2,059	11,011	2,735	451	16,256
of which finance leases	24	97	66	-	187
Movements during 2012					
Translation adjustments	(2)	(8)	(2)	-	(12)
Changes in scope of consolidation	20	(1)	48	-	67
Acquisitions during the period	70	863	302	198	1,433
Disposals, transfers and other movements	6	(488)	(276)	(296)	(1,054)
31 DECEMBER 2012	2,153	11,377	2,807	353	16,690
of which finance leases	14	109	51	-	174
Depreciation and impairment					
31 DECEMBER 2010	(649)	(6,723)	(1,666)	-	(9,038)
Movements during 2011					
Translation adjustments	(1)	(15)	(2)	-	(18)
Changes in scope of consolidation	-	(1)	(5)	-	(6)
Net expense for the period	(71)	(882)	(299)	-	(1,252)
Disposals, transfers and other movements	46	401	153	-	600
31 DECEMBER 2011	(675)	(7,220)	(1,819)	-	(9,714)
of which finance leases	(10)	(55)	(62)	-	(127)
Movements during 2012					
Translation adjustments	-	6	1	-	7
Changes in scope of consolidation	(1)	8	(40)	-	(33)
Net expense for the period	(76)	(890)	(326)	-	(1,292)
Disposals, transfers and other movements	33	500	260	-	793
31 DECEMBER 2012	(719)	(7,596)	(1,924)	-	(10,239)
of which finance leases	(7)	(70)	(44)	-	(121)
Carrying amount					
31 DECEMBER 2011	1,384	3,791	916	451	6,542
of which finance leases	14	42	4	-	60
31 DECEMBER 2012	1,434	3,781	883	353	6,451
of which finance leases	7	39	7	-	53

Operating commitments not yet recognised involving future outflows of resources

Property, plant and equipment (€ million)	Falling due			Total 2012	Total 2011
	Less than 1 year	1 to 5 years	More than 5 years		
Colas: orders in progress for plant and equipment	13	-	-	13	51
Bouygues Telecom: orders in progress for network equipment assets	248	1	-	249	169
TOTAL	261	1	-	262	(220)

3.2.2 Intangible assets

(€ million)	Development expenses ^(a)	Concessions, patents and similar rights	Other intangible assets	Total
Gross value				
31 DECEMBER 2010	253	1,278	1,354	2,885
Movements during 2011				
Translation adjustments	-	-	1	1
Changes in scope of consolidation	(5)	(1)	(15)	(21)
Acquisitions during the period	25	72	282	379
Disposals, transfers and other movements	(57)	39	(23)	(41)
31 DECEMBER 2011	216	1,388	1,599	3,203
Movements during 2012				
Translation adjustments	-	-	(1)	(1)
Changes in scope of consolidation	-	(20)	12	(8)
Acquisitions during the period	22	51	801	874
Disposals, transfers and other movements	-	13	(25)	(12)
31 DECEMBER 2012	238	1,432	2,386	4,056
Amortisation and impairment				
31 DECEMBER 2010	(206)	(552)	(1,137)	(1,895)
Movements during 2011				
Translation adjustments	-	-	(1)	(1)
Changes in scope of consolidation	5	1	13	19
Net expense for the period	(23)	(91)	(48)	(162)
Disposals, transfers and other movements	56	(32)	21	45
31 DECEMBER 2011	(168)	(674)	(1,152)	(1,994)
Movements during 2012				
Translation adjustments	-	-	-	-
Changes in scope of consolidation	-	8	(9)	(1)
Net expense for the period	(26)	(103)	(53)	(182)
Disposals, transfers and other movements	-	4	3	7
31 DECEMBER 2012	(194)	(765)	(1,211)	(2,170)
Carrying amount				
31 DECEMBER 2011	48	714	447	1,209
31 DECEMBER 2012	44	667^(b)	1,175^(c)	1,886

(a) Development expenses:

- Software development expenses are usually capitalised (mainly relates to Bouygues Telecom).
- Development expenses of a permanent and recurring nature that do not meet the IAS 38 capitalisation criteria are expensed (mainly relates to Colas).

(b) Includes Bouygues Telecom's UMTS licence: carrying amount €356m.

(c) Includes Bouygues Telecom's licence to use 4G frequencies: €954m (acquisitions during 2012: €726m).

Operating commitments not yet recognised involving future outflows of resources

Intangible assets (€ million)	Falling due			Total 2012	Total 2011
	Less than 1 year	1 to 5 years	More than 5 years		
TF1: broadcasting rights (securing programming schedules for future years)	20	-	-	20	14
Bouygues Telecom: capital expenditure commitments (licence to use frequencies)	-	-	-	-	683
TOTAL	20	-	-	20	697

The capital expenditure commitments for licences to use frequencies reported as of 31 December 2011 relate to the licences that were acquired in January 2012 (see Note 3.2.2).

3.2.3 Goodwill

(€ million)	Gross value	Impairment	Carrying amount
31 DECEMBER 2010	5,611	(80)	5,531
Movements during 2011			
Changes in scope of consolidation	28	18	46
Impairment losses charged during the period	-	(3)	(3)
Translation adjustments and other movements	6	-	6
31 DECEMBER 2011	5,645	(65)	5,580
Movements during 2012			
Changes in scope of consolidation	75	2	77
Impairment losses charged during the period	-	(6)	(6)
Translation adjustments and other movements	(3)	-	(3)
31 DECEMBER 2012	5,717	(69)	5,648

For goodwill on associates, see Note 3.2.4.

3.2.3.1 Split of goodwill by Cash Generating Unit (CGU)

CGU (€ million)	31 December 2012		31 December 2011	
	Total	% Bouygues or subsidiaries	Total	% Bouygues or subsidiaries
Bouygues Construction ^(a)	421	99.97	388	99.97
Colas ^(b)	1,099	96.60	1,069	96.55
TF1 ^(b)	1,458	43.65	1,458	43.59
Bouygues Telecom ^(b)	2,669	90.53	2,664	89.55
Other activities	1	-	1	-
TOTAL BOUYGUES	5,648	-	5,580	-

(a) Only includes goodwill on subsidiaries acquired by the CGU.

(b) Includes goodwill on subsidiaries acquired by the CGU and on acquisitions made at parent company (Bouygues SA) level for the CGU.

3.2.3.2 Consolidated carrying amount of listed shares as of 31 December 2012

(€)	Consolidated carrying amount per share	Closing quoted share price on 31 December 2012
TF1	14.24	8.85 ^(a)
Colas	98.63	117.00
Alstom	49.38	30.14

(a) €10.18 after adjustment to reflect a control premium.

Impairment tests carried out at 31 December 2012 using the methodology described in Note 2 showed no evidence that the recoverable amount of any CGU had fallen below the carrying amount of the assets tested.

3.2.4 Non-current financial assets

6,185

As of 31 December 2012, non-current financial assets comprised the following items:

- investments in associates (companies accounted for by the equity method): €5,335m;
- other non-current financial assets (loans, receivables, investments in non-consolidated companies, etc.): €578m;
- deferred tax assets and non-current tax receivable: €272m.

(€ million)	Investments in associates ^(a)	Investments in non-consolidated companies	Other non-current assets	Total gross value	Amortisation and impairment	Carrying amount	Non-current deferred tax assets
31 DECEMBER 2010	5,028	467	418	5,913	(234)	5,679	261
Movements during 2011							
Changes in scope of consolidation	-	(4)	(7)	(11)	(13)	(24)	(3)
Acquisitions and other increases	199	62	128	389	-	389	-
Amortisation and impairment, net	-	-	-	-	(2)	(2)	-
Disposals and other reductions	(115)	(2)	(55)	(172)	-	(172)	(2)
Transfers and other allocations	(12)	5	19	12	(27)	(15)	-
31 DECEMBER 2011	5,100	528	503	6,131	(276)	5,855	256
AMORTISATION AND IMPAIRMENT							
CARRYING AMOUNT	5,085	379	391	5,855	-	-	256
(€ million)	Investments in associates ^(a)	Investments in non-consolidated companies	Other non-current assets	Total gross value	Amortisation and impairment	Carrying amount	Non-current deferred tax assets ^(c)
31 DECEMBER 2011	5,100	528	503	6,131	(276)	5,855	256
Movements during 2012							
Changes in scope of consolidation	82	(212) ^(b)	(35)	(165)	(3)	(168)	-
Acquisitions and other increases	342 ^(b)	19	163	524	-	524	-
Amortisation and impairment, net	-	-	-	-	(8)	(8)	-
Disposals and other reductions	(130)	(34)	(151)	(315)	-	(315)	-
Transfers and other allocations	(43)	28	40	25	-	25	16
31 DECEMBER 2012	5,351	329	520	6,200	(287)	5,913	272
AMORTISATION AND IMPAIRMENT							
CARRYING AMOUNT	5,335	176	402	5,913	-	-	272
							6,185

(a) Includes goodwill on associates: €2,719m as of 31 December 2012.

(b) Includes €161m for Groupe AB (TF1), classified as an associate since 30 June 2012.

(c) See Note 7.

3.2.4.1 Investments in associates

Components of carrying amount (€ million)	Share of net assets held	Share of profit for the period	Goodwill	Carrying amount
31 DECEMBER 2010	1,986	281	2,753	5,335
Movements during 2011				
Translation adjustments	(4)	-	-	(4)
Acquisitions and share issues	7	-	2	9
Profit for the period	-	198	-	198
Impairment losses	-	-	-	-
Appropriation of prior-year profit, disposals, transfers and other movements	150	(281)	(7)	(138)
31 DECEMBER 2011	2,139	198	2,748	5,085
Movements during 2012				
Translation adjustments	13	-	-	13
Acquisitions and share issues	151	-	56	207 ^(b)
Profit for the period	-	218 ^(c)	-	218
Impairment losses	-	-	(1)	(1)
Appropriation of prior-year profit, disposals, transfers and other movements	95	(198)	(84) ^(c)	(187)
31 DECEMBER 2012	2,398	218	2,719	5,335^(a)

(a) Includes: Alstom €4,480m/Cofiroute (Colas) €490m (see below).

(b) Includes €16m for Groupe AB (TFI).

(c) Includes a €53m loss on Alstom resulting from the 1.3% dilution in consolidated reserves (including goodwill).

A list of associates in which the Bouygues group holds an interest is provided in Note 24 (List of consolidated companies at 31 December 2012).

Principal associates

(€ million)	31/12/2011	Net movement in 2012	31/12/2012	Includes: share of profit/(loss) for period
Alstom	4,444	36	4,480 ^(b)	172 ^(a)
Construction				
Concession companies	49	17	66	(9)
Other associates	5	4	9	3
Roads				
Cofiroute	488	2	490	49
Other associates	79	19	98	10
Media	1	160	161 ^(c)	(6)
Other associates	19	12	31	(2)
TOTAL	5,085	250	5,335	217

(a) Contribution of Alstom group: share of profit €240m, less amortisation charged against fair value remeasurements in 2012 (€15m) and loss on dilution (€53m).

(b) Includes goodwill of €2,510m.

(c) As of 31 December 2012, this relates to TFI's 33.5% interest in Groupe AB. Significant influence was re-established on 11 June 2012 when the call option held by Claude Berda, the majority shareholder, expired without having been exercised.

Summary information about the assets, liabilities, income and expenses of the Bouygues group's two principal associates is provided below:

Amounts shown are for 100% of the associate (€ million)	31 December 2012	
	Alstom^(a)	Cofiroute
Non-current assets	13,135	5,802
Current assets	18,158	746
TOTAL ASSETS	31,293	6,548
Shareholders' equity	4,449	2,150
Non-current liabilities	6,970	3,645
Current liabilities	19,874	753
TOTAL LIABILITIES AND EQUITY	31,293	6,548
Sales	9,748	1,337
Current operating profit	703	604
Net profit	413	294
Net profit attributable to the Group	403	294

Amounts shown are for 100% of the associate (€ million)	31 December 2011	
	Alstom^(a)	Cofiroute
Non-current assets	12,804	5,825
Current assets	18,243	655
TOTAL ASSETS	31,047	6,480
Shareholders' equity	4,434	2,142
Non-current liabilities	6,737	3,665
Current liabilities	19,876	673
TOTAL LIABILITIES AND EQUITY	31,047	6,480
Sales	19,934	1,331
Current operating profit	1,406	602
Net profit	744	294
Net profit attributable to the Group	732	294

(a) Interim financial statements published by Alstom for the six months ended 30 September 2012 (Alstom's financial year-end is 31 March 2013).

(b) Published financial statements for the year ended 31 March 2012.

3.2.4.2 Investments in non-consolidated companies and other non-current financial assets 578

- Principal investments in non-consolidated companies as of 31 December 2012:

Investment (€ million)	31/12/2012						31/12/2011		
	Gross value	Impairment	Carrying amount	% interest	Total assets	Total current & non-current liabilities	Total sales	Net profit/(loss)	Carrying amount
French companies									
Property									
Société Maintenance technologique	4	-	4	100.0%	-	-	-	-	5
Colas									
Asphalt and binder companies ^(a)	13	(3)	10	-	-	-	-	-	12
TF1									
Sylver	4	-	4	49.0%	-	-	-	-	4
Sofica Valor 7	3	-	3	20.1%	-	-	-	-	-
Groupe AB	-	-	-	-	-	-	-	-	155
Serendipity									
Wonderbox	6	-	6	11.1%	-	-	-	-	6
Entities not consolidated at end 2011 but consolidated in 2012									
Sub-total	30	(3)	27	-	-	-	-	-	220
Foreign companies									
Construction									
IEC Investments (Hong Kong)	53	-	53	15.0%	137	18	34	(11)	54
VSL Corporation (United States)	22	(22)	-	100.0%	-	-	-	-	-
TF1									
Wikio	4	-	4	9.1%	-	-	-	-	4
A1-International (Netherlands)	13	(13)	-	50.0%	-	-	-	-	-
Colas									
Carrières de Dumbéa ^(b)	17	-	17	-	-	-	-	-	-
Asphalt and binder companies ^(a)	2	(1)	1	-	-	-	-	-	1
Sub-total	111	(36)	75	-	-	-	-	-	59
Other investments	188	(114)	74	-	-	-	-	-	100
TOTAL	329	(153)	176	-	-	-	-	-	379

(a) The information provided for "Asphalt & binder companies" and "Other investments" relates to a large number of companies, for which individual information is not disclosed on grounds of immateriality.

(b) Acquired at the end of 2012, and consolidated in the first quarter of 2013.

- **Other non-current financial assets**
 - Advances to non-consolidated companies
 - Loans receivable
 - Other long-term investments:
 - Deposits and caution money paid (net)
 - Mutual funds
 - Other investments with carrying amounts of less than €2m individually

402
61
193
148
127
12
9

**Analysis of investments in non-consolidated companies and other non-current financial assets
(excluding associates) by category**

578

(€ million)

	Measured at fair value			
	Available-for-sale financial assets^(a)	Other financial assets measured at fair value^(b)	Loans and receivables^(c)	Total
31 DECEMBER 2011	245	156	369	770
Movements during 2012	(37)	(156)	1	(192)
31 DECEMBER 2012	208	-	370^(d)	578
Due within less than 1 year	7	-	48	55
Due within 1 to 5 years	5	-	110	115
Due after more than 5 years	196	-	212	408

(a) Impact of fair value remeasurements recognised in equity (except in the event of a significant and prolonged decline in value, in which case an impairment loss is recognised in profit or loss). Mainly comprises investments in non-consolidated companies (€176m at 31 December 2012).

(b) Impact of fair value remeasurements recognised in profit or loss.

(c) Measured at amortised cost.

(d) Includes financial receivables relating to Public-Private Partnership (PPP) activities.

Investments in joint ventures

The Bouygues group holds a number of interests in joint ventures, which are listed in Note 24 (List of consolidated companies at 31 December 2012).

Aggregate amounts of assets/liabilities and key income statement indicators are shown below:

Bouygues share in joint ventures	31 December 2012	31 December 2011
(€ million)		
Non-current assets	228	246
Current assets	1,122	1,156
TOTAL ASSETS	1,350	1,402
Shareholders' equity	(137)	(90)
Non-current liabilities	138	132
Current liabilities	1,349	1,360
TOTAL LIABILITIES AND EQUITY	1,350	1,402
SALES	1,480	1,279
OPERATING PROFIT	59	27
NET PROFIT	28	28

NOTE 4 - CURRENT ASSETS

16,584

4.1 Inventories

2,949

(\$ million)	31 December 2012			31 December 2011		
	Gross value	Impairment ^(a)	Carrying amount	Gross value	Impairment ^(a)	Carrying amount
Property development inventories	1,508	(128)	1,380 ^(b)	1,289	(113)	1,176
Raw materials and finished goods	995	(41)	954	955	(40)	915
Programmes and broadcasting rights (TF1)	746	(131)	615	778	(142)	636
TOTAL	3,249	(300)	2,949	3,022	(295)	2,727
(a) Includes: impairment losses impairment reversals		(110) 107			(93) 99	
(b) Includes Bouygues Immobilier: properties under construction €1,234m, completed properties €25m.						

Operating commitments not yet recognised involving future outflows of resources

(\$ million)	Falling due			Total 2012	Total 2011
	Less than 1 year	1 to 5 years	More than 5 years		
TF1					
Programmes and broadcasting rights ^(a)	589	641	38	1,268	1,511
Sports transmission rights	189	349	-	538	591
FUTURE PROGRAMMING SCHEDULES	778	990	38	1,806	2,102
Comparative at 31 December 2011	767	1,254	81	2,102	-

(a) 2012: some of these contracts are denominated in foreign currencies: €14.3m in Swiss francs, €1.4m in pounds sterling and €360.9m in US dollars.

Bouygues Immobilier

RECIPROCAL OFF BALANCE SHEET					
OPERATING COMMITMENTS RELATING TO ACQUISITION OF LAND BANKS					
230	-	-	-	230	282
Comparative at 31 December 2011	282	-	-	282	-

Bouygues Telecom

AGREEMENTS TO SECURE HANDSET SUPPLIES	298	-	-	298	170
Comparative at 31 December 2011	170	-	-	170	-

As of 31 December 2012, programmes and broadcasting rights were held mainly by TF1 SA (€468m, versus €624m in 2011) and GIE AD (€728m, versus €809m in 2011).

Sports transmission rights were held mainly by TF1 SA and TF1 DS (€188m in 2012, versus €260m in 2011) and Eurosport (€350m in 2012, versus €331m in 2011).

4.2 Advances and down-payments on orders

480

(€ million)	31 December 2012			31 December 2011		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Advances and down-payments on orders	489	(9)	480	404	(14)	390

4.3 Trade receivables, tax assets and other current receivables

8,634

(€ million)	31 December 2012			31 December 2011		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Trade receivables						
(including unbilled receivables)	6,979	(615)	6,364	7,277	(538)	6,739
Current tax assets (tax receivable)	186	(2)	184	123	(2)	121
Other receivables and prepaid expenses:						
• Other operating receivables (employees, social security, government and other)	1,311	(83)	1,228	1,338	(79)	1,259
• Sundry receivables	747	(91)	656	656	(81)	575
• Prepaid expenses	202	-	202	216	-	216
TOTAL OTHER CURRENT RECEIVABLES & PREPAID EXPENSES	2,260	(174)	2,086	2,210	(160)	2,050
TOTAL	9,425	(791)	8,634	9,610	(700)	8,910

Split of carrying amount of trade receivables between non past due and past due balances

(€ million)	Non past due	Past due by:			Total
		0-6 months	6-12 months	> 12 months	
Trade receivables	4,807	1,359	293	520	6,979
Impairment of trade receivables	(49)	(136)	(94)	(336)	(615)
CARRYING AMOUNT OF TRADE RECEIVABLES AT 31 DECEMBER 2012	4,758	1,223	199	184^(a)	6,364
Carrying amount of trade receivables at 31 December 2011	5,140	1,159	278	162	6,739

(a) Includes €98m for Colas and €58m for Bouygues Construction.

An analysis of trade receivables more than 12 months past due and not covered by impairment allowances revealed no additional credit risk (recoverable VAT, offset with trade creditors, etc.).

4.4 Cash and cash equivalents

4,487

Cash and cash equivalents (€ million)	31 December 2012			31 December 2011		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Cash	1,532	-	1,532 ^(a)	1,297	-	1,297
Cash equivalents	2,958	(3)	2,955 ^(b)	2,124	(6)	2,118
TOTAL	4,490	(3)	4,487	3,421	(6)	3,415

(a) Includes €375m of term deposits with maturities of less than 3 months recorded in the books of Bouygues SA.

(b) €2,755m of these cash equivalents are held by Bouygues SA.

Surplus cash is invested with high-quality French and foreign banks.

Cash equivalents are readily convertible into cash.

Cash equivalents are measured at fair value.

All investments of cash and equivalents were available as of 31 December 2012.

The net cash position shown in the cash flow statement breaks down by currency as follows:

Split of net cash position by currency (€ million)	Euro	Pound sterling	Swiss franc	Other European currencies	US dollar	Other currencies	Total 31/12/2012	Total 31/12/2011
Cash	738	138	32	76	61	487	1,532	1,297
Cash equivalents	2,947	-	-	8	-	-	2,955	2,118
Overdrafts and short-term bank borrowings	(75)	(5)	(3)	(33)	-	(73)	(189)	(239)
TOTAL: 31 DECEMBER 2012	3,610	133	29	51	61	414	4,298	3,176
Total: 31 December 2011	2,660	131	32	(50)	55	348	3,176	-

4.5 Analysis of depreciation, amortisation, impairment and provisions in the balance sheet and income statement

(€ million)	Charges and reversals (operating)							31/12/2012
	31/12/2011	Translation adjustments	Depre- ciation and amorti- sation	Impair- ment and provisions	Reversals (unutilised)	Other provisions (non- current, financial, tax inspections)	Other movements ^(a)	
Depreciation, amortisation & impairment of property, plant and equipment and intangible assets	(11,708)	7	(1,462)	-	3	(9)	760	(12,409)
Impairment of goodwill	(65)	-	-	(6)	-	-	2	(69)
Impairment of investments in non-consolidated companies	(149)	-	-	-	-	(2)	(2)	(153)
Impairment of other non-current financial assets	(127)	-	-	(4)	1	(2)	(2)	(134)
Impairment of inventories	(295)	(1)	-	(25)	22	-	(1)	(300)
Impairment of trade receivables	(539)	-	-	(147)	77	-	(6)	(615)
Impairment of cash equivalents	(6)	-	-	-	-	1	2	(3)
Impairment of other current assets	(176)	-	-	(8)	5	-	(6)	(185)
TOTAL DEDUCTED FROM ASSETS	(13,065)	6	(1,462)	(190)	108	(12)	747	(13,868)
Current and non-current provisions	(2,696)	1	-	(331)	339	(131)	(158)	(2,976)
TOTAL RECOGNISED AS LIABILITIES	(2,696)	1	-	(331)	339	(131)	(158)	(2,976)

(a) Reversals on disposals, and changes in scope of consolidation.

4.6 Other current financial assets

34

(€ million)	31 December 2012	31 December 2011
Financial instruments used to hedge financial liabilities	24	23
Other financial assets (financial receivables due within less than 1 year, financial instruments related to working capital items, etc.)	10	15
TOTAL	34	38

NOTE 5 – CONSOLIDATED SHAREHOLDERS' EQUITY

5.1 Share capital of Bouygues SA

€324,232,374

As of 31 December 2012, the share capital of Bouygues SA consisted of 324,232,374 shares with a €1 par value. Movements during 2012 were as follows:

	31 December 2011	Movements during 2012		31 December 2012
		Reductions	Increases	
Shares	314,869,079	-	9,363,295	324,232,374
NUMBER OF SHARES	314,869,079	-	9,363,295	324,232,374
Par value	€1	-	-	€1
SHARE CAPITAL (€)	314,869,079	-	9,363,295	324,232,374

Bouygues Confiance 6 employee share ownership plan: December 2012 capital increase via issuance of 9,363,295 Bouygues shares, i.e. €150m (€28m still to be collected in January 2013).

On 7 January 2013, Bouygues acquired 5,074,906 of its own shares for €99m in connection with this plan.

5.2 Shareholders' equity at 31 December 2012 attributable to the Group and to minority interests

(€ million)	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves and profit for the period	Treasury shares	Items recognised directly in equity	Total 31/12/2012
Attributable to the Group	324	979	808	2,094	4,547	-	(174)	8,578
Attributable to minority interests	-	-	-	-	1,497	-	3	1,500
TOTAL SHAREHOLDERS' EQUITY	324	979	808	2,094	6,044	-	(171)^(a)	10,078

(a) Cumulative balance of items recognised directly in equity as of 31 December 2012.

5.3 Analysis of income and expense recognised directly in equity

(€ million)	Ref.	2012 Attributable to the Group	2011 Attributable to the Group
Translation reserve	5.3.1	12	61
Fair value remeasurement reserve (financial instruments)	5.3.2	5	(69)
Actuarial gains/(losses)	5.3.3	(78)	25
Taxes on items recognised directly in equity		32	2
Share of remeasurements of associates		(57)	(49)
SUB-TOTAL		(86)	(30)
		Minority interests	Minority interests
Other income & expenses attributable to minority interests		(3)	2
TOTAL		(89)	(28)

5.3.1 Translation reserve

Principal translation adjustments in the year ended 31 December 2012 arising on the consolidated financial statements of foreign subsidiaries and associates reporting in the following currencies:

	31 December 2011	Movements	31 December 2012 during 2012
US dollar	(2)	(8)	(10)
Canadian dollar	33	(1)	32
Australian dollar	9	-	9
Pound sterling	(6)	2	(4)
Thai baht	7	(1)	6
South African rand	(15)	17	2
Swiss franc	8	-	8
Czech koruna	7	1	8
Croatian kuna	4	-	4
Polish zloty	5	(1)	4
Other currencies	19	16	35
TOTAL	69	25^(b)	94^(a)

(a) Includes cumulative translation adjustments on associates: €30m (including +€24m for Alstom).

(b) Split: subsidiaries +€12m, associates +€13m.

5.3.2 Fair value remeasurement reserve (attributable to the Group)

Amounts recognised directly in equity on the remeasurement at fair value of financial instruments used for hedging purposes and of available-for-sale financial assets.

(€ million)	31 December 2011	Movements	31 December 2012 during 2012
Gross movement (excluding associates)	(16)	5	(11)

This mainly relates to cash flow hedges, currency hedges, and fair value remeasurement of available-for-sale financial assets.

5.3.3 Actuarial gains and losses on employee benefits (IAS 19) (attributable to the Group)

(€ million)	31 December 2011	Movements during 2012	31 December 2012
Gross movement (excluding associates)	27	(78) ^(a)	(51)

(a) Impact of the Iboxx A10+ rate (3.30% at 31 December 2012, versus 5.46% at 31 December 2011).

5.4 Analysis of “Other transactions with shareholders” (attributable to the Group)

Share-based payment (IFRS 2): impact on consolidated shareholders’ equity.

(€ million)	2012	2011	(matching entry charged to profit or loss)
TF1 and Bouygues SA stock options			
Transfer to reserves:			
• TF1	1	1	
• Bouygues SA	10	18	2012 expense calculated on the basis of plans awarded since March 2008
CONSOLIDATED EXPENSE	11	19	
2012 employee share ownership plans			
• Bouygues Confiance 6 plan	4	-	Cost of employee benefit
TOTAL	15	19	

5.5 Analysis of “Capital and reserves transactions, net”

The movement of €176m relates mainly to the €150m capital increase carried out in connection with the Bouygues Confiance 6 employee share ownership plan (see Note 5.1).

5.6 Analysis of “Acquisitions/disposals without loss of control” and “Other movements”

The net movement of €178m, split between the portion attributable to the Group (-€17m) and the portion attributable to minority interests (+€195m), mainly relates to the following transactions:

- Sale of 20% of Eurosport and theme channels to the Discovery Communications group: +€93m gain on disposal (of which +€41m is attributable to the Group) and acquisition of 20% of net assets by minority interests (+€103m)196 See Note 1.2.1
- Impact of Bouygues Telecom capital increase (portion attributable to Decaux)22

NOTE 6 - NON-CURRENT AND CURRENT PROVISIONS 2,173/803

6.1 Non-current provisions

2,173

(€ million)	Long-term employee benefits ^(a)	Litigation and claims ^(b)	Guarantees given ^(c)	Other non-current provisions ^(d)	Total
31 DECEMBER 2010	498	364	372	636	1,870
Movements during 2011					
Translation adjustments	1	-	-	(1)	-
Changes in scope of consolidation	-	-	-	(6)	(6)
Charges to provisions	41	99	110	108	358
Reversals of provisions (utilised or unutilised)	(27)	(106)	(104)	(88)	(325) ^(e)
Actuarial gains and losses	(27)	-	-	-	(27)
Transfers and other movements	(6)	3	4	(6)	(5)
31 DECEMBER 2011	480	360	382	643	1,865
Movements during 2012					
Translation adjustments	1	1	-	1	3
Changes in scope of consolidation	20	(3)	2	5	24
Charges to provisions	59	86	110	255	510
Reversals of provisions (utilised or unutilised)	(22)	(107)	(101)	(128)	(358) ^(f)
Actuarial gains and losses	83	-	-	-	83
Transfers and other movements	7	-	(5)	44	46
31 DECEMBER 2012	628	337	388	820	2,173

Provisions are measured on the basis of management's best estimate of the risk.

(a) Long-term employee benefits (see Note 19.2)	628
Lump-sum retirement benefits.....	424
Long-service awards.....	135
Other long-term employee benefits	69
(b) Litigation and claims	337
Provisions for customer disputes.....	158
Subcontractor claims.....	31
Employee-related/other litigation & claims.....	148
(c) Guarantees given.....	388
Provisions for guarantees given.....	290
Provisions for additional building/civil engineering/civil works guarantees	98
(d) Other non-current provisions	820
Risks related to official inspections.....	207
Miscellaneous foreign risks.....	93
Provisions for subsidiaries and affiliates	67
Dismantling and site rehabilitation.....	237
Other non-current provisions	216

Principal segments involved:

Bouygues Construction	172
Colas.....	346
TFI.....	28
Bouygues Telecom.....	48
Bouygues Construction.....	183
Bouygues Immobilier.....	39
Colas.....	103
Bouygues Construction.....	288
Bouygues Immobilier.....	28
Colas.....	72
Bouygues Construction	241
Colas.....	300
Bouygues Telecom.....	184

Other non-current provisions as of 31 December 2012 include the impact of the Bouygues Telecom voluntary redundancy plan.

(e) Including reversals of unutilised provisions during 2011

(f) Including reversals of unutilised provisions during 2012

6.2 Current provisions

803

Provisions related to the operating cycle (see Note 2):

(€ million)	Provisions for customer warranties	Provisions for project risks and project completion ^(e)	Provisions for expected losses to completion ^(b)	Other current provisions ^(a)	Total
31 DECEMBER 2010	57	294	282	297	930
Movements during 2011					
Translation adjustments	-	1	(6)	(2)	(7)
Changes in scope of consolidation	(1)	(2)	(2)	3	(2)
Charges to provisions	25	139	95	136	395
Reversals of provisions (utilised or unutilised)	(23)	(139)	(165)	(158)	(485) ^(c)
Transfers and other movements	(2)	(4)	1	5	-
31 DECEMBER 2011	56	289	205	281	831
Movements during 2012					
Translation adjustments	-	1	(2)	(3)	(4)
Changes in scope of consolidation	(1)	1	1	(1)	-
Charges to provisions	28	161	80	110	379
Reversals of provisions (utilised or unutilised)	(31)	(153)	(106)	(118)	(408) ^(d)
Transfers and other movements	4	(7)	(2)	10	5
31 DECEMBER 2012	56	292	176	279	803

(a) Other current provisions comprise:

Reinsurance costs.....	6
Current customer disputes and TF1 vendor's liability guarantees.....	29
Customer loyalty programmes (Bouygues Telecom)	18
Site rehabilitation (current portion)	11
Miscellaneous current provisions	219

Segments involved:

Bouygues Construction.....	81
Bouygues Immobilier.....	34
Colas.....	70
TF1.....	53

(b) Provisions relating to construction activities (mainly Bouygues Construction and Colas).

(Individual project provisions are not disclosed for confidentiality reasons).

(c) Includes reversals of unutilised provisions during 2011.....(125)

(d) Includes reversals of unutilised provisions during 2012(163)

(e) Mainly Bouygues Construction and Colas.

NOTE 7 – NON-CURRENT TAX ASSETS AND LIABILITIES 272/170

7.1 Non-current tax assets

272

(€ million)	31 December 2011	Movements during 2012	31 December 2012
Deferred tax assets			
Bouygues Construction	77	17	94
Bouygues Immobilier	23	(2)	21
Colas	152	(3)	149
Bouygues Telecom	-	-	-
TF1	6	5	11
Bouygues SA and other	(2)	(1)	(3)
TOTAL NON-CURRENT TAX ASSETS	256	16	272

Deferred tax assets mainly derive from:

- temporary differences (provisions temporarily non-deductible for tax purposes, etc.);
- tax losses with a genuine probability of recovery.

7.2 Non-current tax liabilities

170

(€ million)	31 December 2011	Movements during 2012	31 December 2012
Deferred tax liabilities	202	(32)	170 ^(a)
Other non-current tax liabilities	1	(1)	-
TOTAL NON-CURRENT TAX LIABILITIES	203	(33)	170

(a) Includes €98m for Colas and €51m for Bouygues Telecom.

7.3 Net deferred tax asset/liability by business segment

(€ million)	Movements during 2012						
Deferred taxation by segment and type	Net deferred tax asset/(liability) at 31/12/2011	Changes in scope of consolidation	Translation adjustments	Gain	Expense	Other items ^(a)	Net deferred tax asset/(liability) at 31/12/2012
A - Tax losses available for carry-forward							
Bouygues Construction	3	2	1	-	(1)	(1)	4
Bouygues Immobilier	-	-	-	-	-	-	-
Colas	7	-	-	-	(4)	-	3
TF1	6	-	-	-	(2)	-	4
Bouygues SA	-	-	-	-	-	-	-
SUB-TOTAL	16	2	1	-	(7)	(1)	11
B - Temporary differences							
Bouygues Construction	68	-	(1)	7	-	10	84
Bouygues Immobilier	22	-	-	-	(5)	2	19
Colas	35	4	1	9	(13)	12	48
TF1	(10)	-	-	7	(2)	2	(3)
Bouygues Telecom	(72)	(1)	-	16	-	6	(51)
Bouygues SA and other	(6)	-	-	-	(22)	22	(6)
SUB-TOTAL	37	3	-	39	(42)	54	91
TOTAL	53	5	1	39	(49)	53	102^(b)

(a) Mainly deferred taxation on changes in fair value remeasurements of financial instruments and on actuarial gains/losses on employee benefit.

(b) Breakdown of net deferred tax asset (€m):

- deferred tax assets:	272
- deferred tax liabilities:	(170)
	102

• principal sources of deferred taxation (€m):	31/12/2012	31/12/2011
- deferred tax assets on employee benefits (mainly lump-sum retirement benefits):	170	133
- deferred tax assets on provisions temporarily non-deductible for tax purposes:	99	70
- restricted provisions booked solely for tax purposes:	(93)	(104)
- other:	(74)	(46)
	102	53

7.4 Period to recovery of deferred tax assets

31 December 2012 (€ million)	Less than 2 years	2 to 5 years	More than 5 years	Total
Estimated period to recovery of deferred tax assets	130	81	61 ^(a)	272

(a) Mainly Colas (primarily deferred tax assets on employee benefits and tax loss carry-forwards).

7.5 Unrecognised deferred tax assets

Some deferred tax assets were not recognised as of 31 December 2012 due to the low probability of recovery (mainly tax loss carry-forwards, which in the case of France are relevant only to companies not included in the Bouygues SA group tax election).

(€ million)	31 December 2011	Movements during 2012	31 December 2012
Bouygues Construction	118	7	125
Bouygues Immobilier	47	2	49
Colas	59	4	63
TF1	24	(1)	23
TOTAL UNRECOGNISED DEFERRED TAX ASSETS	248	12	260

NOTE 8 – NON-CURRENT AND CURRENT DEBT 8,453

Non-current debt	7,502
Current debt	951

8.1 Interest-bearing debt by maturity

(€ million)	Current debt (maturing 2013)					Non-current debt						
	Accrued interest	1 to 3 months	4 to 12 months	Total maturing 2013	1 to 2 years 2014	2 to 3 years 2015	3 to 4 years 2016	4 to 5 years 2017	5 to 6 years 2018	6 or more years 2019 & later	Total 31/12/2012	Total 31/12/2011
Bond issues	162	-	710 ^(a)	872	755	999	600	-	499	4,027	6,880	6,094
Bank borrowings	-	8	42	50	72	35	272	49	14	93	535	589
Finance lease obligations	-	3	13	16	11	6	4	3	2	-	26	35
Other borrowings	-	3	10	13	12	17	11	9	1	11	61	89
TOTAL DEBT	162	14	775	951	850	1,057	887	61	516	4,131	7,502	6,807
Comparative at 31/12/2011	121	21	74	216	782	821	1,373	629	51	3,151	-	6,807

(a) Relates to a bond issue redeemable in May 2013.

Finance lease obligations by business segment (€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total
Non-current: 31/12/2012	-	-	20	6	-	-	26
Current: 31/12/2012	1	-	11	4	-	-	16
Non-current: 31/12/2011	-	-	24	11	-	-	35
Current: 31/12/2011	1	-	9	4	6	-	20

8.2 Confirmed credit facilities and drawdowns

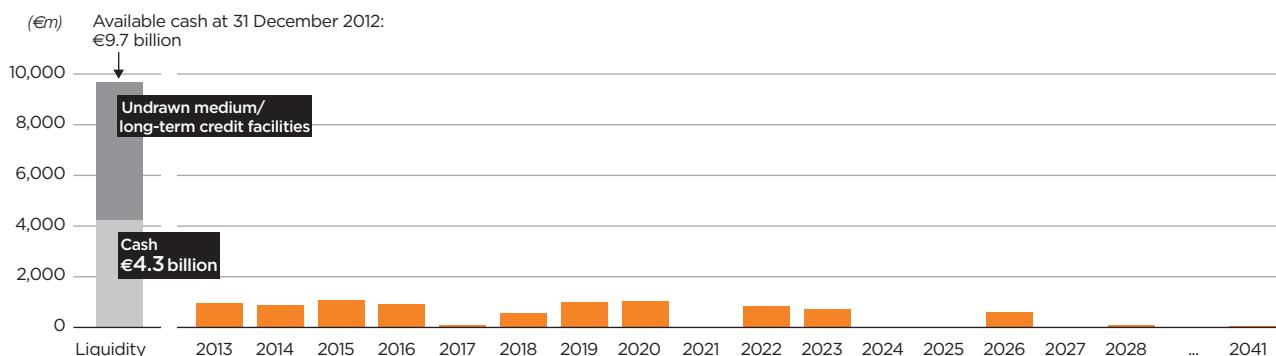
Description (€ million)	Confirmed facilities – Maturity				Drawdowns – Maturity			
	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues (mainly Bouygues SA)	872	2,354	4,526	7,752	872	2,354	4,526	7,752
Bank borrowings ^(a)	947	4,891	158	5,996	50	428	107	585
Finance lease obligations	16	24	2	42	16	24	2	42
Other borrowings	13	49	12	74	13	49	12	74
TOTAL CREDIT FACILITIES	1,848	7,318	4,698	13,864	951	2,855	4,647	8,453

(a) Undrawn confirmed credit facilities: €5,411m.

8.3 Liquidity at 31 December 2012

As at 31 December 2012, available cash stood at €4,281m (including -€17m for financial instruments contracted to hedge net debt). The Group also had €5,411m of undrawn confirmed credit facilities as at the same date.

Debt maturity schedule



The bond issues maturing 2013, 2015, 2016, 2018, 2019, 2022, 2023 and 2026 contain a change of control clause relating to Bouygues SA.

The credit facilities contracted by Bouygues SA and its subsidiaries contain no financial covenants or trigger event clauses.

8.4 Split of non-current and current debt by interest rate type

Split of current and non-current debt, including the effect of all open interest rate hedges at the balance sheet date:

(%)	31 December 2012	31 December 2011
Fixed rate ^(a)	94	90
Floating rate	6	10

(a) Rates fixed for more than one year.

8.5 Interest rate risk

The split of financial assets and financial liabilities by type of interest as of 31 December 2012 is shown below:

(€ million)	Floating rate	Fixed rate	Total
Financial liabilities (debt)	(863)	(7,590)	(8,453)
Financial assets (net cash) ^(a)	4,281	-	4,281
Net position before hedging	3,418	(7,590)	(4,172)
Interest rate hedges	342	(342)	-
Net position after hedging	3,760	(7,932)	(4,172)
Adjustment for seasonal nature of some activities	(584)	-	-
Net position after hedging and adjustment	3,176	-	-

(a) Includes -€17m for the fair value of financial instruments contracted to hedge net debt.

The effect of an immediate 1% rise in short-term interest rates on the net position described above would be to reduce the cost of net debt by €32m over a full year.

8.6 Split of non-current and current debt by currency

(€ million)	Europe						Total
	Euro	Pound sterling	Other currencies	US dollar	Hong Kong dollar	Other currencies	
Non-current: 31/12/2012	6,712	666	7	51	24	42	7,502
Current: 31/12/2012	902	12	14	8	1	14	951
Non-current: 31/12/2011	6,001	697	4	38	29	38	6,807
Current: 31/12/2011	160	10	21	23	1	1	216

An analysis of debt by business segment is provided in Note 16.

Details of collateral and pledges given by the Bouygues group are provided in Note 18.1 (breakdown by business segment).

NOTE 9 – MAIN COMPONENTS OF CHANGE IN NET DEBT (4,172)

9.1 CHANGE IN NET DEBT

(€ million)	31 December 2011	Movements during 2012	31 December 2012
Cash and cash equivalents	3,415	1,072	4,487
Overdrafts and short-term bank borrowings	(239)	50	(189)
NET CASH POSITION	3,176	1,122	4,298^(a)
Non-current debt	(6,807)	(695)	(7,502)
Current debt	(216)	(735)	(951)
Financial instruments, net	(15)	(2)	(17)
TOTAL DEBT	(7,038)	(1,432)	(8,470)
NET DEBT	(3,862)	(310)	(4,172)

(a) Net cash position as analysed in the 2012 cash flow statement (net cash flows + non-monetary movements).

9.2 Principal net debt transactions in the year ended 31 December 2012

NET DEBT AT 31 DECEMBER 2011	(3,862)
Non-current transactions:	
• Acquisition of 4G licences (Note 3.2.2)	(726)
• Non-current disposals	426 ^(a)
Acquisitions/disposals, including changes in scope of consolidation and other impacts on equity	(123) ^(b)
Dividends paid	(608)
Transactions involving the share capital of Bouygues SA (Note 5.1)	122 ^(c)
Operating items	599
NET DEBT AT 31 DECEMBER 2012	(4,172)

(a) Includes €192m for the sale of 20% of Eurosport and the pay-TV theme channels by TF1 to the Discovery Communications group, and €234m for the divestment of telecoms masts and data centres by Bouygues Telecom.

(b) Includes (€94m) in respect of the price paid/received on acquisitions/disposals of consolidated activities and investments in non-consolidated companies, excluding the proceeds from the divestment of 85% of France Pylônes Services (reported in "Non-current disposals").

(c) Capital increase in connection with the Bouygues SA Confiance 6 employee share ownership plan: €122m.

NOTE 10 - CURRENT LIABILITIES

16,831

10.1 Breakdown of current liabilities

(€ million)	31 December 2012	31 December 2011
Advances and down-payments received	1,449	1,574
Current debt ^(a)	951	216
Current taxes payable	82	136
Trade payables	6,925	6,826
Current provisions ^(b)	803	831
Other current liabilities	-	-
• Other operating liabilities (employees, social security, government)	2,529	2,576
• Deferred income	1,859	1,843
• Other non-financial liabilities	1,984	2,026
Overdrafts and short-term bank borrowings	189	239
Financial instruments	41	38
Other current financial liabilities	19	64
TOTAL	16,831	16,369

(a) See analysis in Note 8, "Non-current and current debt".

(b) See analysis in Note 6.2, "Current provisions".

NOTE 11 – ANALYSIS OF SALES AND OTHER REVENUE FROM OPERATIONS

11.1 Analysis by accounting classification

(€ million)	2012	2011
Sales of goods	3,476	3,090
Sales of services	11,838	12,253
Construction contracts	18,233	17,363
SALES	33,547	32,706
OTHER REVENUES FROM OPERATIONS	107	139
TOTAL REVENUES	33,654	32,845

There were no material exchanges of goods or services in the year ended 31 December 2012.

Consolidated balance sheet: information about construction contracts

(€ million)	Bouygues Construction	Colas	Total
Works to be rebilled	360	395	755
Warranty retention	125	97	222
Works billed in advance	(1,363)	(322)	(1,685)
Advance payments received	(771)	(110)	(881)

11.2 Analysis by business segment

(€ million)	2012 sales				2011 sales			
	France	International	Total	%	France	International	Total	%
Construction	5,414	4,987	10,401	31	5,185	4,431	9,616	29
Property	2,263	133	2,396	7	2,342	122	2,464	7
Roads	7,287	5,669	12,956	39	7,140	5,155	12,295	38
Media	2,129	446	2,575	8	2,203	392	2,595	8
Telecoms	5,208	-	5,208	15	5,725	-	5,725	18
Bouygues SA & other	7	4	11	-	6	5	11	-
CONSOLIDATED SALES	22,308	11,239	33,547	100	22,601	10,105	32,706	100

11.3 Analysis by geographical area

Sales are allocated to the territory in which the sale is generated.

(€ million)	2012 sales		2011 sales	
	Total	%	Total	%
France	22,308	66	22,601	69
European Union (27 members)	3,543	11	3,299	10
Rest of Europe	1,181	3	1,146	4
Africa	1,280	4	1,327	4
Middle East	203	1	160	-
North America	2,827	8	2,520	8
Central and South America	223	1	151	-
Asia-Pacific	1,710	5	1,293	4
Oceania	272	1	209	1
Other	-	-	-	-
TOTAL	33,547	100	32,706	100

11.4 Split by type of contract, France/international

(%)	2012			2011		
	France	International	Total	France	International	Total
Public-sector contracts ^(a)	31	61	41	30	63	41
Private-sector contracts	69	39	59	70	37	59

(a) Sales billed directly to government departments, local authorities or public enterprises (mainly works and maintenance contracts) in France and abroad.

NOTE 12 – OPERATING PROFIT
1,120

(€ million)	2012	2011
Sales	33,547	32,706
Other revenue from operations	107	139
Purchases used in production and external charges	(23,575)	(22,348)
Personnel costs	(7,062)	(6,778)
Taxes other than income tax	(664)	(653)
Net depreciation, amortisation, provisions and impairment		
• Depreciation and amortisation ^(*)	(1,462)	(1,411)
• Net charges to provisions and impairment losses ^(*)	(521)	(387)
Change in production and property development inventories	189	(22)
Other income from operations	1,330	1,288
• Reversals of unutilised provisions ^(*)	447	375
• Other miscellaneous income ^(a)	883	913
Other expenses on operations ^(a)	(603)	(715)
CURRENT OPERATING PROFIT^(*)	1,286	1,819
Other operating income ^(b)	34	38
Other operating expenses ^(c)	(200)	-
OPERATING PROFIT	1,120	1,857

^(*) Components used in the calculation of EBITDA.

See Note 16 for an analysis by business segment.

(a) Includes net gains on disposals of non-current assets of €56m in 2012, and €67m in 2011.

(b) **2012**

Gain on disposals of non-current assets by Bouygues Telecom (see Note 1).

2011

Miscellaneous gains on disposals by Bouygues Telecom.

(c) **2012**

TFI: impact of phase II of the optimisation plan (€48m).

Bouygues Telecom: impact of the adaptation plan (€152m).

NOTE 13 – COST OF NET DEBT OTHER FINANCIAL INCOME AND EXPENSES (290) 11

13.1 Analysis of cost of net debt

(€ million)	2012	2011
Financial expenses comprising:	(352)	(359)
Interest expense on debt	(317)	(323)
Interest expense related to treasury management	(27)	(30)
Interest expense on finance leases	(2)	(2)
Negative impact of financial instruments	(6)	(4)
Financial income comprising:	62	82
Interest income from cash and cash equivalents	43	40
Income and gains on disposal from cash and cash equivalents	19	42
Positive impact of financial instruments	-	-
TOTAL COST OF NET DEBT	(290)	(277)

Interest expense on debt is reported net of interest expense capitalised in compliance with IAS 23, relating to the acquisition of 4G licences classified as non-current assets in progress on 31 December 2012.

13.2 Other financial income and expenses

(€ million)	2012	2011
Other financial income	63	55
Other financial expenses	(52)	(68)
OTHER FINANCIAL INCOME/(EXPENSES), NET	11	(13)

“Other financial income and expenses” include gains or losses on disposals of investments in non-consolidated companies, interest paid to investors on calls for funds (commercial property), commitment fees, changes in the fair value of “Other current financial assets” and other items during the period.

The net year-on-year change of €24m is due largely to financial income of €6m recognised by TF1 on the fair value remeasurement of the interest in Groupe AB, and to gains on disposals of investments in non-consolidated companies (especially by Bouygues Construction).

NOTE 14 – INCOME TAX EXPENSE (330)

14.1 Analysis of income tax expense

(€ million)	2012			2011		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(237)	(83)	(320)	(316)	(120)	(436)
Deferred tax liabilities	(6)	(3)	(9)	7	(3)	4
Deferred tax assets	7	(8)	(1)	(92)	(4)	(96)
TOTAL	(236)	(94)	(330)	(401)	(127)	(528)

See Note 16 for an analysis by business segment.

14.2 Tax proof (reconciliation between standard tax rate and effective tax rate)

Differences between the standard corporate income tax rate applicable in France and the effective tax rate based on the consolidated financial statements are explained as follows:

(€ million)	2012	2011
NET PROFIT (100%)	728	1,237
Eliminations:		
Income tax expense	330	528
Net profit of discontinued and held-for-sale operations	N/A	N/A
Share of profits/losses of associates and losses on dilution	(217)	(198)
NET PRE-TAX PROFIT FROM CONTINUING OPERATIONS EXCLUDING ASSOCIATES	841	1,567
Standard tax rate in France	36.10%	36.10%
Recognition and utilisation of tax loss carry-forwards	4.23%	3.51%
Effect of permanent differences	(2.40%)	(4.86%)
Flat-rate taxes, dividend taxes and tax credits	1.33%	1.36%
Taxes at rates not linked to profits: differential tax rates, long-term capital gains, foreign taxes	(0.02%)	(2.44%)
EFFECTIVE TAX RATE	39.24%	35.67%

The change in the effective tax rate between 2011 and 2012 is mainly due to new tax measures enacted in France in 2012.

NOTE 15 – NET PROFIT FROM CONTINUING OPERATIONS AND BASIC/DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS

15.1 Net profit from continuing operations

Net profit from continuing operations for the period was €633m:

(€ million)	2012	2011
Net profit from continuing operations (100%)	728	1,237
Minority interests in net profit from continuing operations	(95)	(167)
NET PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE GROUP	633	1,070

15.2 Basic and diluted earnings per share from continuing operations

Basic earnings per share from continuing operations is calculated by dividing net profit from continuing operations attributable to the Group by the weighted average number of shares outstanding during the year, excluding the average number of ordinary shares bought and held as treasury shares.

	2012	2011
Net profit from continuing operations attributable to the Group (€m)	633	1,070
Weighted average number of shares outstanding	315,649,354	349,686,165
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	2.00	3.06

Diluted earnings per share from continuing operations is calculated by reference to the weighted average number of shares outstanding, adjusted for the conversion of all potentially dilutive shares (i.e. stock subscription options legally exercisable and in the money at the balance sheet date).

	2012	2011
Net profit from continuing operations used to calculate diluted earnings per share (€m)	633	1,070
Weighted average number of shares outstanding	315,649,354	349,686,165
Adjustment for potentially dilutive effect of stock options	96,044	272,534
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	2.00	3.06

NOTE 16 – SEGMENT INFORMATION

Segment information is provided in two forms:

- 1. By business segment (CGU):** Construction (Bouygues Construction), Property (Bouygues Immobilier), Roads (Colas), Media (TF1), Telecoms (Bouygues Telecom), Bouygues SA and other.
- 2. By geographical area:** France (including overseas departments), European Union, Rest of Europe, Africa, Asia-Pacific-Oceania, Americas and Middle East (property, plant and equipment is allocated by location of the assets as of 31 December).

Inter-segment sales are generally conducted on an arm's length basis.

An analysis of sales by geographical area is provided in Note 11.3.

The operating segments used in reporting by business segment are those reviewed by the chief operational decision-maker of the Group, and are not aggregated for segment reporting purposes. This information is used to allocate resources to operating segments, and to monitor their performance.

Operating segment information is compiled using the same accounting policies as used in the preparation of the consolidated financial statements, as described in the notes to the financial statements.

The “Bouygues SA and other” segment includes contributions from corporate holding companies, and from entities dedicated to the centralised financing of the Group.

16.1 Analysis by business segment - year ended 31 December 2012

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total 2012
Income statement							
Total sales	10,640	2,396	13,036	2,621	5,226	123	34,042
Inter-segment sales	(239)	-	(80)	(46)	(18)	(112)	(495)
THIRD-PARTY SALES	10,401	2,396	12,956	2,575	5,208	11	33,547
Net depreciation & amortisation expense	(212)	(5)	(457)	(72)	(713)	(3)	(1,462)
Net charges to provisions & impairment losses	(278)	(23)	(109)	(13)	(92)	(6)	(521)
CURRENT OPERATING PROFIT	364	179	406	258	122	(43)	1,286
Other operating income	-	-	-	-	34	-	34
Other operating expenses	-	-	-	(48)	(152)	-	(200)
OPERATING PROFIT	364	179	406	210	4	(43)	1,120
Cost of net debt	16	1	(24)	-	(4)	(279)	(290)
Income tax expense	(129)	(61)	(137)	(71)	(2)	70	(330)
Share of profits/(losses) of associates	(6)	(2)	59	(6)	(4)	176 ^(a)	217
NET PROFIT FROM CONTINUING OPERATIONS	262	110	310	139	(16)	(77)	728
Net profit of discontinued and held-for-sale operations	-	-	-	-	-	-	-
NET PROFIT	262	110	310	139	(16)	(77)	728
NET PROFIT ATTRIBUTABLE TO THE GROUP	267	107	291	59	(14)	(77)	633
Balance sheet							
Property, plant and equipment	629	18	2,467	217	2,975	145	6,451
Intangible assets	48	11	90	128	1,576	33	1,886
Goodwill	421	-	1,099	1,458	2,669	1	5,648
Deferred tax assets and non-current tax receivable	69	20	157	11	-	15	272
Investments in associates	75	-	588	161	13	4,498 ^(b)	5,335
Other non-current assets	304	19	195	16	13	31	578
Cash and cash equivalents	750	82	431	37	41	3,146	4,487
Other assets	-	-	-	-	-	-	12,097
TOTAL ASSETS	-	-	-	-	-	-	36,754
Non-current debt	87	14	258	13	250	6,880	7,502
Non-current provisions	884	99	821	42	237	90	2,173
Deferred tax liabilities and non-current tax liabilities	6	2	98	10	51	3	170
Current debt	8	12	50	4	4	873	951
Other liabilities	-	-	-	-	-	-	26,008
TOTAL LIABILITIES	-	-	-	-	-	-	36,754
Net surplus cash/(net debt)^(c)	3,093	358	(170)	237	(650)	(7,040)	(4,172)
Cash flow statement							
Cash flow	599	180	884	277	786	51	2,777
Acquisitions of property, plant & equipment and intangible assets, net of disposals	159	13	345	45	1,358	32	1,952
Acquisitions of investments in consolidated companies and other investments, net of disposals	18	1	59	9	8	(1)	94
Other indicators							
EBITDA	614	186	832	318	908	(36)	2,822
Free cash flow^(d)	327	107	378	161	(578)	(190)	205

(a) Includes €172m for Alstom.

(b) Includes €4,480m for Alstom.

(c) Contribution at business segment level, including Bouygues Relais and Uniservice internal current accounts (these inter-segment accounts are eliminated in the "Bouygues SA & other" column).

(d) After stripping out the acquisition of the 4G licence (€726m) and the proceeds from the divestment of telecoms masts and data centres (€207m), adjusted free cash flow for the year ended 31 December is €724m.

16.2 Analysis by business segment – year ended 31 December 2011

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total 2011
Income statement							
Total sales	9,802	2,465	12,412	2,620	5,741	120	33,160
Inter-segment sales	(186)	(1)	(117)	(25)	(16)	(109)	(454)
THIRD-PARTY SALES	9,616	2,464	12,295	2,595	5,725	11	32,706
Net depreciation & amortisation expense	(171)	(4)	(461)	(78)	(692)	(5)	(1,411)
Net charges to provisions & impairment losses	(197)	(12)	(114)	(30)	(44)	10	(387)
CURRENT OPERATING PROFIT	353	201	466	283	561	(45)	1,819
Other operating income	-	-	-	-	38	-	38
Other operating expenses	-	-	-	-	-	-	-
OPERATING PROFIT	353	201	466	283	599	(45)	1,857
Cost of net debt	19	2	(24)	1	(10)	(265)	(277)
Income tax expense	(140)	(53)	(163)	(89)	(21)	128	(528)
Share of profits/(losses) of associates	(13)	(10)	59	(14)	(1)	177 ^(a)	198
NET PROFIT FROM CONTINUING OPERATIONS	229	122	341	186	370	(11)	1,237
Net profit of discontinued and held-for-sale operations	-	-	-	-	-	-	-
NET PROFIT	229	122	341	186	370	(11)	1,237
NET PROFIT ATTRIBUTABLE TO THE GROUP	226	120	324	80	331	(11)	1,070
Balance sheet							
Property, plant and equipment	655	17	2,537	231	2,955	147	6,542
Intangible assets	71	5	73	141	916	3	1,209
Goodwill	388	-	1,069	1,458	2,664	1	5,580
Deferred tax assets and non-current tax receivable	60	21	155	6	-	14	256
Investments in associates	54	-	568	1	2	4,460 ^(b)	5,085
Other non-current assets	333	15	216	168	9	29	770
Cash and cash equivalents	553	54	420	36	35	2,317	3,415
Other assets	-	-	-	-	-	-	12,065
TOTAL ASSETS	-	-	-	-	-	-	34,922
Non-current debt	122	3	242	18	328	6,094	6,807
Non-current provisions	797	97	749	42	129	51	1,865
Deferred tax liabilities and non-current tax liabilities	6	1	111	10	72	3	203
Current debt	5	26	48	5	11	121	216
Other liabilities	-	-	-	-	-	-	25,831
TOTAL LIABILITIES	-	-	-	-	-	-	34,922
Net surplus cash/(net debt)^(c)	2,869	507	28	(40)	(581)	(6,645)	(3,862)
Cash flow statement							
Cash flow	546	197	915	346	1,288	33	3,325
Acquisitions of property, plant & equipment and intangible assets, net of disposals	268	12	414	108	1,087	(3)	1,886
Acquisitions of investments in consolidated companies and other investments, net of disposals	45	2	82	(7)	2	(10)	114
Other indicators							
EBITDA	549	181	934	357	1,272	(51)	3,242
Free cash flow^(d)	157	134	314	150	(20)	(101)	634

(a) Includes €175m for Alstom.

(b) Includes €4,444m for Alstom.

(c) Contribution at business segment level, including Bouygues Relais and Uniservice internal current accounts (these inter-segment accounts are eliminated in the "Bouygues SA & other" column).

(d) After stripping out the acquisition of the 4G licence (€228m), adjusted free cash flow for the year ended 31 December is €862m.

16.3 Analysis by geographical area

(€ million)	France ^(a)	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total
BALANCE SHEET								
Property, plant and equipment ^(b)	4,918	314	130	189	203	689	8	6,451
Intangible assets	1,826	24	1	11	3	21	-	1,886
CASH FLOW STATEMENT								
Purchase price of property, plant & equipment and intangible assets	2,020	27	27	58	54	118	3	2,307

(a) Includes French overseas departments.

(b) Includes assets held under finance leases.

(€ million)	France ^(a)	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total
BALANCE SHEET								
Property, plant and equipment ^(b)	4,878	327	123	229	231	730	24	6,542
Intangible assets	1,158	24	1	1	1	24	-	1,209
CASH FLOW STATEMENT								
Purchase price of property, plant & equipment and intangible assets	1,614	63	34	81	102	149	13	2,056

(a) Includes French overseas departments.

(b) Includes assets held under finance leases.

16.4 Income statement by function

2012 (€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total
CONSOLIDATED SALES	10,401	2,396	12,956	2,575	5,208	11	33,547
Cost of sales	(8,960)	(1,982)	(11,364)	(1,748)	(4,287)	(20)	(28,361)
GROSS PROFIT	1,441	414	1,592	827	921	(9)	5,186
Research and development expenses	(17)	(1)	(28)	(6)	(17)	(1)	(70)
Selling expenses	(388)	(166)	-	(208)	(165)	-	(927)
Administrative expenses	(671)	(68)	(1,158)	(355)	(617)	(28)	(2,897)
Other income/(expenses)	(1)	-	-	-	-	(5)	(6)
CURRENT OPERATING PROFIT	364	179	406	258	122	(43)	1,286
2011 (€ million)	Construction	Property	Roads	Media ^(b)	Telecoms	Bouygues SA & other	Total
CONSOLIDATED SALES	9,616	2,464	12,295	2,595	5,725	11	32,706
Cost of sales	(8,263)	(2,035)	(10,740)	(1,751)	(4,380)	(27)	(27,196)
GROSS PROFIT	1,353	429	1,555	844	1,345	(16)	5,510
Research and development expenses	(15)	(2)	(28) ^(a)	(7)	(20)	(1)	(73)
Selling expenses	(365)	(158)	-	(214)	(175)	-	(912)
Administrative expenses	(618)	(68)	(1,061)	(340)	(589)	(30)	(2,706)
Other income/(expenses)	(2)	-	-	-	-	2	-
CURRENT OPERATING PROFIT	353	201	466	283	561	(45)	1,819

(a) A narrower definition of development expenses was applied in 2012, and the 2011 comparative has been adjusted accordingly.

(b) Following the introduction of new accounting and financial information systems in 2011 and 2012, the allocation of costs by function has been adjusted; this adjustment has also been applied retrospectively to the 2011 comparatives.

NOTE 17 – FINANCIAL INSTRUMENTS

The tables below show aggregate notional amounts at 31 December 2012 for each type of financial instrument used, split by residual maturity for interest rate hedges and by currency for currency hedges.

17.1 Interest rate hedges

17.1.1 Analysis by maturity

Maturity (€ million)	Notional amounts at 31/12/2012			Total 31/12/2011	Notional amounts 31/12/2011
	2013	2014 to 2017	After 2017		
Interest rate swaps					
• on financial assets	626	1	-	627 ^(a)	353
• on financial liabilities	129	826	115	1,070 ^(b)	1,397
Caps/floors					
• on financial assets	-	-	-	-	-
• on financial liabilities	150	6	-	156	150

(a) Of which pay fixed rate: €627m.

(b) Of which pay fixed rate: €1,070m.

17.1.2 Analysis by business segment

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total 31/12/2012	Total 31/12/2011
Interest rate swaps								
• on financial assets	-	-	-	-	-	627	627	353
• on financial liabilities	19	-	331	-	720	-	1,070	1,397
Caps/floors								
• on financial assets	-	-	-	-	-	-	-	-
• on financial liabilities	6	150	-	-	-	-	156	150

In the case of renewable interest rate hedges, the amounts shown in each column relate to the longest maturity.

17.2 Currency hedges

17.2.1 Analysis by original currency

	31 December 2012 (equivalent value in €m)				Total	Total
	US dollar	Pound sterling	Swiss franc	Other currencies	31/12/2012	31/12/2011
Forward purchases/sales						
• forward purchases	190	-	5	62	257	290
• forward sales	196	43	35	180	454	581
Currency swaps	94	61	236	364	755	660

17.2.2 Analysis by business segment

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total 31/12/2012	Total 31/12/2011
Forward purchases/sales								
• forward purchases	66	30	70	70	21	-	257	290
• forward sales	344	-	87	23	-	-	454	581
Currency swaps	27	-	-	12	-	716	755	660

17.3 Market value of hedging instruments

As of 31 December 2012, the market value (net present value) of the hedging instruments portfolio was -€45m. This amount mainly comprises the net present value of interest rate swaps contracted to hedge the Group's debt (fair value hedges and cash flow hedges), and the net present value of forwards and futures contracted to hedge currency risk arising on commercial transactions. The split of this market value by type of hedge is as follows:

- Fair value hedges of components of net debt: -€21m.
- Cash flow hedges: -€24m

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€15m; in the event of a -1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€61m.

In the event of a 1% depreciation in the euro against each foreign currency, the hedging instruments portfolio would have a market value of -€58m

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

NOTE 18 – OFF BALANCE SHEET COMMITMENTS

Notes 18.1 and 18.2 disclose information about guarantee commitments and sundry contractual commitments. Operating lease obligations are shown separately in Note 18.3.

(See also Notes 3, 4 and 8).

18.1 Guarantee commitments

(\$ million)	31/12/2012	Construction Property Roads Media Telecoms Bouygues SA & other					Maturity			31/12/2011	
							Less than 1 year	1 to 5 years	Over 5 years		
Pledges, mortgages and collateral	115	5	-	110	-	-	-	14	87	14	110
Guarantees and endorsements given	88	17	-	64	7	-	-	51	33	4	115
TOTAL GUARANTEE COMMITMENTS GIVEN	203	22	-	174	7	-	-	65	120	18	225
Guarantees and endorsements received	4	-	2	-	2	-	-	-	4	-	10
TOTAL GUARANTEE COMMITMENTS RECEIVED	4	-	2	-	2	-	-	-	4	-	10
NET BALANCE	199	22	(2)	174	5	-	-	65	116	18	215

In connection with its ordinary activities, the Bouygues group grants multi-year guarantees (such as 10-year building guarantees), which are usually covered by statistically-based provisions on the liabilities side of the balance sheet. Contract guarantees provided by banks to Group customers represent

off balance sheet commitments for those banks; where such guarantees are liable to result in payments being made, a provision is recognised by Bouygues in the consolidated balance sheet.

18.2 Sundry contractual commitments

(€ million)	31/12/2012	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity	31/12/2011		
								Less than 1 year	1 to 5 years	Over 5 years	
Image transmission	165	-	-	-	165	-	-	54	104	7	154
Network maintenance	603	-	-	-	-	603	-	113	248	242	69
Lump-sum retirement benefit obligations ^(a)	-	-	-	-	-	-	-	-	-	-	35
Other commitments	445	-	3	-	313 ^(b)	126	3	70	340	35	463
TOTAL SUNDY CONTRACTUAL COMMITMENTS GIVEN	1,213	-	3	-	478	729	3	237	692	284	721
Image transmission	165	-	-	-	165	-	-	54	104	7	154
Network maintenance	603	-	-	-	-	603	-	113	248	242	69
Lump-sum retirement benefit obligations ^(a)	-	-	-	-	-	-	-	-	-	-	35
Other commitments	439	-	-	-	313 ^(b)	126	-	64	340	35	457
TOTAL SUNDY CONTRACTUAL COMMITMENTS RECEIVED	1,207	-	-	-	478	729	-	231	692	284	715
NET BALANCE	6	-	3	-	-	-	3	6	-	-	6

(a) Plan amendments affecting lump-sum retirement benefit plans are now recognised in equity, as a result of the application of the revised IAS 19.

(b) TF1: The commitments disclosed at 31 December 2012 include two commitments made by TF1, to sell 31% of Eurosport and 29% of the pay-TV channels to the Discovery Communications group, measured on the basis of enterprise values as of 31 December 2012. The other commitments made by TF1 to Discovery Communications group are subject to conditions that have not yet been met.

No material off balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards.

18.3 Operating leases

(€ million)	31/12/2012	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity	31/12/2011		
								Less than 1 year	1 to 5 years	Over 5 years	
Operating lease commitments											
Commitments given	1,484	41	36	218	95	1,094	-	206	649	629	1,338
Commitments received	1,484	41	36	218	95	1,094	-	206	649	629	1,338
Operating lease commitments, net											

These figures show the minimum future lease payments due until the normal renewal date of the lease (or earliest potential termination date) under operating leases relating to current operations (land, buildings, plant & equipment, etc.). After revaluation (projected increase in rentals), these amounts mainly take account of a discounting calculation (incremental borrowing rate).

Bouygues Telecom: commitments given in connection with operating activities, primarily commercial leases of property and land intended to house technical installations for the network: includes network site rentals of €360m, property and other rentals of €139m, rentals for the Sequana and Technopôle buildings of €301m, and fibre optic and other miscellaneous commitments of €294m.

18.4 Finance leases (recognised as liabilities in the balance sheet)

(€ million)	31/12/2012	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity	31/12/2011		
								Less than 1 year	1 to 5 years	Over 5 years	
Finance leases	41	1	-	29	11	-	-	16	23	2	55

18.5 Other commitments

18.5.1 Bouygues Telecom

Licence to use frequencies in the 800 MHz band

The 20-year licence to use frequencies in the 800 MHz band awarded to Bouygues Telecom is subject to an obligation to open the frequencies to Mobile Virtual Network Operators (MVNOs), and to an obligation regarding coverage of the French population (98% within 12 years, 99.6% plus priority main roads within 15 years), with additional obligations on coverage in administrative *départements* (90% in each *département* within 12 years, 95% within 15 years) and coverage in the priority zone (40% within 5 years, 90% within 10 years).

Licence to use frequencies in the 2,600 MHz band

The 20-year licence to use frequencies in the 2,600 MHz band awarded to Bouygues Telecom is subject to an obligation to open the frequencies to MVNOs, and an obligation to roll out coverage of the French population progressively (25% within 4 years, 60% within 8 years, 75% within 12 years).

Licence to transmit on frequencies in the 900 MHz and 1,800 MHz bands

The licence to transmit in the 900 MHz and 1,800 MHz bands, renewed on 9 December 2009 for a period of 15 years, imposed on Bouygues Telecom an obligation to cover 99% of the population by 31 December 2010. Bouygues Telecom met this obligation, which included coverage of blind spots and main roads in each *département*. In terms of the main roads obligation, coverage was in place on over 99.8% of the 57,127 km of the main road network by end 2012.

Licence to operate a 3G network

The Order of 3 December 2002 granted Bouygues Telecom a licence to establish and operate a 3G network in the 2.1 GHz band for a period of 20 years. The licence was subject to obligations, in particular regarding the rollout timetable; coverage of the population; and continuity, quality and availability of service. At the end of 2012, Bouygues Telecom was providing 3G coverage to 96% of the population.

Blind spots

The agreement signed in 2003 by the three operators, the French government, the French regional authorities and Arcep (the French electronic communications and postal service

regulator) stipulated that coverage be provided in blind spots in some 3,000 municipalities. Bouygues Telecom regards this initial blind spot coverage programme as having been completed as of 31 December 2012.

The operators also agreed, in addition to their initial commitment, to extend coverage to a further 364 municipalities, taking the final target to over 3,300 municipalities. At the end of 2012, the sections of this programme for which Bouygues Telecom is responsible were approaching completion.

3G mobile network site-sharing agreement

In February 2010, Bouygues Telecom, Orange and SFR signed an agreement under the auspices of Arcep on the sharing of 3G network sites in the less densely populated zones of France, with a larger scope than for 2G blind spots. This agreement was amended in July 2010 in anticipation of the future Free Mobile rollout. In July 2012, a rider to the agreement was signed, specifying how sites are to be shared. This programme will deliver coverage virtually equivalent to 2G.

18.5.2 TF1

As of 31 December 2012, pursuant to the partnership agreement under which the Discovery Communications group acquired a 20% equity interest in the Eurosport group and the pay-TV theme channels, the following commitments were entered into:

Eurosport group:

The Discovery Communications group has the option to acquire, during a period of one year from 21 December 2014, a further 31% interest in Eurosport SAS (the parent company of the Eurosport group), which would raise its equity interest in the company to 51%.

If the Discovery Communications group exercises this option, TF1 could then sell the rest of its interest in Eurosport SAS (i.e. 49%) to the Discovery Communications group during a period of one year from the date on which the Discovery Communications group acquires the additional 31% interest.

Pay-TV theme channels:

The Discovery Communications group has the option to acquire, during a period of one year from 21 December 2014, a further 29% interest in the pay-TV theme channels, which would raise its equity interest in the channels to 49%.

If the Discovery Communications group acquires an additional 31% interest in Eurosport SAS (see above) but does not acquire the additional 29% interest in the pay-TV theme channels, TF1 could then sell a further 15% equity interest in

those channels to the Discovery Communications group, raising the latter's equity interest in those channels to 35%.

WBTV: TF1 has committed to selling its entire equity interest in WBTV no later than 31 March 2013, for a symbolic €1.

18.6 Contingent assets and liabilities

Bouygues Telecom

On the sale of Darty Telecom on 2 May 2012, Établissements Darty et fils provided a vendor's asset and liability guarantee to Bouygues Telecom.

This guarantee is capped, and may be called in at any time within 18 months from the date of the sale, subject to exceptions arising from statutes of limitation.

Guarantee given:

On the sale of Extenso on 31 October 2012, Bouygues Telecom provided a vendor's asset and liability guarantee to the purchaser, INNOV8. This guarantee is capped, and may be called in at any time up to and including 31 March 2014, except in tax matters where it will expire 30 days after the end of the prescription period under the relevant statute of limitation.

On the sale of 85% of the share capital of FPS Towers on 21 November 2012, Bouygues Telecom provided a vendor's asset and liability guarantee to the purchaser, Antin Infrastructure Luxembourg X. This guarantee is capped, and may be called in at any time during an 18-month period from 21 November 2012 (or from the date of sale of the site, in the case of sites sold after 21 November 2012), except in tax matters where it will expire 20 days after the end of the prescription period under the relevant statute of limitation.

NOTE 19 – HEADCOUNT, EMPLOYEE BENEFIT OBLIGATIONS AND EMPLOYEE SHARE OWNERSHIP

19.1 Average headcount

	2012	2011
Managerial staff	23,675	22,832
Supervisory, technical and clerical staff	22,621	22,145
Site workers	30,956	31,371
SUB-TOTAL: FRANCE	77,252	76,348
Expatriates and local contract staff	59,652	58,447
TOTAL AVERAGE HEADCOUNT	136,904	134,795

19.2 Employee benefit obligations

(€ million)	31 December 2011	Movements during 2012	31 December 2012
Lump-sum retirement benefits	308	116	424
Long-service awards	122	13	135
Other post-employment benefits (pensions)	50	19	69
TOTAL	480	148	628

These obligations are covered by non-current provisions.

19.3 Post-employment benefit obligations

The tables below give details about the Group's post-employment benefit obligations.

19.3.1 Defined-contribution plans

(€ million)	2012	2011
Amount recognised as an expense	(1,767)	(1,697)

This defined-contribution expense consists of contributions to:

- health insurance and mutual insurance funds,
- pension funds (compulsory and top-up schemes),
- unemployment insurance funds.

For related-party information, see Note 20.

19.3.2 Defined-benefit plans

Pensions apply mainly to obligations of the Colas group as regards independently-managed pension funds in the United Kingdom.

19.3.2.1 Net expense recognised in the income statement (as an operating item)

(€ million)	Lump-sum retirement benefits		Pensions	
	2012	2011	2012	2011
Current service cost	4	4	(4)	(1)
Interest expense on the obligation	14	13	15	12
Expected return on plan assets	-	-	(13)	(12)
Past service cost	-	3	(1)	(2)
NET EXPENSE/(GAIN) RECOGNISED IN PROFIT OR LOSS	18	20	(3)	(3)

Sign convention:

- Net expense: plus sign;
- Net gain: minus sign.

19.3.2.2 Amounts recognised in the balance sheet

(€ million)	Lump-sum retirement benefits		Pensions		Total	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Present value of obligation	430	349	352	340	782	689
Fair value of plan assets (dedicated assets)	(6)	(5)	(283)	(292)	(289)	(297)
Unrecognised past service cost ^(a)	-	(37)	-	2	-	(35)
Other items	-	1	-	-	-	1
NET OBLIGATION RECOGNISED (PROVISION)	424	308	69	50	493	358
Ratio of plan assets to present value of obligation	-	-	80%	86%	-	-

(a) There is no unrecognised past service cost as of 31 December 2012, following the adoption of the revised IAS 19 in 2012.

19.3.2.3 Movement in balance sheet items (non-current provisions)

(€ million)	Lump-sum retirement benefits		Pensions	
	2012	2011	2012	2011
31 DECEMBER 2011	308	318	50	56
Expense recognised	18	20	(3)	(3)
Changes in scope of consolidation	-	-	(1)	1
Transfers and other movements	37	(1)	1	(6)
Actuarial gains and losses recognised in equity	61	(29)	22	2
31 DECEMBER 2012	424	308	69	50

19.3.2.4 Analysis by business segment: year ended 31 December 2012

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total
Net lump-sum retirement benefit expense ^(a)	5	1	7	(1)	5	1	18
Non-current provisions (balance sheet):							
• lump-sum retirement benefits	140	14	190	27	35	18	424
• pensions	1	-	68	-	-	-	69

(a) Pension expense for 2012 is immaterial.

19.3.2.5 Analysis by geographical area: year ended 31 December 2012

(€ million)	France ^(a)	European Union	Rest of Europe	Africa	Americas	Asia-Pacific	Middle East	Total
Net lump-sum retirement benefit expense ^(b)	18	-	-	-	-	-	-	18
Non-current provisions (balance sheet):								
• lump-sum retirement benefits	415	1	-	3	2	3	-	424
• pensions	17	37	-	-	14	1	-	69

(a) Including French overseas departments.

(b) Pension expense for 2012 is immaterial.

19.3.2.6 Main actuarial assumptions used to measure lump-sum retirement benefit obligations

	2012	2011
Discount rate ^(b)	3.30% (iboxx A10)	5.46% (iboxx A10)
Mortality table	INSEE	INSEE
Retirement age (depending on business segment):		
• Managerial staff	63/65 years	63/65 years
• Technical, supervisory and clerical staff, and site workers	62/63 years	62/63 years
Salary inflation rate (depending on business segment) ^(a)	1.8% to 3.6%	1.9% to 4%

(a) Includes general inflation.

(b) A reduction of 50 basis points in the discount rate would increase the obligation by €17m as at 31 December 2012. Under Group accounting policies, any such actuarial losses would have been recognised directly in equity.

19.4 Employee share ownership

19.4.1 Stock options

Total number of effectively exercisable options: 0.

Quoted share price on 31 December 2012: €22.40

Plan grant date	Outstanding options at 31/12/2012	Earliest normal exercise date	Earliest company savings scheme exercise date	Exercise price (€)	Number of effectively exercisable options
05/09/2006	3,487,495	05/09/2010	05/09/2007	39.49	-
05/06/2007	4,173,215	05/06/2011	05/06/2008	62.63	-
31/03/2008	4,195,427	31/03/2012	31/03/2009	42.68	-
01/04/2009	4,525,662	01/04/2013	01/04/2010	25.62	-
30/06/2010	4,096,108	01/07/2014	01/07/2011	34.08	-
14/06/2011	2,938,736	14/06/2015	14/06/2012	31.43	-
13/06/2012	2,936,175	14/06/2016	14/06/2013	20.11	-
TOTAL					-

Stock options are effectively exercisable if they meet both of the following conditions:

- 1) They must be legally exercisable as at 31 December 2012, either by normal exercise (4 years after the plan grant date) or by partial exercise ahead of the normal exercise date under the terms of the company savings scheme.
- 2) They must be in the money at 31 December 2012, in other words the exercise price must be less than the closing share price on that date (€22.40).

NOTE 20 – DISCLOSURES ON RELATED PARTIES AND REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

20.1 Related-party disclosures

Transaction (€ million)	Expenses		Income		Receivables		Liabilities	
	2012	2011	2012	2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Parties with an ownership interest	6	5	1	1	-	-	1	-
Joint ventures	47	26	213	188	291	283	74	90
Associates ^(a)	39	18	317	131	110	67	41	21
Other related parties	67	28	240	129	109	89	69	62
TOTAL	159	77	771	449	510	439	185	173
Maturity	-	-	-	-	-	-	-	-
• less than 1 year	-	-	-	-	436	350	185	136
• 1 to 5 years	-	-	-	-	50	19	-	37
• more than 5 years	-	-	-	-	24	70	-	-
of which impairment of doubtful receivables (mainly non-consolidated companies)	-	-	-	-	102	84	-	-

(a) The increase in income in 2012 relates to Bouygues Telecom's sale of telecoms masts to France Pylônes Services.

Identity of related parties:

- Parties with an ownership interest: SCDM (company controlled by Martin and Olivier Bouygues)
- Joint ventures: primarily quarry companies, project joint ventures and property development companies
- Associates: includes transactions with concession companies and Alstom
- Other related parties: mainly transactions with non-consolidated companies in which the Group has an interest.

20.2 Disclosures about remuneration and benefits paid to directors and senior executives (Bouygues)

These disclosures cover members of the Group's Management Committee in post on 31 December 2012.

Direct remuneration: €11,934,928, comprising basic remuneration of €7,558,948, variable remuneration of €4,375,980 paid in 2013 on the basis of 2012 performance, and €463,786 of directors' fees.

Directors' fees paid to non-executive and non-voting directors amounted to €408,129.

Short-term benefits: none.

Post-employment benefits: Members of the Management Committee belong to a top-up retirement plan based on 0.92% of their reference salary for each year's membership of the plan. This top-up plan is capped at eight times the annual French social security ceiling, and is contracted out to an insurance company. Contributions paid into the fund managed by the insurance company amounted to €3,400,000 in 2012.

Long-term benefits: none.

Termination benefits: these comprise lump-sum retirement benefits of €1,787,327.

Share-based payment: 649,000 stock options were awarded to members of the Management Committee on 13 June 2012, at an exercise price of €20.11. The earliest exercise date is 14 June 2016, and the expense recognised in the year ended 31 December 2012 was €40,490.

NOTE 21 – ADDITIONAL CASH FLOW STATEMENT INFORMATION

21.1 Cash flows of acquired and divested subsidiaries

Breakdown by business segment of cash flows resulting from acquisitions and divestments of subsidiaries.

21.1.1 Continuing operations

Acquired/divested subsidiaries (\$ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total 2012
Cash and cash equivalents	(2)	4	(12)	-	15	-	5
Inventories	(1)	-	(2)	-	2	-	(1)
Trade and other receivables	(50)	17	(51)	-	(11)	(1)	(96)
Non-current assets (other than goodwill)	20	-	132	(6)	(7)	-	139
Goodwill	(26)	-	(38)	-	(13)	-	(77)
Trade payables & other current liabilities	(36)	(22)	(58)	-	12	(1)	(105)
Non-current debt	62	-	(5)	-	(5)	-	52
Non-current provisions	6	1	(11)	-	1	-	(3)
Non-current taxes	-	-	5	-	-	-	5
NET ACQUISITION/DIVESTMENT COST	(27)	-	(40)	(6)	(6)	(2)	(81)
Cash acquired or divested	2	(4)	12	-	(15)	-	(5)
Net debt on long-term investments	-	-	(27)	-	-	(1)	(28)
NET CASH INFLOW/(OUTFLOW) FROM ACQUISITIONS AND DIVESTMENTS OF SUBSIDIARIES	(25)	(4)	(55)	(6)	(21)	(3)	(114)

21.1.2 Discontinued operations

None.

NOTE 22 - AUDITORS' FEES

The table below shows fees paid to the auditors (and member firms of their networks) responsible for the audit of the consolidated financial statements of Bouygues and consolidated companies (excluding associates), as expensed through the income statement in 2012.

Engagement (€ '000)	Mazars network				Ernst & Young network				Other firms ^(a)				Total charge	
	Amount ^(c) 2012 2011		% 2012 2011		Amount ^(c) 2012 2011		% 2012 2011		Amount ^(c) 2012 2011		% 2012 2011		2012	2011
A - Audit														
Audit of consolidated and individual company financial statements ^(b)	(6,653)	(6,227)	95%	96%	(4,786)	(4,472)	95%	96%	(6,876)	(7,121)	79%	84%	(18,315)	(17,820)
• Bouygues SA	(234)	(221)	-	-	(235)	(222)	-	-	-	-	-	-	(469)	(443)
• Consolidated companies	(6,419)	(6,006)	-	-	(4,551)	(4,250)	-	-	(6,876)	(7,121)	-	-	(17,846)	(17,377)
Related engagements ^(c)	(231)	(118)	3%	2%	(275)	(175)	5%	4%	(1,063)	(786)	12%	9%	(1,569)	(1,079)
• Bouygues SA	(18)	-	-	-	(111)	(71)	-	-	-	-	-	-	(129)	(71)
• Consolidated companies	(213)	(118)	-	-	(164)	(104)	-	-	(1,063)	(786)	-	-	(1,440)	(1,008)
SUB-TOTAL 1	(6,884)	(6,345)	98%	98%	(5,061)	(4,647)	100%	100%	(7,939)	(7,907)	91%	93%	(19,884)	(18,899)
B - Other services^(d)														
Legal, tax, employment law	(98)	(62)	2%	1%	-	-	-	-	(754)	(461)	9%	5%	(852)	(523)
Other	-	(55)	-	1%	-	-	-	-	-	(167)	-	2%	-	(222)
SUB-TOTAL 2	(98)	(117)	2%	2%	(145)	-	-	-	(754)	(628)	9%	7%	(852)	(745)
TOTAL FEE EXPENSE	(6,982)	(6,462)	100%	100%	(5,061)	(4,647)	100%	100%	(8,693)	(8,535)	100%	100%	(20,736)	(19,644)

(*) Excluding VAT.

(a) In the interests of comprehensiveness, this table includes fees paid to other firms.

(b) Includes services provided by independent experts and member firms to the auditors in connection with their audit engagement.

(c) Includes procedures and directly related services provided to the issuer or its subsidiaries:

- by the auditors, in compliance with Article 10 of the Code of Ethics;

- by a member firm of the auditor's network, in compliance with Articles 23 and 24 of the Code of Ethics.

(d) Non-audit services provided, in compliance with Article 24 of the Code of Ethics, by member firms to subsidiaries of the issuer on whose financial statements an audit opinion is issued.

NOTE 23 – PRINCIPAL EXCHANGE RATES

Convention: 1 local currency unit = X euros.

Country	Currency unit	Closing rate		Annual average rate	
		31/12/2012	31/12/2011	2012	2011
EUROPE					
Denmark	Danish krone	0.134030	0.134513	0.134315	0.134235
United Kingdom	Pound sterling	1.225340	1.197175	1.231635	1.147776
Hungary	Hungarian forint	0.003421	0.003179	0.003470	0.003563
Poland	Polish zloty	0.245459	0.224316	0.239940	0.241664
Czech Republic	Czech koruna	0.039760	0.038779	0.039778	0.040651
Romania	Romanian leu	0.224997	0.231305	0.224345	0.235852
Switzerland	Swiss franc	0.828363	0.822639	0.830300	0.811804
NORTH AMERICA					
United States	US dollar	0.757920	0.772857	0.773296	0.714277
Canada	Canadian dollar	0.761209	0.756716	0.774828	0.724366
REST OF THE WORLD					
Morocco	Moroccan dirham	0.089714	0.090013	0.090089	0.088806
Thailand	Thai baht	0.024785	0.024396	0.024964	0.023380
Hong Kong	Hong Kong dollar	0.097790	0.099493	0.099705	0.091777
African					
Financial Community	CFA franc	0.001524	0.001524	0.001524	0.001524
South Africa	South African rand	0.089504	0.095393	0.094518	0.098585

NOTE 24 - LIST OF PRINCIPAL CONSOLIDATED COMPANIES AT 31 DECEMBER 2012

Company	City/Country	% interest		% direct and indirect control ^(a)		
		2012	2011	2012	2011	
FRANCE						
FULL CONSOLIDATION						
Construction						
Bouygues Construction SA	Saint-Quentin-en-Yvelines	99.97	99.97	-	-	
Bouygues Bâtiment Ile-de-France SA	Saint-Quentin-en-Yvelines	99.97	99.97	-	-	
Bouygues Bâtiment International SA	Saint-Quentin-en-Yvelines	99.97	99.97	-	-	
Bouygues TP SA	Saint-Quentin-en-Yvelines	99.97	99.97	-	-	
Axione	Malakoff	99.97	99.97	-	-	
Bati-Rénov SA	Orly	99.32	99.32	-	-	
Brézillon SA	Margny-les-Compiègne	99.32	99.32	-	-	
Challenger SNC	Paris	99.97	99.97	-	-	
DTP Terrassement SA	Saint-Quentin-en-Yvelines	99.97	99.97	-	-	
DV Construction SA	Mérignac	99.97	99.97	-	-	
Bouygues Energies & Services	Saint-Quentin-en-Yvelines	99.97	99.97	-	-	
Bouygues E&S FM France (formerly Exprimm SA)	Saint-Quentin-en-Yvelines	99.97	99.97	-	-	
GFC Construction SA	Caluire et Cuire	99.97	99.97	-	-	
Quille Construction SA (formerly GTB)	Nantes	99.97	99.97	-	-	
Norpac SA	Villeneuve d'Ascq	99.97	99.97	-	-	
Pertuy Construction SA	Maxéville	99.97	99.97	-	-	
Quille SA	Rouen	99.97	99.97	-	-	
Bouygues E&S Maintenance Industrielle (formerly Serma SAS)	Feyzin	99.97	99.97	-	-	
Sodéarif SA	Saint-Quentin-en-Yvelines	99.96	99.96	-	-	
Property						
Bouygues Immobilier	Issy-les-Moulineaux	100.00	100.00	-	-	
SLC	Lyon	100.00	100.00	-	-	
SNC Bouygues Immobilier						
Entreprises Île-de-France	Issy-les-Moulineaux	100.00	100.00	-	-	
SNC Bouygues Immobilier Paris	Issy-les-Moulineaux	100.00	100.00	-	-	
Roads						
Colas SA and its regional subsidiaries (<i>Colas, Screg, and Sacer</i>)	Boulogne-Billancourt	96.60	96.55	-	-	
Aximum	Chatou	96.59	96.54	100.00	100.00	
Colas Guadeloupe	Baie-Mahault (Guadeloupe)	Merged	96.54	-	100.00	
Colas Martinique	Le Lamentin (Martinique)	96.59	96.54	100.00	100.00	
Colas Rail	Maisons-Laffitte	96.59	96.54	100.00	100.00	
Grands Travaux Océan Indien (GTOI) SA	Le Port (Réunion Island)	96.59	96.54	99.99	99.99	
Smac and its subsidiaries	Boulogne-Billancourt	96.59	96.54	100.00	100.00	
Société de la Raffinerie de Dunkerque	Dunkirk	96.59	96.54	100.00	100.00	
Spac and its subsidiaries	Clichy	96.59	96.54	100.00	100.00	
Media						
Télévision Française 1 SA	Boulogne-Billancourt	43.65	43.59	-	-	
Dujardin and its subsidiaries	Cestas	43.65	43.59	100.00	100.00	
E-TF1	Boulogne-Billancourt	43.65	43.59	100.00	100.00	
Eurosport SAS and its subsidiaries	Issy-les-Moulineaux	34.92	43.59	80.00	100.00	

(a) Where percentage control differs from percentage interest.

Company	City/Country	% Interest		% direct and indirect control ^(a)	
		2012	2011	2012	2011
La Chaîne Info	Boulogne-Billancourt	43.65	43.59	100.00	100.00
NT1	Boulogne-Billancourt	43.65	43.59	100.00	100.00
Télé Monte Carlo	Monaco	34.92	34.87	80.00	80.00
Téléshopping	Boulogne-Billancourt	43.65	43.59	100.00	100.00
TF1 Droits Audiovisuels	Boulogne-Billancourt	43.65	43.59	100.00	100.00
TF1 Entreprises	Boulogne-Billancourt	43.65	43.59	100.00	100.00
TF1 Publicité	Boulogne-Billancourt	43.65	43.59	100.00	100.00
TF1 Vidéo	Boulogne-Billancourt	43.65	43.59	100.00	100.00
TV Breizh	Lorient	34.92	43.59	80.00	100.00
Une Musique	Boulogne-Billancourt	43.65	43.59	100.00	100.00
Metro France Publications	Paris	43.65	43.59	100.00	100.00
Telecommunications					
Bouygues Telecom SA and its subsidiaries	Paris	90.53	89.55	-	-
Other subsidiaries					
Bouygues Relais SNC	Paris	100.00	100.00	-	-
GIE 32 Hoche	Paris	90.00	90.00	-	-
Société Française de Participation & Gestion (SFPG) SA and its subsidiaries	Paris	99.76	99.76	-	-
Serendipity and its subsidiaries	Paris	100.00	100.00	-	-
PROPORTIONATE CONSOLIDATION					
Construction					
Evesa SAS	Paris	32.99	32.99	-	-
Chrysalis Developpement SAS	Paris	64.98	64.98	-	-
Roads					
Carrières Roy	Saint-Varent	48.29	48.26	49.98	49.98
ASSOCIATES (EQUITY METHOD)					
Construction					
Adelac SAS	Archamps	45.85 ^(b)	45.85	46.09	46.09
Autoroute de liaison Seine-Sarthe SA	Bourg-Achard	33.16	33.16	-	-
Axione Infrastructures SAS and its subsidiaries	Saint-Quentin-en-Yvelines	15.00	15.00	20.00	20.00
Consortium Stade de France SA	Saint-Denis	33.32	33.32	-	-
Roads					
Cofiroute	Sèvres	16.10	16.09	16.67	16.67
Media					
Groupe AB	La Plaine Saint-Denis	14.62	-	33.50	-
Other subsidiaries					
Alstom	Levallois-Perret	29.40	30.75	-	-
Finagestion and its subsidiaries (Africa)	Saint-Quentin-en-Yvelines	19.98	20.00	-	-

(a) Where percentage control differs from percentage interest.

(b) 39.19% Bouygues Construction, 6.66% Colas.

Company	City/Country	% Interest		% direct and indirect control ^(a)		
		2012	2011	2012	2011	
INTERNATIONAL						
FULL CONSOLIDATION						
Construction						
Acieroid SA	Barcelona/Spain	99.97	99.97	-	-	
Bouygues Thai Ltd	Changwat Nonthaburi/Thailand	48.99	48.99	-	-	
Bouygues UK Ltd	London/United Kingdom	99.97	99.97	-	-	
Bymaro	Casablanca/Morocco	99.96	99.96	-	-	
Bouygues E&S Infrastructure UK (formerly David Webster Lighting and its subsidiaries)	Harlow/United Kingdom	99.97	99.97	-	-	
Dragages et TP (Hong-Kong) Ltd	Hong Kong/China	99.97	99.97	-	-	
DTP Singapour Pte Ltd	Singapore	99.97	99.97	-	-	
Bouygues E&S FM UK (formerly Ecovert FM)	London/United Kingdom	99.97	99.97	-	-	
Bouygues E&S Contracting UK (formerly ETDE Contracting Ltd)	East Kilbride/Scotland	99.97	99.97	-	-	
Bouygues E&S Gabon (formerly ETDE Gabon)	Libreville/Gabon	84.39	84.39	-	-	
Bouygues E&S Hungary (formerly ETDE Hungary)	Gyor/Hungary	99.97	99.97	-	-	
Gounkoto Mining Services	Bamako/Mali	99.97	99.97	-	-	
Icel Maidstone Ltd and its subsidiaries	London/United Kingdom	99.97	99.97	-	-	
Karmar SA	Warsaw/Poland	99.97	99.97	-	-	
Kohler Investment SA	Saint-Quentin-en-Yvelines	99.97	99.97	-	-	
Leadbitter Bouygues Holding Ltd and its subsidiaries	Abingdon/United Kingdom	99.97	50.98	-	-	
Losinger Marazzi AG (formerly Construction AG)	Köniz/Switzerland	99.97	99.97	-	-	
Losinger Holding AG (formerly Marazzi Holding)	Köniz/Switzerland	99.97	99.97	-	-	
Prader Losinger SA	Sion/Switzerland	99.64	99.64	-	-	
Thomas Vale Group	Worcestershire/United Kingdom	99.97	-	-	-	
VCES Holding s.r.o. and its subsidiaries	Prague/Czech Republic	99.97	99.97	-	-	
VSL International Ltd	Köniz/Switzerland	99.87	99.87	-	-	
Warings Construction Group Holding Ltd and its subsidiaries	Portsmouth/United Kingdom	99.97	99.97	-	-	
Westminster Local Education Partnership Ltd	London/United Kingdom	89.97	89.97	-	-	
Property						
Bouygues Immobilier Polska Sarl	Warsaw/Poland	100.00	100.00	-	-	
Bouygues Inmobiliaria SA	Madrid/Spain	100.00	100.00	-	-	
Parque Empresarial Cristalia SL	Madrid/Spain	100.00	100.00	-	-	
Roads						
Colas Belgium and its subsidiaries	Brussels/Belgium	96.59	96.54	100.00	100.00	
Colas Canada Inc.	Montreal Quebec/Canada	96.60	96.55	100.00	100.00	
Colas Cz	Prague/Czech Republic	95.73	95.68	99.10	99.10	
Colas Danmark A/S	Virum/Denmark	96.60	96.55	100.00	100.00	
Colas Gabon	Libreville/Gabon	86.84	86.80	89.90	89.90	
Colas Hungaria and its subsidiaries	Budapest/Hungary	96.60	96.55	100.00	100.00	
Colas Inc. and its subsidiaries	Morristown New Jersey/United States	96.60	96.55	100.00	100.00	
Colas Ltd and its subsidiaries	Rowfant/United Kingdom	96.60	96.55	100.00	100.00	
Colas du Maroc and its subsidiaries	Casablanca/Morocco	96.60	96.55	100.00	100.00	
Colas Polska	Sroda-Wielkopolska/Poland	96.60	96.55	100.00	100.00	
Colas SA and its subsidiaries	Lausanne/Switzerland	95.85	95.80	99.22	99.22	

(a) Where percentage control differs from percentage interest.

Company	City/Country	% Interest		% direct and indirect control ^(a)	
		2012	2011	2012	2011
OTHER SUBSIDIARIES					
Challenger Réassurance	Luxembourg	99.99	99.99	-	-
Uniservice	Geneva/Switzerland	99.99	99.99	-	-
PROPORTIONATE CONSOLIDATION					
CONSTRUCTION					
Bombela Civils Jv Ltd	Johannesburg/South Africa	44.99	44.99	-	-
ROADS					
Gamma Materials	Beau Bassin/Mauritius	48.24	48.22	50.00	50.00
ASSOCIATES (EQUITY METHOD)					
CONSTRUCTION					
Bina Fincom	Zagreb/Croatia	44.99	44.99	-	-
Hermes Airports Ltd	Nicosia/Cyprus	21.99	21.99	-	-
Société Concessionnaire du Pont Rivieira Marcory	Abidjan/Ivory Coast	48.99	-	-	-

(a) Where percentage control differs from percentage interest.

2. AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders,

In accordance with the terms of our appointment at the Annual General Meeting, we present below our report for the year ended 31 December 2012 on:

- the audit of the accompanying consolidated financial statements of the Bouygues group;
- the basis of our opinion;
- the specific procedures and information required by law.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities and financial position of the consolidated group at 31 December 2012, and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union.

Basis of our opinion

Pursuant to the provisions of Article L. 823-9 of the Commercial Code requiring auditors to explain the basis of their opinion, we draw your attention to the following matters:

- The company performs annual impairment tests on goodwill and indefinite-lived intangible assets, and also assesses whether there is any evidence that non-current assets may be impaired, in accordance with the methods described in Note 2.7.4 to the consolidated financial statements. We reviewed the methods used to carry out the tests and the underlying assumptions.
- Current and non-current provisions carried on the balance sheet were measured as described in Notes 2.12.2 and 2.11.2 to the consolidated financial statements. In light of available information, our assessment of these provisions was based primarily on an analysis of the processes implemented by management to identify and evaluate risks.

These assessments are an integral part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

Specific procedures

We also reviewed the information given in the Group's management report in accordance with auditing standards applicable in France.

We have no matters to report on its fairness or consistency with the consolidated financial statements.

Paris La Défense, 26 February 2013.

The Auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Guillaume Potel

PARENT COMPANY BALANCE SHEET

Assets (€ million)	Gross 31/12/2012	Depreciation, amortisation & impairment 31/12/2012	Net 31/12/2012	Net 31/12/2011	Net 31/12/2010
Intangible assets	6	3	3	3	2
Property, plant and equipment	-	-	-	-	-
Long-term investments	12,026	21	12,005	11,329	11,454
• Holdings in subsidiaries and affiliates	12,001	19	11,982	11,307	11,278
• Loans & advances to subsidiaries and affiliates	10	-	10	9	9
• Other	15	2	13	13	167
NON-CURRENT ASSETS	12,032	24	12,008	11,332	11,456
Inventories and work in progress	-	-	-	-	-
Advances and down-payments made	-	-	-	-	1
Trade receivables	20	-	20	22	19
Other receivables	142	2	140	156	168
Short-term investments	2,749	1	2,748	1,964	3,483
Cash	376	-	376	330	1,056
CURRENT ASSETS	3,287	3	3,284	2,472	4,727
Other assets	101	-	101	76	87
TOTAL ASSETS	15,420	27	15,393	13,880	16,270

Liabilities and shareholders' equity (€ million)	Net 31/12/2012	Net 31/12/2011	Net 31/12/2010
Share capital	324	315	366
Share premium and reserves	1,787	1,646	3,151
Retained earnings	2,094	1,790	1,467
Net profit for the year	664	808	894
Restricted provisions	7	7	6
SHAREHOLDERS' EQUITY	4,876	4,566	5,884
Provisions	96	94	88
Debt	7,825	6,286	7,066
Advances and down-payments received	-	-	-
Trade payables	21	27	21
Other payables	35	45	48
LIABILITIES	7,977	6,452	7,223
BANK OVERDRAFTS AND CURRENT ACCOUNTS	2,519	2,832	3,123
Other liabilities	21	30	40
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	15,393	13,880	16,270

INCOME STATEMENT

(€ million)	Full year 2012	Full year 2011	Full year 2010
SALES	68	69	66
Other operating revenues	8	2	1
Purchases and changes in inventory	-	-	-
Taxes other than income tax	(3)	(3)	(2)
Personnel costs	(45)	(45)	(44)
Other operating expenses	(45)	(48)	(45)
Depreciation, amortisation, impairment and provisions, net	(2)	(5)	(4)
OPERATING PROFIT/(LOSS)	(19)	(30)	(28)
Financial income and expenses	579	706	659
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	560	676	631
Exceptional items	(35)	(2)	69
Income taxes and profit-sharing	139	134	194
NET PROFIT	664	808	894

CASH FLOW STATEMENT

(€ million)	Full year 2012	Full year 2011	Full year 2010
A - OPERATING ACTIVITIES			
Net profit for the period	664	808	894
Amortisation, depreciation and impairment of non-current assets, net	15	12	20
Charges to/(reversals of) provisions, net	3	6	6
Deferred expenses, deferred income and accrued income	(43)	(9)	(2)
Gains and losses on disposals of non-current assets	-	(1)	(67)
Cash flow from operations before changes in working capital	639	816	851
Current assets	23	15	(96)
Current liabilities	(15)	5	15
Change in working capital	8	20	(81)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	647	836	770
B - INVESTING ACTIVITIES			
Acquisitions of intangible assets and property, plant and equipment	(1)	(2)	(1)
Acquisitions of long-term investments	(677)	(31)	(377)
Increases in non-current assets	(678)	(33)	(378)
Disposals of non-current assets	-	1	232
Investments during the period, net	(678)	(32)	(146)
Other long-term investments, net	-	155	2
Amounts receivable/payable in respect of non-current assets, net	(1)	(1)	(1)
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	(679)	122	(145)
C - FINANCING ACTIVITIES			
Change in shareholders' equity	150	(1,557)	287
Dividends paid	(504)	(570)	(566)
Change in debt	1,529	(785)	771
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	1,175	(2,912)	492
CHANGE IN NET CASH POSITION (A + B + C)	1,143	(1,954)	1,117
Cash position at 1 January	(538)	1,416	299
Other non-monetary flows	-	-	-
Change during the period	1,143	(1,954)	1,117
CASH POSITION AT END OF PERIOD	605	(538)	1,416

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

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Figures in millions of euros.

NOTE 1 – SIGNIFICANT EVENTS OF THE YEAR

1.1 Holdings in subsidiaries and affiliates

1.1.1 Bouygues Telecom

Bouygues subscribed €675.2 million (6,071,844 shares) to a share issue on 3 December 2012, out of a total issue of €700 million (of which €677.8 million was subscribed by the Bouygues group).

The percentage interest held by Bouygues in Bouygues Telecom was 90.16% as of 31 December 2012 (90.53% at Group level).

1.1.2 Colas

Bouygues acquired 16,878 Colas shares on the stock market in October 2012 for €1.7 million.

1.2 Treasury shares

As of 31 December 2012, Bouygues held 85,000 treasury shares via a liquidity contract managed by CA Cheuvreux.

1.3 Bouygues Confiance 6

On 28 December 2012, Bouygues carried out a €150-million share issue (par value plus premium).

This leveraged employee share ownership plan, known as Bouygues Confiance 6, resulted in the issuance of 9,363,295 shares.

1.4 Bond issues

1.4.1 Bond issue of 9 February 2012

- Amount: eight hundred million euros
- Interest rate: 4.50%
- Issue premium: 99.66%
- Redemption terms: redemption in full at par on 9 February 2022

1.4.2 Bond issue of 2 October 2012

- Amount: seven hundred million euros
- Interest rate: 3.625%
- Issue premium: 99.681%
- Redemption terms: redemption in full at par on 16 January 2023

1.5 Subsequent events

Bouygues has acquired, for €99.4 million, 5,074,906 of its own shares, representing 1.57% of the share capital, which the Bouygues Board of Directors decided to cancel on 26 February 2013.

NOTE 2 – ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the current provisions of French law.

2.1 Intangible assets

Expenditure on intangible assets is recognised in accordance with the historical cost convention.

As a general principle, software acquired from third parties is recognised as an intangible asset and amortised on a straight-line basis over periods of up to five years. Some specific large-scale information systems projects are amortised over a period of up to ten years.

2.2 Property, plant and equipment

Property, plant and equipment is recognised at acquisition cost net of reclaimable taxes. Transaction costs that do not form part of the market value of the acquired asset are expensed as incurred.

Depreciation is calculated on a straight-line basis, according to the nature and estimated useful life of each asset component.

2.3 Long-term investments

2.3.1 Holdings in subsidiaries and affiliates and other long-term investment securities

Holdings in subsidiaries and affiliates and other long-term investment securities are recognised at cost, including directly attributable acquisition costs.

Holdings in subsidiaries and affiliates and other long-term investment securities are also measured at value in use, determined using objective criteria (stock market price for quoted companies, shareholders' equity, profitability), forecast data (economic outlook, earnings prospects), or any other information indicative of the actual value of the asset.

If value in use is less than cost, a provision for impairment is recorded to cover the difference.

2.3.2 Long-term receivables

Long-term receivables are shown in the balance sheet at face value. If the realisable value (taking into account the probability of recovery) is less than the carrying amount, a provision for impairment is recorded to cover the difference.

2.4 Receivables and payables expressed in foreign currencies

Receivables and payables expressed in foreign currencies are translated at the exchange rate prevailing on the balance sheet date, or at the hedged rate if the item is covered by a currency hedge.

Unrealised foreign exchange gains and losses are taken to suspense accounts in the balance sheet; unrealised losses are covered by a provision.

2.5 Short-term investments

The short-term investment portfolio is measured in accordance with French accounting standards.

The realisable value of unlisted securities (equities, negotiable debt instruments, and money-market mutual funds) was determined by reference to the latest estimate as at 31 December 2012. In the case of quoted securities, the average quoted stock market price over the last month of the financial year is used.

2.6 Other assets

Deferred charges mainly comprise the portion of bond issue costs not covered by the issue premium. In the case of convertible bonds, any unamortised issue costs relating to bonds converted into shares are offset against the share premium on the newly-issued shares.

Bond redemption premium relates to bond issues priced at the following percentages of nominal value: 99.05% (October 2004 issue), 99.804% (July 2005 issue), 97.203% (February 2006 issue), 99.657% (May 2006 issue), 99.812% (May 2006 issue), 98.662% (October 2006 issue), 99.441% (July 2008 issue), 99.651% (February 2010 issue), 99.66% (February 2012 issue) and 99.681% (October 2012 issue).

2.7 Provisions

These mainly comprise:

- provisions for miscellaneous risks (including tax inspections) and provisions for additional risks relating to loss-making subsidiaries, established where the negative net assets of a subsidiary are not wholly covered by provisions for

impairment of Bouygues SA's investment in and loans and/or advances to that subsidiary;

- provisions for charges, including employee benefits: bonuses, lump-sum retirement benefits, long-service awards, etc.

2.8 Hedging instruments

Bouygues SA uses hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates.

These instruments share the following characteristics:

- they are limited to the following products: forward currency purchases and sales, currency swaps, cross currency swaps and purchases of currency options for currency risk hedging purposes, and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes;
- they are used solely for hedging and pre-hedging purposes;
- they are contracted solely with high-quality French and foreign banks;
- they carry no liquidity risk in the event of a downturn.

Gains and losses on financial instruments used for hedging purposes are recognised in the income statement symmetrically with gains and losses arising on the hedged item.

2.9 Retirement benefit obligations

Methods and assumptions used in calculating the obligation:

- projected unit credit method based on final salary;
- benefits as defined in agreements or established by custom within the company, taking into account applicable collective agreements for managerial, administrative, clerical, technical and supervisory grade staff;
- obligation measured in accordance with opinions and recommendations issued by the ANC (the French national accounting standard-setter);
- vested rights as of 31 December 2012;
- employees classified in groups with similar characteristics in terms of grade, age and length of service;
- average monthly salary for each employee group, uplifted by a percentage to reflect the applicable rate of employer's social security charges;
- salary increase rate and discount rate: rates revised annually to reflect actual trends;
- average employee turnover rate calculated on the basis of average number of leavers over the last five years;
- mortality by reference to INSEE 2006-2008 life expectancy tables.

2.10 Consolidation

Bouygues SA is the ultimate parent company in the consolidation.

NOTE 3 - NON-CURRENT ASSETS

	Balance at 01/01/2012	Increases	Decreases	Balance at 31/12/2012
INTANGIBLE ASSETS				
Software	5	1	-	6
Other	-	1	1	-
Gross value	5	2	1	6
Accumulated amortisation	(2)	(1)	-	(3)
CARRYING AMOUNT	3	1	1	3
PROPERTY, PLANT AND EQUIPMENT				
Land and buildings	-	-	-	-
Other	-	-	-	-
Gross value	-	-	-	-
Accumulated depreciation	-	-	-	-
CARRYING AMOUNT	-	-	-	-
LONG-TERM INVESTMENTS				
Holdings in subsidiaries and affiliates	11,324	677	-	12,001
Loans and advances to subsidiaries and affiliates ^(a)	9	1	-	10
Other	16	-	1	15
Gross value	11,349	678	1	12,026
Impairment	(20)	(2)	(1)	(21)
CARRYING AMOUNT	11,329	676	-	12,005
TOTAL CARRYING AMOUNT	11,332	677	1	12,008

(a) Of which amounts falling due after more than one year
 Loans and advances to subsidiaries and affiliates

Gross
10

NOTE 4 - CURRENT ASSETS BY MATURITY

	Gross value	< 1 year	> 1 year
Advances and down-payments made	-	-	-
Operating receivables	31	25	6
Other receivables	131	128	3
TOTAL	162	153	9

NOTE 5 - CASH

	31/12/2012	31/12/2011
Term deposits with maturities of less than 3 months	376	330
Other items	-	-
TOTAL	376	330

NOTE 6 - OTHER ASSETS AND LIABILITIES

	Balance at 01/01/2012	Increases	Decreases	Balance at 31/12/2012	Amount due in < 1 year
Other assets					
Bond issue costs	7	6	2	11	2
Upfront payments on interest rate swaps:					
deferred charges	-	27	1	26	3
Bond redemption premium	19	5	4	20	4
Bond repurchase premium	44	-	5	39	6
Other	6	5	6	5	5
TOTAL	76	43	18	101	20
Other liabilities					
Upfront payments on interest rate swaps:					
deferred income	30	-	9	21	7
Other	-	-	-	-	-
TOTAL	30	-	9	21	7

NOTE 7 - CHANGES IN SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY AT 31 DECEMBER 2011 (BEFORE APPROPRIATION OF PROFITS)	4,566
Dividends paid	(504)
SHAREHOLDERS' EQUITY AFTER APPROPRIATION OF PROFITS	
Changes in share capital	9
Changes in share premium and reserves	141
Net profit for the period	664
Restricted provisions	-
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2012	4,876

NOTE 8 – COMPOSITION OF SHARE CAPITAL

	Number of voting rights	Number of shares
PAR VALUE	€1	
Start of period	439,994,172	314,869,079
Movement during the period	5,679,510	9,363,295 ^(a)
End of period	445,673,682	324,232,374

Maximum number of potentially dilutive shares: none.

(a) Movements in number of shares during the period:

Increases: 9,363,295 under the Bouygues Confiance 6 employee share ownership plan

Decreases: none

Bouygues Confiance 6 employee share ownership plan: capital increase in December 2012 by issuance of 9,363,295 Bouygues shares, i.e. €150m (€28m still to be collected in January 2013).

On 7 January 2013, Bouygues acquired 5,074,906 of its own shares for €99m in connection with this plan.

NOTE 9 – PROVISIONS

	Balance at 01/01/2012	Charge for the year	Reversals during the year		Balance at 31/12/2012
			Used	Unused	
Provisions for subsidiaries	-	-	-	-	-
Provisions for income taxes (tax risks)	29	35	-	-	64
Other provisions	43	-	31	1	11
Provisions for risks	72	35	31	1	75
Provisions for charges	22	8	9	-	21
TOTAL	94	43	40	1	96
			41		
Operating items		8	9		
Financial items		-	32		
Exceptional items (including taxes)		35	-		
		43	41		

NOTE 10 - LIABILITIES BY MATURITY AT THE BALANCE SHEET DATE

Liabilities	Gross value	< 1 year	1 to 5 years	> 5 years
Debt				
Bond issues (including accrued interest)				
October 2004 bond issue ^(a)	764	6	758	-
July 2005 bond issue ^(b)	764	14	-	750
February 2006 bond issue ^(c)	255	5	-	250
May 2006 bond issue ^(d)	617	17	600	-
May 2006 bond issue ^(e)	729	729	-	-
October 2006 bond issue ^(f)	602	7	-	595
July 2008 bond issue ^(g)	1,031	31	1,000	-
February 2010 bond issue ^(h)	518	18	-	500
October 2010 bond issue ⁽ⁱ⁾	1,006	6	-	1,000
February 2012 bond issue ^(j)	832	32	-	800
October 2012 bond issue ^(k)	707	7	-	700
Bank borrowings				
Total debt	7,825	872	2,358	4,595
Trade payables	21	21	-	-
Other payables	35	35	-	-
Overdrafts and short-term bank borrowings	2,519	2,519	-	-
Deferred income	21	7	12	2
TOTAL	10,421	3,454	2,370	4,597

Original amounts, excluding accrued interest:

(a) October 2004 bond issue:

Amount: €758.09 million, after exchange and early repayment of €241.91 million on 29 October 2010 – rate: 4.375%.

Redemption terms: redeemable in full at par on 29 October 2014.

(b) July 2005 bond issue:

Amount: €750 million – rate: 4.25%.

Redemption terms: redeemable in full at par on 22 July 2020.

(c) Supplementary issue to July 2005 bond issue:

Amount: €250 million – rate: 4.25%.

Redemption terms: redeemable in full at par on 22 July 2020.

(d) May 2006 bond issue:

Amount: €600 million – rate: 4.75%.

Redemption terms: redeemable in full at par on 24 May 2016.

(e) May 2006 bond issue:

Amount: €709.35 million, after exchange and early repayment of €440.65 million on 29 October 2010 – rate: 4.5%.

Redemption terms: redeemable in full at par on 24 May 2013.

(f) October 2006 bond issue:

Amount: €400 million (€595.33 million) – rate: 5.5%.

Redemption terms: redeemable in full at par on 6 October 2026.

(g) July 2008 bond issue:

Amount: €1 billion – rate: 6.125%.

Redemption terms: redeemable in full at par on 3 July 2015.

(h) February 2010 bond issue:

Amount: €500 million – rate: 4%.

Redemption terms: redeemable in full at par on 12 February 2018.

(i) October 2010 bond issue:

Amount: €1 billion – rate: 3.641%.

Redemption terms: redeemable in full at par on 29 October 2019.

(j) February 2012 bond issue:

Amount: €800 million – rate: 4.50%.

Redemption terms: redeemable in full at par on 9 February 2022.

(k) October 2012 bond issue:

Amount: €700 million – rate: 3.625%.

Redemption terms: redeemable in full at par on 16 January 2023.

NOTE 11 – DETAILS OF AMOUNTS INVOLVING RELATED COMPANIES

	Amount		Amount
Assets		Liabilities	
Long-term investments	12,011	Debt	-
Operating receivables	18	Trade payables	2
Other receivables	26	Other payables	28
Cash and current accounts	-	Bank overdrafts and current accounts	2,516
TOTAL	12,055	TOTAL	2,546
Expenses		Income	
Operating expenses	13	Operating income	67
Financial expenses	8	Financial income	895
Income tax expense	-	Income tax credits	200
TOTAL	21	TOTAL	1,162

NOTE 12 – FINANCIAL INSTRUMENTS

12.1 Interest rate hedges

Amount outstanding at 31/12/2012 by maturity	2013	2014 to 2017	After 2017	Total
Interest rate swaps				
On financial assets	625	-	-	625
On financial liabilities	-	-	-	-

12.2 Currency hedges

Amount outstanding at 31/12/2012 by currency	CHF	GBP	USD	Other	Total
Forward currency contracts					
Forward purchases	-	-	-	-	-
Forward sales	-	-	-	-	-
Currency swaps	-	-	19	-	19

As of 31 December 2012, the market value of the hedging instruments portfolio was +€0.03 million and -USD 0.03 million.

12.3 Options

Calls: Bouygues no longer held any call options at 31 December 2012.

NOTE 13 – OFF BALANCE SHEET COMMITMENTS GIVEN AND RECEIVED

	Amount of guarantee	of which related companies
Commitments given (contingent liabilities)		
Retirement benefit obligations	1	-
Other commitments given	-	-
TOTAL	1	-
Commitments received (contingent assets)		
Other commitments received	-	-
TOTAL	-	-

NOTE 14 – SALES

Sales recorded by Bouygues SA mainly comprise costs of shared support functions recharged to subsidiaries.

NOTE 15 – FINANCIAL INCOME AND EXPENSES

	2012	2011
Dividend income and shares of partnership profits	895	980
Interest income	18	44
Interest expense	(357)	(316)
Other financial income/(expenses), net: proceeds from disposals, impairment losses and provisions	23	(2)
TOTAL	579	706

NOTE 16 – GROUP TAX ELECTION AND INCOME TAX EXPENSE

Bouygues made a group tax election in 1997 under article 223 A-U of the French General Tax Code; this election still applies.

In addition to Bouygues SA, the group tax election included 76 subsidiaries in 2012.

Each company in the tax group recognises its own income tax expense as though the group election is not in place; the parent company recognises any tax savings.

At the end of the period, Bouygues SA recognised a net income tax credit, comprising:

	Short-term	Long-term	Total
Net income tax expense on:			
Profit before tax and exceptional items	-	-	-
Exceptional items	(54)	(7)	(61)
	(54)	(7)	(61)
Tax credits from group tax election			
Income tax received from profitable subsidiaries in the tax group	193	7	200
TOTAL	139	-	139

NOTE 17 – CONTINGENT TAX POSITION

	1 January 2012		Movements in the year		31 December 2012	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-deductible expenses						
Provisions for income taxes	30	-	36	-	66	-
Other non-deductible expenses	57	-	3	32	28	-
TOTAL	87	-	39	32	94	-
Expenses deductible for tax purposes/income liable to tax but not recognised for accounting purposes						
Unrealised foreign exchange losses	-	5	5	5	-	5
Unrealised foreign exchange gains	-	-	-	-	-	-
Unrealised foreign exchange gains/losses, net	-	5	5	5	-	5
Deferred income	30	-	-	9	21	-
Deferred charges	-	-	1	27	-	26
Capitalisation bonds	7	-	2	-	9	-
Bond repurchase premium	-	44	6	-	-	38
Other income and expenses	37	44	9	36	30	64
TOTAL	37	49	14	41	30	69

NOTE 18 – AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

	2012	2011
Managerial staff	138	144
Administrative, clerical, technical and supervisory staff	33	40
TOTAL	171	184

NOTE 19 – ADVANCES, LOANS AND REMUNERATION PAID TO DIRECTORS AND SENIOR EXECUTIVES

Remuneration of directors and senior executives:

- The total amount of direct and indirect remuneration of all kinds received from French and foreign companies by senior executives (Chairman and Chief Executive Officer, and Deputy Chief Executive Officer) was as follows: €1.5 million of basic remuneration, €0 million of variable remuneration based on 2012 performance, and €0.15 million of directors' fees.
- Directors' fees paid to members of the Board of Directors (including non-voting directors): €0.50 million.

NOTE 20 – LIST OF INVESTMENTS

	Number of shares	% interest	Estimated realisable value
Alstom	90,543,867	29.394	3,697 ^(a)
Bouygues Construction	1,705,132	99.936	813 ^(c)
Bouygues Immobilier	90,924	99.993	537 ^(c)
Bouygues Telecom	42,158,643	90.164	5,275 ^(a)
Colas	31,543,222	96.597	2,419 ^(c)
TF1	91,946,297	43.654	814 ^(b)
Other holdings	-	-	282
TOTAL HOLDINGS IN SUBSIDIARIES AND AFFILIATES			13,837
Negotiable debt instruments and money-market mutual funds	-	-	2,685 ^(a)
Capitalisation bonds	-	-	60 ^(b)
Other investments	-	-	12 ^(b)
TOTAL SHORT-TERM INVESTMENTS			2,757
TOTAL INVESTMENTS			16,594

The estimated realisable value shown is:

- (a) Carrying amount in the balance sheet (net book value);
- (b) Stock market value (closing price for equities);
- (c) Share of consolidated net assets.

NOTE 21 – LIST OF SUBSIDIARIES AND AFFILIATES

	Share ^(a) capital	Other share- holders ^{(a)(b)} equity	%	Carrying amount ^(c)		Loans & advances	Guar- antees ^(c)	Sales ^(c)	Net profit/ (loss) ^(c)	Dividends received ^(c)	Comments
				Gross	Net						
A - Detailed information											
1. Subsidiaries (interest > 50%)											
France											
Bouygues Construction	128	686	99.94	59	59	-	-	10,641	267	226	(d)
Bouygues Immobilier	139	399	99.99	315	315	-	-	2,396	107	120	(d)
Bouygues Telecom	713	2 131	90.16	5,275	5,275	-	-	5,226	(16)	190	(d)
Colas	49	2,455	96.60	1,712	1,712	-	-	13,035	302	229	(d)
TOTAL				7,361	7,361	-	-	31,298	660	765	
Other countries											
Uniservice	51	17	99.99	32	32	-	-	-	1	2	
TOTAL				32	32	-	-	-	1	2	
2. Affiliates (interest > 10%, ≤ 50%)											
France											
Alstom	2,156	2,278	29.39	3,697	3,697	-	-	19,934	744	72	(e)
TF1	42	1,643	43.65	732	732	-	-	2,621	136	51	(d)
TOTAL				4,429	4,429	-	-	22,555	880	123	
Other countries											
TOTAL				-	-	-	-	-	-	-	
B - Aggregate information											
3. Other subsidiaries											
France				159	153	-	-	25	2	-	
Other countries				4	-	-	-	27	1	-	
4. Other affiliates											
France				16	7	10	-	121	25	4	
Other countries				-	-	-	-	-	-	-	
OVERALL TOTAL				12,001	11,982	10	- 54,026	1,569	894		

(a) In the local functional currency.

(b) Including net profit/loss for the year.

(c) In euros.

(d) Parent company of a business segment: consolidated reserves, sales and net profit/loss (excluding minority interests) for the segment, for the year ended 31 December 2012.

(e) Year ended 31 March.

4. AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the shareholders,

In accordance with the terms of our appointment at the Annual General Meeting, we present below our report for the year ended 31 December 2012 on:

- the audit of the accompanying financial statements of Bouygues;
- the basis of our opinion;
- the specific procedures and information required by law.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Opinion on the financial statements

We have performed our audit in accordance with the professional practices applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2012, and of the results of its operations for the year then ended, in accordance with French Generally Accepted Accounting Principles (GAAP).

Basis of our opinion

Pursuant to the provisions of Article L. 823-9 of the Commercial Code requiring auditors to explain the basis of their opinion, we draw your attention to the following matters:

Holdings in subsidiaries and affiliates recognised as assets on the company's balance sheet are valued in accordance with the methods described in Note 2.31 to the financial statements. We reviewed the data used to estimate the carrying amounts of these investments and checked the calculations of impairment provisions where appropriate. We have no matters to report regarding the methods used, the reasonableness of the estimates made or the relevance of the information disclosed in the notes to the financial statements.

These assessments are an integral part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

Specific procedures and information

We also carried out the specific procedures required by law, in accordance with the auditing standards applicable in France.

We have no matters to report regarding the fairness of the information given in the management report prepared by the Board of Directors and the documents sent to shareholders on the company's financial position and financial statements, or its consistency with those financial statements.

We also verified that the disclosures provided in accordance with Article L. 225-102-1 of the Commercial Code on compensation and benefits accruing to corporate officers and on commitments granted to them were consistent with the financial statements or with the data used in preparing the financial statements and, where appropriate, with the information collected by Bouygues from companies controlling it or controlled by it. Based on our work, we certify that this information is accurate and fair.

As required by law, we verified that the various information on acquiring equity interests or obtaining control, and the identity of shareholders (or holders of voting rights) is disclosed in the management report.

Paris La Défense, 26 February 2013.

The Auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Guillaume Potel

Chapter 8

Combined Annual General Meeting of 25 April 2013

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1. AGENDA

1.1 Ordinary General Meeting

- Board of Directors' reports;
- Report of the Chairman of the Board of Directors;
- Auditors' reports;
- Approval of the parent company financial statements and transactions for the year ended 31 December 2012;
- Approval of the consolidated financial statements and transactions for the year ended 31 December 2012;
- Appropriation of earnings, setting of dividend;
- Approval of regulated agreements and commitments;
- Renewal of the term of office of Yves Gabriel as a director;
- Renewal of the term of office of Patrick Kron as a director;
- Renewal of the term of office of Colette Lewiner as a director;
- Renewal of the term of office of Jean Peyrelevade as a director;
- Renewal of the term of office of François-Henri Pinault as a director;
- Renewal of the term of office of SCDM as a director;
- Appointment of Rose-Marie Van Lerberghe as a director;
- Appointment of Jean-Paul Chifflet as a director;
- Election of two directors representing employee shareholders;
- Authorisation to the Board of Directors with a view to permitting the company to trade in its own shares.

1.2 Extraordinary General Meeting

- Board of Directors' reports and auditors' reports;
- Authorisation to the Board of Directors to reduce share capital by cancelling treasury shares held by the company;
- Delegation of powers to the Board of Directors to increase share capital with pre-emptive rights for existing shareholders, by issuing shares and all securities giving immediate or future access to shares in the company or one of its subsidiaries;
- Delegation of powers to the Board of Directors to increase share capital by incorporating share premiums, reserves or earnings, or other amounts into capital;
- Delegation of powers to the Board of Directors to increase share capital, by way of public offering, without pre-emptive rights for existing shareholders, by issuing shares and all securities giving immediate and/or future access to shares in the company or one of its subsidiaries;
- Delegation of powers to the Board of Directors to increase share capital through a private placement, by issuing shares and all securities giving immediate and/or future access to shares in the company or one of its subsidiaries in accordance with paragraph 2, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders;
- Authorisation to the Board of Directors to set the price, in accordance with the terms decided by the Annual General Meeting, for immediate or future public offerings or private placements of equity securities falling within the scope of paragraph 2, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders;
- Authorisation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders;
- Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, as consideration for contributions in kind to the company consisting of equity securities or securities giving access to the capital of another company outside of a public exchange offer;
- Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, as consideration for securities tendered to a public exchange offer initiated by the company;
- Delegation of powers to the Board of Directors to issue shares, without pre-emptive rights for existing shareholders, following the issue by a Bouygues subsidiary of securities giving access to shares in the company;
- Delegation of powers to the Board of Directors to issue all securities giving the right to the allotment of debt securities;
- Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, for the benefit of employees or corporate officers of the company or related companies who are members of a company savings scheme;
- Authorisation to the Board of Directors to allot existing or new bonus shares, without pre-emptive rights for existing shareholders, for the benefit of employees or corporate officers of the company or related companies;
- Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company's shares;
- Authorisation to the Board of Directors to use, during the period of the public tender offer for the company's shares, all the authorisations and delegations of powers to increase the share capital;
- Powers to carry out formalities.

2. BOARD OF DIRECTORS' REPORTS

2.1 Board of Directors' report on the resolutions submitted to the Combined Annual General Meeting of 25 April 2013

This report is the part of the Board of Directors' management report concerning the resolutions to be presented to the Combined Annual General Meeting of 25 April 2013.

2.1.1 Ordinary General Meeting

Approval of the full-year financial statements and proposed appropriation of earnings (proposed dividend: €1.60 per share)

In the **first to third resolutions**, we ask you, after having acquainted yourself with the Board of Directors' reports, to approve the transactions and the parent company and consolidated financial statements for the year ended 31 December 2012, as will be presented to you.

Distributable earnings for the year ended 31 December 2012 amounted to €2,757,904,419.81, comprising net profit of €663,943,117.79 and retained earnings of €2,093,961,302.02.

We propose to distribute a dividend of a total amount of €510,651,948.80 and to appropriate the balance of €2,247,252,471.01 to retained earnings.

The dividend, which is the same as in 2011, amounts to a payout of €1.60 for each of the 319,157,468 existing shares. This dividend is eligible for 40% tax relief in accordance with Article 158-3-2 of the General Tax Code.

In accordance with the law, shares held by the company when the dividends are paid out are not eligible for dividends.

The dividend payment date is 6 May 2013. The ex-date and record date have been set at 30 April 2013 and in the evening of 3 May 2013 respectively.

The amount of dividends distributed in respect of the last three financial years are as follows:

	2009	2010	2011
Number of shares	354,267,911	365,862,523	314,869,079
Dividend per share	€1.60	€1.60	€1.60
Total dividend ^{(a)(b)}	€566,147,057.60	€570,328,377.60	€503,790,526.40

(a) The amounts shown represent dividends actually paid, taking account of the fact that shares held by the company itself do not qualify for dividend.

(b) Amounts eligible for 40% tax relief in accordance with paragraph 2 of Article 158-3 of the General Tax Code.

Approval of regulated agreements and commitments

In the **fourth resolution**, we ask you to approve the agreements and commitments authorised by the Bouygues Board of Directors during the 2012 financial year or at the start of the 2013 financial year and that fall within the scope of application of Articles L. 225-38 and L. 225-40 to L. 225-42-1 of the Commercial Code. This approval is part of what is known as the regulated, or related-party, agreements procedure, which aims to prevent potential conflicts of interest.

In accordance with the law, these agreements and commitments were all granted prior approval by the Board of Directors; the directors concerned abstained from voting. The detailed list of these agreements and commitments, and the amounts billed, are provided in the auditors' special report on regulated agreements and commitments. This report, which will be included in the Registration Document, will be available on the Bouygues website as from 4 April 2013.

It should be noted that the agreements and commitments mentioned in the auditors' special report that were approved

by general meetings in previous years do not have to be voted on again by this Annual General Meeting.

The agreements and commitments we ask you to approve concern the following subjects:

- reciprocal services agreement between Bouygues and SCDM, a company owned by Martin and Olivier Bouygues. The amount billed by Bouygues to SCDM under this agreement in 2012 was €0.4 million. The amount billed by SCDM to Bouygues under this agreement (€5.6 million) consists mainly of the salaries of Martin and Olivier Bouygues (83% of the total). The remainder (17% of the total) is for the services provided by the small group that supports Martin and Olivier Bouygues in their deliberations and activities on behalf of the Group, mainly by conducting research and analysis into strategic developments and the growth of the Bouygues group;
- indirect buyback by Bouygues of the 15% residual stake held by SCDM in Challenger Luxembourg SA, the company that previously held aircraft. This buyback is part of moves to streamline the Bouygues aircraft division. The price paid

by Bouygues to SCDM (USD 56,000) was calculated on the basis of Challenger Luxembourg SA's net worth;

- services provided by Bouygues to its main subsidiaries: Bouygues SA provides a range of general and expert services to Group businesses in areas such as finance, communications, sustainable development, corporate sponsorship, new technologies, insurance, legal affairs, human resources, etc. As part of this, Bouygues SA and its main subsidiaries sign annual agreements relating to these services, so that each business can request relevant services and expertise if need be. The subsidiaries are billed for the real costs of these shared services according to the nature of the service: the ratio of the subsidiary's headcount to the Group's headcount for human resources; the permanent capital ratio for financial services; and the ratio of the subsidiary's sales to Group sales for all other services;
- provision of services between Bouygues and Bouygues Europe. This agreement enables Bouygues to entrust Bouygues Europe, a company based in Brussels, with Group representation and advocacy tasks and with promoting the Group's activities, primarily *vis-à-vis* European institutions;
- the supplementary pension plan for members of the Group management committee. This supplementary provision is equivalent to 0.92% of the reference salary per year of service under the plan, and the supplementary benefits may not exceed eight times the upper earnings limit for social security contributions, i.e. approximately €296,000 in 2013. The plan has been outsourced to an insurance company. Bouygues cross-charges its subsidiaries for the premiums paid for their corporate officers;
- trademark licences granted to Bouygues Construction and Bouygues Europe.

The persons concerned will not vote on this resolution.

Terms of office of directors

Renewal of the term of office of six directors – appointment of two new directors

The terms of office of Lucien Douroux, Yves Gabriel, Patrick Kron, Colette Lewiner, Jean Peyrelevade and François-Henri Pinault, as well as the term of office as director of SCDM, expire at the end of this Annual General Meeting. Patricia Barbizet has also made known her decision to resign from her position as director at the end of this Annual General Meeting.

In the **fifth to tenth resolutions**, we ask you to renew the following terms of office for a period of three years, expiring after the Annual General Meeting in 2016 called to approve the financial statements for the year ended 31 December 2015: Colette Lewiner, Yves Gabriel, Patrick Kron, Jean Peyrelevade, François-Henri Pinault and SCDM.

Yves Gabriel was born on 19 March 1950. He is the Chairman and CEO of Bouygues Construction. He was appointed a director of Bouygues on 10 September 2002.

Yves Gabriel is a civil engineering graduate of École Nationale des Ponts et Chaussées, and joined the Bouygues group

in 1976. His career began at Screg Île-de-France as works engineer; he then became sector head and manager of a regional branch office. In 1985, he established Screg Bâtiment where he was CEO until 1992. From 1989 to 1992, he also served as COO of Bouygues' industrial construction division and was Chairman of Ballestrero. From 1992 to 1996, he was CEO of the Screg group (French road construction group). In November 1996, he joined the Saur group as Deputy CEO responsible for activities in France and the merger with the Cise group, acquired from Saint-Gobain. In June 2000, he was appointed CEO of the Saur group. In September 2002, he was appointed Chairman and CEO of Bouygues Construction, and director of Bouygues.

Patrick Kron was born on 26 September 1953. He is the Chairman and CEO of Alstom. He was appointed a director of Bouygues on 6 December 2006.

Patrick Kron is a graduate of École Polytechnique and an engineer of the Corps des Mines de Paris. He began his career at the French Industry Ministry in 1979 as an engineer in the Loire Valley regional department for industry, research and the environment (DRIRE), then in the Ministry's general directorate. In 1984, he joined the Pechiney group, where he held senior operational responsibilities in one of the group's factories in Greece before becoming manager of Pechiney's Greek subsidiary in 1988. Between 1988 and 1993, Patrick Kron held various operational and financial positions at Pechiney, notably President of the Electrometallurgy Division. In 1993, he became member of the executive committee of the Pechiney group and was Chairman and CEO of Carbone Lorraine from 1993 to 1997. From 1995 to 1997, he ran Pechiney's Food and Health Care Packaging Sector and held the position of COO of the American National Can Company in Chicago (United States). From 1998 to 2002, Patrick Kron was Chairman of the executive board of Imerys before joining Alstom where he has been CEO since 1 January 2003, and Chairman and CEO since 11 March 2003. He has also been a Director since 24 July 2001.

Colette Lewiner was born on 19 September 1945. She is Advisor to the Chairman on matters regarding energy and utilities. She was appointed a director of Bouygues on 29 April 2010.

Colette Lewiner is a graduate of École Normale Supérieure and holds the prestigious rank of "agrégée" teacher in physics, as well as a PhD in science. She spent a large part of her career with EDF, where she was the first woman to be appointed Senior Vice President within the group, with responsibility for development and marketing strategy. She went on to lead Cogema's engineering subsidiary SGN. In 1998, she joined Capgemini, where she headed the Global Energy, Utilities and Chemicals sector, before becoming Advisor to the Chairman on matters regarding energy and utilities. In September 2010, in addition to her functions at Capgemini, Colette Lewiner was appointed non-executive chairwoman of TDF. She is an Officer of the Legion of Honour and a Commander of the National Order of Merit.

Jean Peyrelevade was born on 24 October 1939. He is Chairman of the Supervisory Board of Leonardo & Co. He was appointed director of Bouygues on 25 January 1994.

Jean Peyrelade is a graduate of École Polytechnique and Institut d'Études Politiques de Paris (IEP), and is a senior civil aviation engineer. He was deputy head of the private office of the Prime Minister in 1981, and in 1983 became Chairman of Compagnie Financière de Suez and, at the same time, of Banque Indosuez. He was appointed Chairman and CEO of Banque Stern, then in 1988 became Chairman of UAP, before becoming Chairman of Crédit Lyonnais in 1993 for ten years. He is currently a merchant banker at Banca Leonardo group.

François-Henri Pinault was born on 28 May 1962. He is Chairman, CEO and director of PPR.

François-Henri Pinault is a graduate of École des Hautes Études Commerciales (HEC). He has spent his whole career within the PPR group. He was CEO of France Bois Industries from 1989 to 1990 and was appointed Chairman and CEO of Pinault Distribution in 1991. In 1993, he became Chairman of CFAO. He was appointed Chairman and CEO of Fnac in 1997, then Executive Vice-President of the PPR group and subsequently head of Internet activities and Chairman of the supervisory board of PPR-Interactive from 2000 to 2001. Since 1998, François-Henri Pinault has been a director, and since 2003 Chairman of the Board of Directors of Artémis. In 2005, he became Chairman of the Executive Board and then Chairman and CEO of PPR.

SCDM, is controlled by Martin Bouygues and Olivier Bouygues, and was appointed as a director of Bouygues on 22 October 1991. At 31 December 2012, SCDM held a significant share of Bouygues' share capital (20.5%) and voting rights (29.2%).

In the **eleventh resolution**, we ask you to appoint Jean-Paul Chifflet as director for three years. He will replace Lucien Douroux, whose term of office expires at the end of this Annual General Meeting. This term will expire after the Annual General Meeting in 2016 called to approve the financial statements for the year ended 31 December 2015.

Jean-Paul Chifflet was born on 3 September 1949.

Jean-Paul Chifflet is a graduate of Institut des Hautes Finances in Paris. He joined the Crédit Agricole group in 1973 where he was successively head of sales coordination at Crédit Agricole du Sud-Est Regional Bank, corporate secretary at Crédit Agricole de la Drôme Regional Bank then at Crédit Agricole du Sud-Est Regional Bank, head of development and credit at Crédit Agricole du Sud-Est Regional Bank, and Deputy CEO of Crédit Agricole Ain - Saône & Loire Regional Bank and then Crédit Agricole Centre-Est Regional Bank. In 1997, he was appointed head of relations with the Regional Banks at Caisse Nationale de Crédit Agricole (CNCA) and was appointed CEO of Crédit Agricole Centre-Est in 2000. He has been CEO of Crédit Agricole S.A. since March 2010.

From 2006 to 2010, Jean-Paul Chifflet served as corporate secretary of Fédération Nationale du Crédit Agricole (FNCA), vice-chairman of SAS Rue La Boétie, and a director of Calyon, LCL and Siparex Associés. From 2007 to 2010, he sat on the Conseil Économique et Social and was a member of the confederate council and executive board of Confédération Nationale de la Mutualité, de la Coopération et du Crédit Agricole (CNMCCA).

Appointed CEO of Crédit Agricole S.A. in March 2010, he is also Chairman of LCL, Crédit Agricole Corporate & Investment Bank and Amundi Group. He has chaired the French Banking Federation (FBF) since 1 September 2012.

In the **twelfth resolution**, we ask you to appoint Rose-Marie Van Lerberghe as director for three years. She will replace Patricia Barbizet, whose resignation takes effect at the end of this Annual General Meeting. This term will expire after the Annual General Meeting in 2016 called to approve the financial statements for the year ended 31 December 2015.

Rose-Marie Van Lerberghe was born on 7 February 1947. She is a graduate of École Normale Supérieure and École Nationale d'Administration, and holds the prestigious rank of "agrégée" teacher in philosophy. She is also a graduate of Institut d'Études Politiques de Paris (IEP). After holding various positions at the Labour Ministry, in 1986 Rose-Marie Van Lerberghe joined the Danone group, where she was Group Director of Human Resources. In 1996, she became Delegate General for Employment and Vocational Training, then Chief Executive Officer of Altédia in 2000. From 2002 to 2006, she was the Director General of Assistance Publique des Hôpitaux de Paris. From 2006 to 2011, she chaired the Korian management board.

Rose-Marie Van Lerberghe is also a director at Air France and Casino. She is a member of the Conseil Supérieur de la Magistrature.

Re-election of two directors representing employee shareholders

Through employee share ownership funds (FCPEs) invested in Bouygues shares, Bouygues group employees hold a significant portion of Bouygues' capital (23.7% at 31 December 2012) and voting rights (28.7% at 31 December 2012). It is therefore important for employee shareholders to be represented on the Board of Directors. For this reason, in accordance with the by-laws, we propose that you elect two directors to represent employee shareholders, on the basis of a proposal by the supervisory boards of the employee share ownership funds.

The terms of office of Sandra Nombret and Michèle Vilain, who were appointed as directors in 2009, expire after the Annual General Meeting on 25 April 2013. The supervisory boards of the employee share ownership funds, which met on 11 February 2013, proposed that the Annual General Meeting elect each of these two directors for a new three-year term of office. This term will expire after the Annual General Meeting in 2016 called to approve the financial statements for the year ended 31 December 2015. This is the purpose of the **thirteenth and fourteenth resolutions**.

Sandra Nombret was born on 24 May 1973. She is Department Head and Senior Legal officer, Bouygues Bâtiment International. She was appointed a director of Bouygues on 29 April 2010.

Sandra Nombret has a DESS postgraduate diploma in foreign trade law. After joining the Bouygues group in 1997, she is currently a department head with Bouygues Bâtiment

International, where she is Senior Legal Officer for the Near and Middle East, Africa, Central Asia, Canada and Cyprus.

Michèle Vilain was born on 14 September 1961. She is in charge of customer mediation for Bouygues Immobilier and was appointed a director of Bouygues on 29 April 2010.

Michèle Vilain joined Bouygues Immobilier in 1989, holding various positions in the IT and Office Automation department, including responsibility for customer services. She is currently department head at the Residential Property France division, where she is responsible for customer mediation.

Membership of the Board of Directors after the Annual General Meeting

Subject to approval by the Annual General Meeting of **resolutions five to fourteen**, at the close of the Annual General Meeting, the membership of the Board of Directors will be as follows:

Directors

Martin Bouygues
 SCDM (represented by Olivier Bouygues)
 François Bertière
 Mrs Francis Bouygues
 Jean-Paul Chifflet
 Georges Chodron de Courcel
 Yves Gabriel
 Anne-Marie Idrac (IND)
 Patrick Kron
 Hervé Le Bouc
 Helman le Pas de Sécheval (IND)
 Colette Lewiner (IND)
 Sandra Nombret
 Nonce Paolini
 Jean Peyrelevade (IND)
 François-Henri Pinault (IND)
 Rose-Marie Van Lerberghe (IND)
 Michèle Vilain

(*IND = independent director*)

Subject to this same condition, the committees will have the following members:

Accounts Committee

Chairman: H. le Pas de Sécheval (IND)
 Members: G. Chodron de Courcel
 A.-M. Idrac (IND)
 M. Vilain

Remuneration Committee

Chairwoman: C. Lewiner (IND)
 Members: F.-H. Pinault (IND)
 H. le Pas de Sécheval (IND)

Selection Committee

Chairman: J. Peyrelevade (IND)
 Members: F.-H. Pinault (IND)
 G. Chodron de Courcel

Ethics and Sponsorship Committee

Chairwoman: A.-M. Idrac (IND)
 Member: S. Nombret

The proportion of women with seats on the Board is 33%. The proportion of independent directors is also 33%; according to the Board, as an exception to the Afep/Medef Code, the fact that a director has served for longer than 12 years does not automatically mean that he or she is no longer considered independent.

Financial authorisations

In the **fifteenth to thirtieth resolutions**, we ask you to renew the various financial authorisations granted to the Board of Directors, which expire in 2013. The purpose of these resolutions is to enable the Board of Directors, under the conditions and within the limits set by the Annual General Meeting, to continue to benefit from the authorisations that allow it to finance the development of the company and to carry out the financial transactions that are appropriate for its strategy, without being obliged to convene specific Extraordinary General Meetings.

Financial authorisations in force on the date of the Combined Annual General Meeting of 25 April 2013

The table below summarises the authorisations in force at the date of the Combined Annual General Meeting of 25 April 2013, and conferred on the Board of Directors in order to buy back shares, increase or reduce the capital, award stock options or bonus shares.

Only the authorisations to increase the capital for employees, award stock options and trade in company shares were used during the 2012 financial year.

Purpose	Maximum nominal amount	Expiry/Duration	Use of powers in 2012
SECURITIES ISSUES			
1. Increase share capital with pre-emptive rights for existing shareholders (AGM of 21 April 2011, Resolution 11)	<ul style="list-style-type: none"> • Capital increase: €150 million • Issue of debt securities: €5 billion 	21 June 2013 (26 months)	Authorisation not used
2. Increase share capital by incorporating share premiums, reserves or earnings into capital (AGM of 21 April 2011, Resolution 12)	€6 billion	21 June 2013 (26 months)	Authorisation not used
3. Increase share capital by way of public offering without pre-emptive rights for existing shareholders (AGM of 21 April 2011, Resolution 13)	<ul style="list-style-type: none"> • Capital increase: €150 million^(a) • Issue of debt securities: €5 billion^(a) 	21 June 2013 (26 months)	Authorisation not used
4. Increase share capital through an offer falling within the scope of paragraph 2 of Article L. 411-2 of the Monetary and Financial Code ("private placements") (AGM of 21 April 2011, Resolution 14)	<ul style="list-style-type: none"> • Capital increase: 20% of the share capital^(a) • Issue of debt securities: €5 billion^(a) 	21 June 2013 (26 months)	Authorisation not used
5. Set the price for immediate or future public issues of equity securities or issues falling within the scope of Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders (AGM of 21 April 2011, Resolution 15)	10% of the share capital ^(a) in any 12-month period	21 June 2013 (26 months)	Authorisation not used
6. Increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders (AGM of 21 April 2011, Resolution 16)	15% of the initial issue ^(a)	21 June 2013 (26 months)	Authorisation not used
7. Increase share capital as consideration for contributions in kind consisting of a company's shares or securities giving access to capital (AGM of 21 April 2011, Resolution 17)	10% of the share capital ^(a)	21 June 2013 (26 months)	Authorisation not used

(a) To be deducted from the overall ceiling referred to in point 1.

Purpose	Maximum nominal amount	Expiry/Duration	Use of powers in 2012
SECURITIES ISSUES (continued)			
8. Increase share capital as consideration for securities tendered to a public exchange offer (AGM of 21 April 2011, Resolution 18)	<ul style="list-style-type: none"> • Capital increase: €150 million^(a) • Issue of debt securities: €5 billion^(a) 	21 June 2013 (26 months)	Authorisation not used
9. Issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues (AGM of 21 April 2011, Resolution 19)	<ul style="list-style-type: none"> • Capital increase: nominal amount of €150 million^(a) 	21 June 2013 (26 months)	Authorisation not used
10. Issue securities giving rights to allotment of debt securities (AGM of 21 April 2011, Resolution 20)	€5 billion	21 June 2013 (26 months)	Authorisation not used
11. Issue equity warrants during the period of a public offer (AGM of 26 April 2012, Resolution 12)	<ul style="list-style-type: none"> • Capital increase: €350 million • The number of warrants is capped at the number of existing shares 	26 October 2013 (18 months)	Authorisation not used
12. Increase share capital during the period of a public offer (AGM of 26 April 2012, Resolution 13)	Ceilings fixed in the relevant authorisations	26 October 2013 (18 months)	Authorisation not used
ISSUES CARRIED OUT FOR THE BENEFIT OF EMPLOYEES AND CORPORATE OFFICERS OF THE COMPANY OR ASSOCIATED COMPANIES			
13. Capital increase for the benefit of employees or corporate officers who are members of a company savings scheme (AGM of 21 April 2011, Resolution 21)	10% of the share capital	21 June 2013 (26 months)	At its meeting of 3 October 2012, the Board decided to carry out a capital increase reserved for employees. In accordance with this decision, 9,363,295 shares with a par value of €1 each (2.97% of the share capital) were issued on 28 December 2012, i.e. a capital increase of €150 million, issue premium included
14. Allotment of existing or new bonus shares (AGM of 29 April 2010, Resolution 19)	10% of the share capital	29 June 2013 (38 months)	Authorisation not used
15. Grant of stock subscription and/or purchase options (AGM of 21 April 2011, Resolution 22)	5% of the share capital ^(b)	21 June 2014 (38 months)	The Board meetings of 15 May and 26 April 2012 voted to allot 2,956,025 stock options to 1,092 beneficiaries, effective 13 June 2012

(a) To be deducted from the overall ceiling referred to in point 1.
(b) To be deducted from the overall ceiling for bonus share issues.

Purpose	Maximum nominal amount	Expiry/Duration	Use of powers in 2012
SHARE BUYBACKS AND REDUCTION IN SHARE CAPITAL			
16. Purchase by the company of its own shares (AGM of 26 April 2012, Resolution 10)	5% of the share capital Total outlay capped at €1 billion	26 October 2013 (18 months)	1,029,786 shares purchased and 1,052,786 sold under the liquidity contract
17. Reduce share capital by cancelling shares (AGM of 26 April 2012, Resolution 11)	10% of the share capital in any 24-month period	26 October 2013 (18 months)	Authorisation not used

Financial authorisations submitted to the Combined Annual General Meeting of 25 April 2013

The table below summarises the delegated financial powers and authorisations to be conferred on the Board of Directors by the Combined Annual General Meeting of 25 April 2013.

Purpose	Maximum nominal amount	Expiry/Duration
SECURITIES ISSUES		
1. Increase share capital with pre-emptive rights for existing shareholders (Resolution 17)	<ul style="list-style-type: none"> • Capital increase: €150 million • Issue of debt securities: €5 billion 	25 June 2015 (26 months)
2. Increase share capital by incorporating share premiums, reserves or earnings into capital (Resolution 18)	€4 billion	25 June 2015 (26 months)
3. Increase share capital by way of public offering without pre-emptive rights for existing shareholders (Resolution 19)	<ul style="list-style-type: none"> • Capital increase: €150 million^(a) • Issue of debt securities: €5 billion^(a) 	25 June 2015 (26 months)
4. Increase share capital through an offer falling within the scope of paragraph 2 of Article L. 411-2 of the Monetary and Financial Code ("private placements") (Resolution 20)	<ul style="list-style-type: none"> • Capital increase: 20% of the share capital^(a) • Issue of debt securities: €5 billion^(a) 	25 June 2015 (26 months)
5. Set the price for immediate or future public issues of equity securities or issues falling within the scope of Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders (Resolution 21)	10% of the share capital ^(a) in any 12-month period	25 June 2015 (26 months)
6. Increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders (Resolution 22)	15% of the initial issue ^(a)	25 June 2015 (26 months)
7. Increase share capital as consideration for contributions in kind consisting of a company's shares or securities giving access to capital (Resolution 23)	10% of the share capital ^(a)	25 June 2015 (26 months)
8. Increase share capital as consideration for securities tendered to a public exchange offer (Resolution 24)	<ul style="list-style-type: none"> • Capital increase: €150 million^(a) • Issue of debt securities: €5 billion^(a) 	25 June 2015 (26 months)

Purpose	Maximum nominal amount	Expiry/Duration
SECURITIES ISSUES (continued)		
9. Issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues (Resolution 25)	• Capital increase: nominal amount of €150 million ^(a)	25 June 2015 (26 months)
10. Issue securities giving rights to allotment of debt securities (Resolution 26)	€5 billion	25 June 2015 (26 months)
11. Issue equity warrants during the period of a public offer (Resolution 29)	• Capital increase: €350 million • The number of warrants is capped at the number of existing shares	25 October 2014 (18 months)
12. Increase share capital during the period of a public offer (Resolution 30)	Ceilings fixed in the relevant authorisations	25 October 2014 (18 months)
ISSUES CARRIED OUT FOR THE BENEFIT OF EMPLOYEES AND CORPORATE OFFICERS OF THE COMPANY OR ASSOCIATED COMPANIES		
13. Capital increase for the benefit of employees or corporate officers who are members of a company savings scheme (Resolution 27)	10% of the share capital	25 June 2015 (26 months)
14. Allotment of existing or new bonus shares (Resolution 28)	5% of the share capital ^(b)	25 June 2016 (38 months)
SHARE BUYBACKS AND REDUCTION IN SHARE CAPITAL		
16. Purchase by the company of its own shares (Resolution 15)	5% of the share capital Total outlay capped at €1 billion	25 October 2014 (18 months)
17. Reduce share capital by cancelling shares (Resolution 16)	10% of the share capital in any 24-month period	25 October 2014 (18 months)

(a) To be deducted from the overall ceiling referred to in point 1.

(b) To be deducted from the overall ceiling for bonus share issues.

We have summarised below the aims and the content of these authorisations and delegations of authority.

Authorisation for the company to buy back its own shares

The purpose of the **fifteenth resolution** is to renew the authorisation granted to the Board of Directors to trade in Bouygues shares on the company's behalf, in accordance with legal requirements, for a period of eighteen months.

In 2012, the only buybacks of Bouygues shares involved a purchase of around 1 million shares and the sale of around 1 million shares, through a service provider acting within the scope of a liquidity agreement that complies with a code of conduct approved by the Autorité des Marchés Financiers (AMF).

Moreover, at the start of 2013, the company bought back 5.1 million shares with a view to their cancellation. These shares were cancelled on 26 February 2013.

The objectives of the new buyback programme are the same as those of the previous one. They are set out in the wording

of the resolution. Buybacks, which may not exceed 5% of the share capital, can be used, *inter alia*, to cancel shares, pursuant to the authorisation granted in the **sixteenth resolution**, notably to offset the dilutive impact on existing shareholders of the exercise of stock options granted to employees and corporate officers, and to stimulate the market for the company's shares, through an investment services provider acting in complete independence. Shares acquired under buybacks may also be delivered as a medium of payment or exchange in an acquisition, merger, spin-off or contribution.

The maximum purchase price is €50. The overall ceiling for purchases is €1 billion.

The transactions may be carried out at any time, including during the period of a public offer for the company's shares, in accordance with applicable regulations. It is important that the company should be able, where necessary, and even during a public offer, to buy back its own shares with a view to achieving the objectives of the buyback programme.

2.1.2 Extraordinary General Meeting

Option to reduce share capital by cancelling shares

In the **sixteenth resolution**, in accordance with Article L. 225-209 of the Commercial Code, we ask you to authorise the Board of Directors to reduce the share capital, on one or more occasions, up to a limit of 10% of the share capital in any twenty-four month period, by cancelling some or all of the shares that the company holds or may hold as a result of using the various share buyback authorisations given by the Annual General Meeting to the Board of Directors, particularly under the fifteenth resolution submitted to this Annual General Meeting for approval.

Cancelling shares makes it possible, if the Board of Directors deems it appropriate, to offset the dilution for shareholders resulting from the creation of new shares in connection, for example, with employee savings schemes and the exercise of stock options.

This authorisation will be granted for a period of eighteen months.

Option to increase share capital with pre-emptive rights

In the **seventeenth resolution**, we ask you to delegate to the Board of Directors the power to increase the capital by issuing, with pre-emptive rights for existing shareholders, ordinary shares in the company and securities of any kind whatsoever that give access in whatever manner, now and/or in the future, to ordinary shares, whether in existence or to be issued in the future, in Bouygues or in any company in which it owns directly or indirectly more than half the capital. Shareholders will thus have pre-emptive rights, in proportion to the number of shares that they hold, to subscribe as of right and, if the Board so decides, on an excess right basis, for ordinary shares and securities issued on the basis of this resolution.

The total nominal amount of capital increases may not exceed one hundred and fifty million euros (€150,000,000) in nominal value, or approximately 47% of the current share capital, and the nominal amount of the debt securities issued and giving access now or in the future to capital shall not exceed five billion euros (€5,000,000,000). These two ceilings apply to all capital increases conducted under the nineteenth, twentieth, twenty-first, twenty-second, twenty-third, twenty-fourth and twenty-fifth resolutions submitted to the Annual General Meeting.

This delegation will be granted for a period of twenty-six months.

Option to increase share capital by capitalising reserves

In the **eighteenth resolution**, we ask you to delegate to the Board of Directors the power to increase the capital by capitalising premiums, reserves, earnings or other amounts which may be incorporated into capital in accordance with applicable law and the by-laws, by allotting bonus shares or by increasing the nominal value of the existing shares, or through a combination of the two procedures. The total

amount of capital increases that may be implemented pursuant to this resolution may not exceed four billion euros (€4,000,000,000), in nominal value. The limit set in this delegation is independent of and separate from the overall limit set in the seventeenth resolution.

This delegation will be granted for a period of twenty-six months.

Option to increase share capital by way of public offering

In the **nineteenth resolution**, we ask you to delegate to the Board of Directors the power to increase the share capital by way of public offering by issuing, without pre-emptive rights, ordinary shares in the company and any securities of any kind whatsoever, giving access in whatever manner, now and/or in the future, to shares in Bouygues or in any company in which it directly or indirectly owns more than half the capital.

Transactions carried out pursuant to this delegation shall count towards the overall limits of one hundred and fifty million euros (€150,000,000) in nominal value (capital increase) and five billion euros (€5,000,000,000) (debt securities) set in the seventeenth resolution.

This delegation will be granted for a period of twenty-six months.

Option to increase share capital by way of private placement

The purpose of the **twentieth resolution** is to allow the Board of Directors to conduct capital increases, for a period of twenty-six months, by way of private placement, up to 20% of the share capital over a twelve-month period.

The aim is to allow the company to optimise its access to capital markets and to carry out transactions while benefiting from a certain amount of flexibility. Unlike public offerings, capital increases by way of private placement are intended for persons and entities providing asset management investment services to third parties, or for qualified investors or for a small group of investors, provided that these investors are acting on their own account.

Transactions carried out pursuant to this delegation shall count towards the overall limits of one hundred and fifty million euros (€150,000,000) in nominal value (capital increase) and five billion euros (€5,000,000,000) (debt securities) set in the seventeenth resolution.

Option of setting the issue price in the event of a capital increase without pre-emptive rights

In accordance with Article L. 225-136-1 of the Commercial Code, the purpose of the **twenty-first resolution** is to authorise the Board of Directors to derogate, for issues carried out by way of public offering or private placement, from the pricing terms provided for under the current regulations (Article R. 225-119 of the Commercial Code), and to set, in accordance with the terms determined by the general meeting, the price of the equity securities to be issued immediately or at a later date up to the limit of 10% of the share capital and in any twelve-month period.

The issue price shall be set as follows:

- a) for equity securities to be issued immediately, the Board may opt for one of two alternatives:
 - either the average price observed over a maximum period of six months prior to the issue date, or,
 - the volume-weighted average price on the market on the day preceding the issue (1-day VWAP) with a maximum discount of 20%.
- b) for equity securities to be issued at a later date, the issue price shall be such that the sum received immediately by the company, plus the amount it is likely to receive subsequently, will be equal to or greater than the amount referred to in sub-paragraph (a) above in respect of each ordinary share.

This delegation will be granted for a period of twenty-six months.

Option to increase the number of securities to be issued in the event of a capital increase

In the **twenty-second resolution**, we ask you to authorise the Board of Directors to decide, in the case of a capital increase with or without pre-emptive rights, to increase the number of securities to be issued, during a period of thirty days from closing of subscriptions, up to a limit of 15% of the initial issue, for the same price as the initial issue, subject to compliance with the upper limits set forth in the resolution pursuant to which the capital increase is decided. Such an authorisation makes it possible to seize opportunities while benefiting from a certain amount of flexibility.

This authorisation will be granted for a period of twenty-six months.

Option to carry out a capital increase as consideration for contributions in kind consisting of securities giving access to the capital of another company outside of a public exchange offering

The purpose of the **twenty-third resolution** is to delegate to the Board of Directors the necessary powers to carry out, based on the report of the expert appraisers, one or more capital increases, which shall not exceed 10% of the share capital, as consideration for contributions in kind consisting of equity securities or securities giving access to the capital of another company, outside of a public offering.

The aim of this resolution is to facilitate Bouygues carrying out acquisitions of or mergers with other companies, without having to pay a price.

Transactions carried out pursuant to this delegation shall count towards the overall limits of one hundred and fifty million euros (€150,000,000) in nominal value (capital increase) and five billion euros (€5,000,000,000) (debt securities) set in the seventeenth resolution.

This delegation will be granted for a period of twenty-six months.

Option to carry out a capital increase as consideration for securities tendered to a public exchange offer made by Bouygues

In the **twenty-fourth resolution**, we ask you to delegate to the Board of Directors the power to decide, taking into account the opinion of the statutory auditors on the conditions and consequences of the issue, one or more capital increases as consideration for securities tendered to a public exchange offer made by Bouygues with respect to securities of a listed company.

The aim of this resolution is to enable Bouygues to make an offer to the shareholders of a listed company to exchange their shares for Bouygues shares issued for this purpose, and thereby to enable Bouygues to acquire securities of the company concerned, without having to resort to bank loans, for example.

Transactions carried out pursuant to this shall count towards the overall limits of one hundred and fifty million euros (€150,000,000) in nominal value (capital increase) and five billion euros (€5,000,000,000) (debt securities) set in the seventeenth resolution.

This delegation will be granted for a period of twenty-six months.

Option to authorise the issue by a Bouygues subsidiary of securities giving access to the capital of Bouygues

In the **twenty-fifth resolution**, we ask you to delegate to the Board of Directors the power to authorise the issue, by any company in which Bouygues directly or indirectly holds more than half the capital, of securities giving access to shares in Bouygues.

The aim of this delegation is to facilitate a possible merger between a Bouygues subsidiary and another company, with the shareholders of the company being remunerated with Bouygues shares.

According to Article L. 228-93 of the Commercial Code, a joint-stock company may issue securities giving access to the capital of the company that directly or indirectly holds more than half its capital. The issue must be authorised by the Extraordinary General Meeting of the company that is to issue the securities and by the Extraordinary General Meeting of the company in which the rights are to be exercised, pursuant to the requirements of Article L. 228-92 of the Commercial Code; the meeting must rule on the Board of Directors' report and the auditors' special report.

The Extraordinary General Meeting of the subsidiary in question shall thus authorise the issue of securities; at the same time, your Board of Directors will decide, based on this financial authorisation, on the issue of the shares in Bouygues to which these securities offer access.

The amount of capital increases carried out pursuant to this resolution shall count towards the maximum total amount of one hundred and fifty million euros (€150,000,000) in nominal value set in the seventeenth resolution.

This delegation will be granted for a period of twenty-six months.

Option to issue securities giving the right to the allotment of debt securities

In the **twenty-sixth resolution**, we ask you to delegate to the Board of Directors the power to issue securities giving rights to the immediate and/or future allotment of debt securities, such as bonds or their equivalent, perpetual or redeemable subordinated securities, or any other securities granting rights of claim against the company. The aim of this delegation is to allow the Board of Directors, if it sees fit, to issue, for example, bonds with bond warrants attached that allow holders to subscribe for a new bond issue ("OBSO").

The maximum amount allowed under this delegation shall be five billion euros (€5,000,000,000). Under this delegation, the Board of Directors shall have full discretion to determine the terms and conditions and all characteristics of the securities and debt securities concerned.

This delegation will be granted for a period of twenty-six months.

Option to increase share capital for the benefit of employees or corporate officers who are members of a company savings scheme

The purposes of the **twenty-seventh resolution** is to enable to the Board of Directors, for a period of 26 months, to increase share capital for the benefit of employees or corporate officers who are members of a company savings scheme, up to a limit of 10% of the share capital.

As at 31 December 2012, employees of Group companies were Bouygues' second-largest shareholder, holding 23.7% of the capital and 28.7% of the voting rights through various employee share ownership funds (FCPEs). With over 60,000 employee shareholders, Bouygues is the CAC 40 company with the highest level of employee share ownership.

Bouygues is convinced that it is important to enable employees who so wish to become company shareholders. Employee savings schemes and reserved capital increases give employees an opportunity to build up their savings and give them a direct stake and role in the orderly running of the Group, which helps to increase their commitment and motivation. For this reason, the company has implemented a dynamic employee share ownership policy.

Under the last delegation of this type, in 2012 the Board of Directors carried out a capital increase reserved for employees and corporate officers of French companies who are members of the Bouygues group company savings scheme. Over 17,500 employees (23% of those eligible) subscribed to Bouygues Confiance 6, with the result that the Bouygues Confiance 6 FCPE subscribed for 9,363,295 shares on 28 December 2012, or 2.7% of the capital at that date.

In accordance with the Labour Code, the subscription price for the new shares will equal the average of the quoted prices for the share on the Euronext Paris Eurolist market during the twenty trading days preceding the date of the decision of the Board of Directors setting the opening date for subscriptions, with a maximum discount of 20% (30% if the lock-in period provided for under the plan is ten years or more).

Allotment of bonus shares

In the **twenty-eighth resolution**, we ask you, in accordance with the provisions of Articles L. 225-197-1 et seq. of the Commercial Code, to grant new authorisation to the Board of Directors to allot existing or new bonus shares to employees or corporate officers of Bouygues or of companies or economic interest groupings that are related to Bouygues within the meaning of Article L. 225-197-2 of the Commercial Code.

This authorisation aims to motivate and retain the employees and officers who benefit from these allotments.

The total of the bonus shares and of the stock options awarded throughout the term of this authorisation cannot represent more than 5% of the company's capital.

Shares will only be definitively awarded to beneficiaries at the end of a vesting period defined by the Board of Directors, which must be at least two years.

Beneficiaries must then retain the bonus shares for a further minimum period of two years as from the definitive award of the shares; however, this minimum lock-in period may be reduced or waived for securities that were subject to a vesting period of at least four years.

Bonus shares shall be allotted immediately, prior to the end of the vesting period, in the event of a category two or three disability suffered by the beneficiary as defined in Article L. 341-4 of the French Social Security Code. In this case, the lock-in period shall also end immediately.

This authorisation will be granted for a period of thirty-eight months.

Protecting the company in the event of a public tender or exchange offer for the company's shares

The following two resolutions are designed to enable the Board of Directors to take defensive measures, as allowed by law, to frustrate a tender offer that it believes goes against the interests of the company and its shareholders.

In the **twenty-ninth resolution**, pursuant to Articles L. 233-32 II and L. 233-33 of the Commercial Code, we ask you again to delegate to the Board of Directors the power to issue equity warrants to shareholders on preferential terms during the period of a public offer for the company's shares, and to allot such warrants free of charge to all shareholders who hold shares in the company prior to expiry of the offer period. These warrants, known as "Breton" warrants, will lapse automatically as soon as the offer or any other competing offer has failed, lapsed or been withdrawn. The number of warrants to be issued would be limited to the number of shares that make up the capital at the warrant issue date. The nominal value of the capital increase that may result from exercise of the warrants would be capped at three hundred and fifty million euros (€350,000,000).

The purpose of this delegation is to allow the Board of Directors to increase the value of the company if it considers the offer price to be too low, and thereby encourage the offeror to raise its offer price or abandon its offer.

The Board of Directors considers that it should be able to issue such warrants under the terms and conditions provided for by law, when faced with a tender offer that it believes goes against the interests of the company and its shareholders.

This power is subject to the reciprocity principle provided for in Article L. 233-33 of the Commercial Code, which allows your company to implement measures to frustrate the bid without being required to obtain authorisation from the Annual General Meeting during the offer period, if the offeror (or the entity controlling the offeror or an entity acting in concert with the controlling entity) is not itself subject to identical provisions or equivalent measures.

This delegation will be granted for a period of eighteen months.

In the **thirtieth resolution**, we ask you to authorise the Board of Directors to utilise, during the period of a public offer for the company's shares, the various delegations of power and authorisations granted by the Annual General Meeting to increase the share capital, provided that such utilisation is permitted during the period of a public offer by applicable laws and regulations. As in the previous resolution, this entails the application of the reciprocity principle provided for in Article L. 233-33 of the Commercial Code.

This delegation will be granted for a period of eighteen months.

Powers to carry out formalities

The purpose of the **thirty-first resolution** is to carry out all legal or administrative formalities and to make all filings and publications under and in accordance with applicable law.

The statutory information concerning employee affairs is contained in the management report.

We kindly ask you to vote on the resolutions submitted for your approval.

The Board of Directors

2.2 Supplementary report by the Board of Directors on the capital increase reserved for employees and corporate officers of French companies who are members of the Bouygues group savings scheme

To the shareholders,

At the Combined Annual General Meeting of 21 April 2011 you granted the Board of Directors, under the twenty-first resolution, a twenty-six month authorisation to decide, on its own initiative, to increase share capital, on one or more occasions, by issuing new shares payable in cash representing up to 10% of the share capital on the date of the decision, reserved for employees and corporate officers of Bouygues and its related companies who are members of a company, Group or inter-company savings scheme.

For this purpose, you delegated to the Board of Directors, with the option of sub-delegation to the Chief Executive Officer or, with the Chief Executive Officer's consent, to one or more Deputy Chief Executive Officers, full powers to carry out said capital increases and to set the final terms and conditions thereof, as well as the power to defer the transaction.

Using the powers thus conferred by the Annual General Meeting, at its meeting of 3 October 2012, the Board of Directors decided to carry out a capital increase of up to €150 million (issue premium included); it determined the main characteristics of a new leveraged share ownership plan, Bouygues Confiance 6, and granted full powers to the Chairman and Chief Executive Officer to implement the transaction.

2.2.1 Characteristics of the transaction

The new transaction, which will be carried out through an employee share ownership fund (FCPE), which has been specifically set up for this purpose and for which the regulations must be approved by the AMF, consists of a capital increase of up to €150 million (issue premium included).

This is a leveraged transaction that will increase the beneficiaries' investment, since the exchange transaction between the FCPE and the bank will mean that each beneficiary's personal contribution will be matched by a bank contribution equal to nine times the beneficiary's personal contribution.

Accordingly, when beneficiaries withdraw their investments from the FCPE, they will receive a percentage of the capital gain on the total number of shares acquired through their personal contribution and the bank's contribution, which will correspond to the difference between the share value when leaving the plan and the subscription price prior to the 20% discount, multiplied by the total number of shares acquired.

This is a transaction with limited risk, since regardless of changes in the Bouygues share price, beneficiaries are guaranteed to recover their personal contribution.

In its decision of 3 October 2012, the Board of Directors, after noting that the average opening share price over the 20 trading days preceding this date was €20.02, set the subscription price at €16.02, i.e. 80% of the average opening share price.

The shares subscribed through the FCPE will carry dividend entitlement as from 1 January 2012; the new shares will be treated as existing shares.

The subscription period will open to beneficiaries on 24 November 2012 and close on 8 December 2012.

Beneficiaries must pay their subscriptions in two instalments, in December 2012 and in January 2013. The first payment is to be made by 28 December 2012 at the latest and the second payment in January 2013.

The subscription date for the capital increase by the Bouygues Confiance 6 FCPE is set at 28 December 2012.

The subscription for the FCPE will be paid up in two instalments. The first will be paid on 28 December 2012, commensurately with the payments made in December by employees and the balance must be paid up on 7 January 2013.

In accordance with the decision of the Combined Annual General Meeting of 21 April 2011, the number of shares created shall not represent more than 10% of the share capital. The maximum number of new shares that may be created based on the authorised capital increase and the subscription price would be 9,363,295 shares, or 2.97% of the share capital at 3 October 2012.

2.2.2 Impact of the issue on shareholder status

The impact of the issue of up to 9,363,295 new shares on shareholders who hold a 1% interest in Bouygues at 3 October 2012 and who do not subscribe to the capital increase would be as follows:

	Shareholding (%)
Before the issue	1%
After the issue of up to 9,363,295 new shares	0.97%

The impact of this issue on the interest in the shareholders' equity of the company at 30 June 2012, for shareholders who hold one Bouygues share and who do not subscribe to the capital increase would be as follows:

**Interest in the shareholders' equity
of the company at 30 June 2012**

Before the issue	€15.46
After the issue of up to 9,363,295 new shares	€15.47

The impact of this issue on the interest in consolidated shareholders' equity attributable to the Group at 30 June 2012, for shareholders who hold one Bouygues share and who do not subscribe to the capital increase would be as follows:

**Interest in consolidated shareholders' equity
attributable to the Group at 30 June 2012**

Before the issue	€25.72
After the issue of up to 9,363,295 new shares	€25.44

**2.2.3 Theoretical impact of the issue
on the stock market value of the share**

In light of the issue price and number of shares issued, the transaction should not have a material impact on the market value of the share.

In accordance with the requirements of Article R. 225-116 of the Commercial Code, this report will be available to shareholders at the company's registered office within 15 days of the Board of Directors' meeting, and will be disclosed to shareholders at the next Annual General Meeting.

3 October 2012

The Chairman of the Board of Directors

3. AUDITORS' REPORTS

3.1 Auditors' special report on regulated agreements and commitments

To the shareholders,

In our capacity as auditors of your company, we present below our report on regulated agreements and commitments.

We are required to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements and commitments that have been disclosed to us or which were brought to light as a result of our assignment, without commenting on their relevance or substance and without determining whether other such agreements or commitments exist. It is the responsibility of the shareholders to determine whether these agreements and commitments are appropriate and should be approved, in accordance with the terms of Article R. 225-31 of the Commercial Code.

We are also required to provide you with the information set out in Article R. 225-31 of the Commercial Code, if any, regarding transactions carried out during the year under agreements and commitments approved by Annual General Meetings in previous years.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved ensuring that the information disclosed to us was consistent with the source documents from which it was taken.

3.1.1 Agreements and commitments submitted to the Annual General Meeting that will approve the 2012 financial statements

Pursuant to Article L. 225-40 of the Commercial Code, we have been informed of the following agreements and commitments, which were granted prior approval by the Board of Directors.

3.1.1.1 Agreements and commitments authorised during the year

a. Shared service agreements

At its 14 November 2012 meeting, the Board of Directors authorised, for a period of one year starting 1 January 2013, the renewal of shared service agreements between Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom, under which Bouygues provides principally management, HR, IT and financial services to its various sub-groups.

Interest of these agreements for Bouygues

Shared service agreements are standard in groups of companies. Their purpose is to enable subsidiaries to benefit from services and assistance provided by the parent company,

and to allocate the corresponding expenses between the various user companies.

Financial conditions associated with these agreements

The principle behind these agreements is based on the rules for sharing and invoicing the expense of shared services, including special services, and the defrayment of a remaining share, within the limit of a percentage of sales.

The renewal this authorisation had no financial impact on the 2012 financial statements. It will take effect in 2013.

Directors concerned:

- **BOUYGUES CONSTRUCTION**, Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, director),
- **BOUYGUES IMMOBILIER**, François Bertiére (Chairman and CEO, director) and Hervé Le Bouc (director),
- **COLAS**, Hervé Le Bouc (Chairman and CEO, director), François Bertiére, Olivier Bouygues and Colette Lewiner (directors),
- **TF1**, Nonce Paolini (Chairman and CEO, director), Patricia Barbizet, Martin Bouygues and Olivier Bouygues (directors),
- **BOUYGUES TELECOM**, Olivier Bouygues and Nnonce Paolini (directors).

b. Service agreements between Bouygues and SCDM

At its 14 November 2012 meeting, the Board of Directors authorised the renewal of the agreement between Bouygues and SCDM for a period of one year starting 1 January 2013, which covers the services described below.

SCDM, a company owned by Martin Bouygues and Olivier Bouygues, contributes to initiatives in favour of the Bouygues group on an ongoing basis. SCDM may also supply Bouygues with services other than those provided as part of its permanent duties.

For its part, Bouygues provides SCDM with specific services, primarily management, HR, IT, legal and financial services.

Interest of the agreement for Bouygues

This agreement enables Bouygues to benefit from the services of Martin and Olivier Bouygues, who are paid exclusively by SCDM, and of members of the small group that supports Martin and Olivier Bouygues in their deliberations and activities on behalf of the Group, mainly by conducting research and analysis into strategic developments and the growth of the Bouygues group, as well as various specific services for the benefit of the Group.

This agreement also enables Bouygues to be remunerated by SCDM in respect of various specific services.

Financial conditions associated with the agreement

Under the terms of this agreement, SCDM invoices Bouygues up to €8 million a year for costs actually incurred in relation to:

- salaries, mainly for Martin Bouygues and Olivier Bouygues who are paid exclusively by SCDM;
- research and analysis relating to strategic developments and the expansion of the Bouygues group;
- miscellaneous services.

The special services SCDM provides to Bouygues are invoiced at arm's length rates.

Bouygues also invoices its services to SCDM at arm's length rates.

The renewal of this agreement had no financial impact on the 2012 financial statements. It will take effect in 2013.

Directors concerned:

- **SCDM**, Martin Bouygues (Chairman) and Olivier Bouygues (CEO)

c. Supplementary pension benefits granted to senior executives

At its 14 November 2012 meeting, the Board of Directors authorised, for a period of one year starting 1 January 2013, the renewal of the defined-benefit supplementary pension plan agreement for members of the Group Management Committee, which includes corporate officers and salaried directors of Bouygues SA. The supplementary provision is equivalent to 0.92% of the reference salary per year of plan membership, and the supplementary benefits may not exceed eight times the annual maximum amount under the social security regime. This supplementary plan has been outsourced to an insurance company.

Interest of the agreement for Bouygues

The purpose of this agreement is to enable Bouygues to secure the loyalty of the members of the Group Management Committee.

Financial conditions associated with the agreement

Bouygues invoices subsidiaries Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom for the amounts that correspond to their portion of the premiums paid to the insurance company.

The renewal of this agreement had no financial impact on the 2012 financial statements. It will take effect in 2013.

Directors concerned:

- **BOUYGUES CONSTRUCTION**, Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, director),
- **BOUYGUES IMMOBILIER**, François Bertiére (Chairman and CEO, director) and Hervé Le Bouc (director),
- **COLAS**, Hervé Le Bouc (Chairman and CEO, director), François Bertiére, Olivier Bouygues and Colette Lewiner (directors),

- **TF1**, Nnonce Paolini (Chairman and CEO, director), Patricia Barbizet, Martin Bouygues and Olivier Bouygues (directors),
- **BOUYGUES TELECOM**, Olivier Bouygues and Nnonce Paolini (directors).

d. Service agreements between Bouygues and Bouygues Europe

At its 28 February 2012 meeting, the Board of Directors authorised a service agreement starting 1 April 2012 between Bouygues and Bouygues Europe, a Belgian company that is wholly owned (directly and indirectly) by Bouygues SA. This agreement ended on 31 December 2012.

Interest of the agreement for Bouygues

This agreement made it possible to entrust Bouygues Europe with Group representation and advocacy tasks and with promoting the Group's activities, primarily *vis-à-vis* European institutions, in the following areas:

- identifying major topics and issues for the Group's business areas at European and international levels;
- monitoring and tracking European regulations and their impacts for the Group;
- representing and defending the Group's interests;
- promoting Group activities;
- assistance with and advice on specific matters;
- organising seminars to raise awareness of Group senior executives regarding major European and international issues;
- involvement in associations, working groups or think-tanks on topics or subjects that are of interest to the Group.

Financial conditions associated with the agreement

In 2012, Bouygues Europe invoiced Bouygues €550,000 excl. VAT in respect of this agreement.

Director concerned:

- **BOUYGUES EUROPE**, Olivier Bouygues (Chairman of the Board of Directors).

e. Trademark licence agreement between Bouygues and Bouygues Europe

At its 28 February 2012 meeting, the Board of Directors authorised, for a period of ten years starting 23 April 2012, a trademark licence agreement between Bouygues and Bouygues Europe, for the exclusive use by Bouygues Europe of the "Bouygues Europe" trademark, company name and trade name and non-exclusive use of the "Ellipse" logo for its business activity.

This agreement was signed for a ten-year term.

Interest of the agreement for Bouygues

This agreement makes it possible to extend the use of the Bouygues name and to emphasise to third parties that Bouygues Europe is part of the Bouygues group.

Financial conditions associated with the agreement

This agreement was signed in return for payment of royalties of €5,000 excl. VAT per annum by Bouygues Europe to Bouygues.

In 2012, Bouygues invoiced Bouygues Europe €3,750 excl. VAT in respect of this agreement.

Director concerned:

- **BOUYGUES EUROPE**, Olivier Bouygues (Chairman of the Board of Directors).

3.1.1.2 Agreements and commitments authorised during the year

We have been informed of the following agreements and commitments that were authorised since the end of the 2012 financial year by the Board of Directors:

a. Amendment to the trademark licence agreement with Bouygues Construction

At its 29 January 2013 meeting, the Board of Directors authorised an amendment to the 21 December 2011 trademark licence agreement between Bouygues and Bouygues Construction with a view to authorising Bouygues Construction to sub-license to its subsidiary ETDE, the right to use the aforementioned trademarks, company names and trade names for its business activity.

Interest of the agreement for Bouygues

Bouygues Construction wanted its subsidiary ETDE to change its corporate name and start to communicate using the "Bouygues Energies & Services" and "Bouygues E & S" trademarks, company names and trade names, in order to stress the fact that it is part of the Bouygues group.

Consequently, Bouygues registered the "Bouygues Energies & Services" and "Bouygues E & S" trademarks in France and several other countries.

This amendment will make it possible to extend the use of the Bouygues name and to emphasise to third parties that ETDE is part of the Bouygues group.

Financial conditions associated with the agreement

In line with the recommendation by Paper Audit & Conseil, these additional rights granted to Bouygues Construction will have no impact on the amount of the trademark licence royalty, which will remain at €500,000 excl. VAT per annum.

The other provisions of the licence agreement will remain unchanged.

Directors concerned:

- **BOUYGUES CONSTRUCTION**, Yves Gabriel (Chairman and CEO, director) and Olivier Bouygues (director).

In accordance with the authorisation of the Board of Directors on 29 January 2013.

b. Conclusion of a new service agreement between Bouygues and Bouygues Europe

At its 29 January 2013 meeting, the Board of Directors authorised a new service agreement between Bouygues and Bouygues Europe. This agreement came into force on 1 February 2013 and will end on 31 December 2013. It will then be renewable tacitly each year, for successive periods of one year.

Interest of the agreement for Bouygues

This agreement enables Bouygues and its subsidiaries to benefit from Bouygues Europe services in the following areas:

- identifying major topics and issues for the Group's business areas at European and international levels;
- monitoring and tracking European regulations and their impacts for the Group;
- representing and defending the Group's interests;
- promoting Group activities;
- assistance with and advice on specific matters;
- organising seminars to raise awareness of Group senior executives regarding major European and international issues;
- involvement in associations, working groups or think-tanks on topics or subjects that are of interest to the Group.

Financial conditions associated with the agreement

In consideration for the aforementioned services, it is provided that Bouygues Europe will invoice Bouygues SA for a total amount of around €700,000 excl. VAT for 2013.

Director concerned:

- **BOUYGUES EUROPE**, Olivier Bouygues (Chairman of the Board of Directors).

c. Indirect buyback by Bouygues of SCDM's interest in Challenger Luxembourg SA

We remind shareholders that, following the authorisation granted by the Board of Directors during its 15 November 2011 meeting, Challenger Luxembourg SA sold its last Global aircraft to French company Airby, a subsidiary owned jointly by Bouygues and SCDM.

As Challenger Luxembourg SA no longer has any business activity, at its 29 January 2013 meeting, the Board of Directors authorised the acquisition by Uniservice SA (Challenger Luxembourg SA's main shareholder) and Challenger Réassurance SA, which are both Bouygues subsidiaries, of the remaining 15% interest held by SCDM in Challenger Luxembourg SA.

Interest of the agreement for Bouygues

This agreement will help to streamline the Group's aviation division.

Financial conditions attached to the agreement

This acquisition was completed on the basis of the net worth of Challenger Luxembourg SA at 31 December 2012, i.e. in consideration for a total price of USD 56,000 for 15% of Challenger Luxembourg SA's capital, as follows:

- acquisition by Uniservice SA of 349 shares for USD 55,840;
- acquisition by Challenger Réassurance SA of 1 share for USD 160.

Directors concerned:

- **SCDM**, Martin Bouygues (Chairman) and Olivier Bouygues (CEO).

3.1.3 Agreements and commitments approved by Annual General Meetings in previous years

Pursuant to Article R. 225-30 of the Commercial Code, we were informed that transactions under the following agreements and commitments, which had already been approved by previous Annual General Meetings, continued during the year.

3.1.3.1 Agreements and commitments under which transactions continued during the year

a. Shared service agreements

The Combined Annual General Meeting of 26 April 2012 authorised, for a period of one year starting 1 January 2012, the renewal of shared service agreements between Bouygues and Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom, under which Bouygues provides principally management, HR, IT and financial services to its various sub-groups.

Bouygues invoiced the following amounts in respect of this agreement in 2012:

	Amount excl. VAT
Bouygues Construction	€13,884,493
Bouygues Immobilier	€2,856,954
Colas	€16,967,201
TF1	€3,624,790
Bouygues Telecom	€7,289,517

Directors concerned:

- **BOUYGUES CONSTRUCTION**, Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, director);
- **BOUYGUES IMMOBILIER**, François Bertiére (Chairman and CEO, director) and Hervé Le Bouc (director);
- **COLAS**, Hervé Le Bouc (Chairman and CEO, director), François Bertiére, Olivier Bouygues and Colette Lewiner (directors);

- **TF1**, Nnonce Paolini (Chairman and CEO, director), Patricia Barbizet, Martin Bouygues and Olivier Bouygues (directors);
- **BOUYGUES TELECOM**, Olivier Bouygues and Nnonce Paolini (directors).

In accordance with the authorisation of the Board of Directors on 6 December 2011.

b. Service agreement between Bouygues and SCDM

At its 26 April 2012 meeting, the Board of Directors authorised, for a period of one year starting 1 January 2012, the service agreement between Bouygues and SCDM.

Under the terms of this agreement, SCDM invoices Bouygues up to €8 million a year for costs incurred in relation to:

- salaries, mainly for Martin Bouygues and Olivier Bouygues who are paid exclusively by SCDM;
- research and analysis relating to strategic developments and the expansion of the Bouygues group;
- miscellaneous services.

SCDM may also supply Bouygues with services other than those provided as part of its permanent duties. These special services are now invoiced at arm's length rates.

Under this agreement, Bouygues may invoice SCDM at arm's length for any special services provided.

In 2012, SCDM invoiced Bouygues €5,604,527 in respect of the agreement, while Bouygues invoiced SCDM €409,375.

Directors concerned:

- **SCDM**, Martin Bouygues (Chairman) and Olivier Bouygues (CEO).

In accordance with the authorisation of the Board of Directors on 6 December 2011.

c. Supplementary pension benefits granted to senior executives

At its 26 April 2012 meeting, the Board of Directors authorised, for a period of one year starting 1 January 2012, the renewal of the defined-benefit supplementary pension plan agreement for members of the Group Management Committee, which includes corporate officers and salaried directors of Bouygues SA.

Contributions paid by Bouygues into the plan set up by the insurance company totalled €3.8 million incl. VAT in 2012.

Bouygues invoiced the following amounts to subsidiaries:

	Amount incl. VAT
Bouygues Construction	€454,242
Bouygues Immobilier	€517,478
Colas	€376,964
TF1	€472,788
Bouygues Telecom	€467,180

Directors concerned:

- **BOUYGUES CONSTRUCTION**, Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, director);
- **BOUYGUES IMMOBILIER**, François Bertiére (Chairman and CEO, director) and Hervé Le Bouc (director);
- **COLAS**, Hervé Le Bouc (Chairman and CEO, director), François Bertiére, Olivier Bouygues and Colette Lewiner (directors);
- **TF1**, Nnonce Paolini (Chairman and CEO, director), Patricia Barbizet, Martin Bouygues and Olivier Bouygues (directors);
- **BOUYGUES TELECOM**, Olivier Bouygues and Nnonce Paolini (directors).

In accordance with the authorisation of the Board of Directors on 6 December 2011.

d. Tax election agreement

The Combined Annual General Meeting of 26 April 2012 authorised the renewal for five years, i.e. from 1 January 2012 to 31 December 2016, renewable tacitly, of the group tax election agreements with Bouygues Construction, Bouygues Bâtiment Ile-de-France, Bouygues Bâtiment International, Bouygues Travaux Publics, ETDE, Bouygues Immobilier, Colas, Aximum, Colas Midi Méditerranée, Sacer Atlantique, Spac and Screg Est.

Directors concerned:

- **BOUYGUES CONSTRUCTION**, Yves Gabriel (Chairman and CEO, director) and Olivier Bouygues (director);
- **BOUYGUES BÂTIMENT ILE-DE-FRANCE**, Yves Gabriel (standing representative of Bouygues Construction on the board of Bouygues Bâtiment Ile-de-France);
- **BOUYGUES BÂTIMENT INTERNATIONAL**, Yves Gabriel (standing representative of Bouygues Construction on the board of Bouygues Bâtiment International);
- **BOUYGUES TRAVAUX PUBLICS**, Yves Gabriel (standing representative of Bouygues Construction on the board of Bouygues Travaux Publics);
- **BOUYGUES E & S** (former-ETDE), Yves Gabriel (director);
- **BOUYGUES IMMOBILIER**, François Bertiére (Chairman and CEO, director) and Hervé Le Bouc (director);
- **COLAS**, Hervé Le Bouc (Chairman and CEO, director), François Bertiére, Olivier Bouygues and Colette Lewiner (directors);
- **AXIMUM**, Hervé Le Bouc (director);

- **COLAS MIDI-MÉDITERRANÉE**, Hervé Le Bouc (director);
- **SACER ATLANTIQUE**, Hervé Le Bouc (standing representative of Spare, on the board of Sacer Atlantique);
- **SPAC**, Hervé Le Bouc (standing representative of IPF, on the board of Spac);
- **SCREG EST**, Hervé Le Bouc (standing representative of IPF, on the board of Screg Est).

In accordance with the authorisation of the Board of Directors on 6 December 2011.

e. Trademark licence agreement

Bouygues has entered into trademark licence agreements with several subsidiaries, which entitle them to use various trademarks, company names and trade names under specific conditions.

- At its 26 April 2012 meeting, the Board of Directors authorised the conclusion of a single trademark licence agreement between Bouygues and Bouygues Construction for the following trademarks: "Bouygues Construction", "Bouygues Bâtiment", "Bouygues Travaux Publics", "Bouygues TP" and the "Ellipse" logo, under the following terms and conditions:

Bouygues Construction has the right to use in France and a number of foreign countries the "Bouygues Construction", "Bouygues Bâtiment", "Bouygues Travaux Publics" and "Bouygues TP" trademarks, and the "Ellipse" logo solely for products and services in the field of construction. Bouygues Construction has the right to sub-license these trademarks to its subsidiaries, which themselves are entitled to sub-license them to their own subsidiaries. Bouygues Construction and its subsidiaries also have the temporary right to use the "Bouygues Construction", "Bouygues Bâtiment", "Bouygues Travaux Publics" and "Bouygues TP" company names and trade names, as well as the right to use other company names with a "geographical" consonance or endings. Furthermore, Bouygues Construction and its subsidiaries have the right to register domain names that use some or all of the terms "Bouygues Construction", "Bouygues Bâtiment" and "Bouygues Travaux Publics".

As consideration for the rights thus licensed, Bouygues Construction pays Bouygues fixed royalties of €500,000 per annum excl. VAT.

This agreement came into force on 1 January 2012 for 15 years, i.e. until 31 December 2026.

Directors concerned:

- **BOUYGUES CONSTRUCTION**, Yves Gabriel (Chairman and CEO, director) and Olivier Bouygues (director).

In accordance with the authorisation of the Board of Directors on 6 December 2011.

- At its 21 April 2011 meeting, the Board of Directors authorised the conclusion of a trademark licence for the following trademarks: "Bouygues Immobilier", "Bouygues Immobilien", "Bouygues Inmobiliaria" and "Bouygues Imobiliare", under the following terms and conditions:

Bouygues Immobilier has the exclusive right to use the "Bouygues Immobilier" trademark in France and a number of foreign countries, the exclusive right to use the "Bouygues Immobilien" trademark in Germany and the exclusive right to use the "Bouygues Inmobiliaria" trademark in Spain, "Bouygues Imobiliaria" in Portugal and "Bouygues Imobiliare" in Romania for all its property products and services. Bouygues Immobilier has the right to sub-license these trademarks to its subsidiaries. Bouygues Immobilier and its subsidiaries also have the temporary right to use the company names and trade names "Bouygues Immobilier", "Bouygues Immobilien", "Bouygues Inmobiliaria", "Bouygues Imobiliaria" and "Bouygues Imobiliare". Bouygues Immobilier has the right to register and use semi-figurative trademarks by associating the terms "Bouygues Immobilier", "Bouygues Immobilien", "Bouygues Inmobiliaria", "Bouygues Imobiliaria" and "Bouygues Imobiliare" with its logo. Furthermore, Bouygues Immobilier has the right to register domain names that use some or all of the terms "Bouygues Immobilier", "Bouygues Immobilien", "Bouygues Inmobiliaria", "Bouygues Imobiliaria" and "Bouygues Imobiliare".

As consideration for the rights granted, Bouygues Immobilier pays Bouygues fixed royalties of €250,000 per annum excl. VAT.

This agreement came into force on 3 December 2010 for 15 years, i.e. until 2 December 2025.

Directors concerned:

- **BOUYGUES IMMOBILIER**, François Bertiére (Chairman and CEO, director),

In accordance with the authorisation of the Board of Directors on 2 December 2010.

- At its 29 April 2010 meeting, the Board of Directors authorised the conclusion of a trademark licence for the following trademarks: "Bouygues Telecom", "Bouygtel" and "Bouyngnet", under the following terms and conditions:

Bouygues Telecom has the exclusive right to use the "Bouygues Telecom" and "Bouygtel" trademarks in France, and "Bouygues Telecom" in a number of foreign countries, as well as the non-exclusive right to use the "Bouyngnet" trademark in France and in the European Union, in order to sell its fixed, mobile, internet and television products and services. Bouygues Telecom also has the temporary right to use the company name and trade name "Bouygues Telecom". Bouygues Telecom has the right to register and to use semi-figurative trademarks by associating the terms "Bouygues Telecom" and "Bouygtel" with its logo. Furthermore, Bouygues Telecom has the right to register domain names that use some or all of the terms "Bouygues Telecom", "Bouygtel" and "Bouyngnet".

As consideration for the rights granted, Bouygues Telecom pays Bouygues fixed royalties of €700,000 per annum excl. VAT.

This agreement came into force on 9 December 2009 for 15 years, i.e. until 9 December 2024.

Directors concerned:

- **BOUYGUES TELECOM**, Olivier Bouygues and Nonce Paolini (directors).

In accordance with the authorisation of the Board of Directors on 1 December 2009.

Bouygues invoiced the following amounts in respect of these agreements in 2012:

	Amount excl. VAT
Bouygues Construction	€500,000
Bouygues Immobilier	€250,000
Bouygues Telecom	€700,000

f. Sub-lease agreement concerning the Challenger building

The Combined Annual General Meeting of 22 April 2000 authorised Bouygues to enter into a sub-lease agreement with Bouygues Construction for part of the Challenger building in Saint-Quentin-en-Yvelines (France).

Bouygues Construction invoiced Bouygues €276,970 excl. VAT in respect of this agreement in 2012.

Directors concerned (at the date of the Board meeting of 4 November 1999):

- **BOUYGUES CONSTRUCTION**, Jean-Pierre Combot (Chairman), Ivan Replumaz (CEO, director), Olivier Poupart-Lafarge (standing representative of Bouygues on the board of Bouygues Construction), Michel Derbesse, Alain Dupont (director).

Directors concerned (at the date of this report):

- **BOUYGUES CONSTRUCTION**, Yves Gabriel (Chairman and CEO, director) and Olivier Bouygues (director).

In accordance with the authorisation of the Board of Directors on 4 November 1999.

g. Aircraft availability agreement between Airby and Bouygues

The Combined Annual General Meeting of 26 April 2012 authorised the conclusion of an aircraft availability agreement – including pilots and fees relating to flight services – between Bouygues and Airby (owned 85% by Bouygues and 15% by SCDM).

Airby is to provide aircraft at an overall cost of €7,000 excl. VAT per flight hour.

The price per flight hour is to be revised annually to reflect market prices.

The agreement is concluded for an indefinite period.

In 2012, Airby invoiced Bouygues €592,083 excl. VAT in respect of this agreement.

Directors concerned:

- **SCDM**, Martin Bouygues (Chairman) and Olivier Bouygues (CEO).

*In accordance with the authorisation of the Board of Directors
on 15 November 2011.*

h. Pilot services agreements

The Combined Annual General Meeting of 26 April 2012 authorised the renewal for one year starting 1 January 2011 of the agreements between Actifly and Bouygues for reciprocal availability of a captain and a co-pilot.

Under these agreements, Actifly invoiced Bouygues the sum of €52,900 excl. VAT in 2012 for the month of December 2011.

Directors concerned: Martin Bouygues and Olivier Bouygues.

*In accordance with the authorisation of the Board of Directors
of 2 December 2010.*

**3.1.3.2 Agreements and commitments authorised
during the year**

We were also informed of the following agreements and commitments approved by Annual General Meetings in previous years but under which no transactions took place in 2012.

a. Liability for defence costs

The Combined Annual General Meeting of 28 April 2005 authorised the principle of assuming any defence costs incurred by Bouygues senior executives or employees in connection with criminal proceedings resulting in discharge or acquittal, where such proceedings are brought against them for acts committed in performance of their duties or for merely holding office as director, Chairman, Chief Executive Officer, Deputy Chief Executive Officer or any equivalent office in a Group company.

No amounts were paid in respect of this agreement in 2012.

Paris La Défense, 26 February 2013

The Auditors

Ernst & Young Audit

Jean Bouquot

Mazars

Guillaume Potel

3.2 Auditors' reports to the Extraordinary General Meeting

**Extraordinary General Meeting of 25 April 2013
(sixteenth, seventeenth, nineteenth, twentieth, twenty-first,
twenty-second, twenty-third, twenty-fourth, twenty-fifth,
twenty-sixth, twenty-seventh, twenty-eighth and
twenty-ninth resolutions).**

To the shareholders,

3.2.1 Auditors' report on the reduction of share capital (sixteenth resolution)

In our capacity as auditors of Bouygues, and as required under Article L. 225-209 of the Commercial Code in the event of a capital reduction by cancelling shares repurchased by the issuer, we present below our report on our assessment of the reasons for the proposed capital reduction and the terms and conditions thereof.

The Board of Directors is asking shareholders to grant it full powers, for an eighteen-month period as from the date of the Extraordinary General Meeting, to cancel, up to a limit of 10% of the capital over any twenty-four month period, the shares purchased pursuant to an authorisation given to the company to buy back its own shares within the scope of the article mentioned above.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing whether or not the reasons for and terms and conditions of the proposed capital reduction, which respects the equal rights of all shareholders, are appropriate.

We have no matters to report concerning the reasons for and terms and conditions of the proposed capital reduction.

3.2.2 Auditors' report on the issue of shares or securities giving access to shares in the company with or without pre-emptive rights for existing shareholders (seventeenth, nineteenth, twentieth, twenty-first, twenty-second, twenty-third, twenty-fourth and twenty-fifth resolutions)

In our capacity as auditors of Bouygues, and as required under Articles L. 228-92 and L. 225-135 et seq. of the Commercial Code, we present below our report on the proposal to grant the Board of Directors powers to issue shares and/or securities, which shareholders are asked to approve.

The Board of Directors is asking shareholders, on the basis of its report, to:

- grant it the authority, with the option of sub-delegation, for a period of twenty-six months as from the date of this meeting, to decide on the following transactions and set the final terms and conditions thereof, and proposes, where applicable, that you waive your pre-emptive subscription rights:

- to issue ordinary shares and securities giving immediate and/or future access to ordinary shares in the company or, pursuant to Article L. 228-93 of the Commercial Code, any company in which it owns directly or indirectly more than half of the capital, with pre-emptive rights for existing shareholders (seventeenth resolution),
- to issue ordinary shares and securities giving immediate and/or future access to ordinary shares in the company or, pursuant to Article L. 228-93 of the Commercial Code, any company in which it owns directly or indirectly more than half of the capital, without pre-emptive rights for existing shareholders, by way of public offering (nineteenth resolution),
- to issue ordinary shares and securities giving immediate and/or future access to ordinary shares in the company or, pursuant to Article L. 228-93 of the Commercial Code, any company in which it owns directly or indirectly more than half of the capital, without pre-emptive rights for existing shareholders through an offer falling within the scope of paragraph 2, Article L. 411-2 of the Monetary and Financial Code, for up to 20% of the capital over a twelve-month period (twentieth resolution),
- to issue ordinary shares and securities giving access to ordinary shares in the company, as consideration for securities tendered to a public exchange offer initiated by the company (twenty-fourth resolution),
- to issue ordinary shares as a result of the issuance, by any company in which Bouygues directly or indirectly holds more than half of the capital, of securities giving access to ordinary shares in Bouygues (twenty-fifth resolution),
- authorise it, in the twenty-first resolution, and for each of the issues decided under the nineteenth and twentieth resolutions, to set the issue price up to the annual statutory limit of 10% of the capital,
- grant it the power, with the option of sub-delegation, for a period of twenty-six months as from the date of this meeting, to set the terms and conditions for any issue of ordinary shares or securities giving access to ordinary shares in the company, as consideration for contributions in kind consisting of equity securities or securities giving access to the capital (twenty-third resolution), up to a limit of 10% of the capital.

The Board of Directors is also asking shareholders, in the thirtieth resolution, to utilise the various delegations of power during the period of a public offer for the company's shares, if paragraph 1, Article L. 233-33 of the Commercial Code is applicable.

The total nominal amount of capital increases that may be implemented now or in the future by virtue of the seventeenth, nineteenth, twentieth, twenty-third, twenty-fourth and twenty-fifth resolutions, may not exceed €150,000,000. The total nominal amount of all of the debt securities that may be issued under the seventeenth, nineteenth, twentieth, twenty-

third and twenty-fourth resolutions may not exceed €5,000,000,000.

These limits take into account the additional number of securities that may be created pursuant to the authorisations granted in the seventeenth, nineteenth and twentieth resolutions, under the conditions set out in Article L. 225-135-1 of the Commercial Code, if you adopt the twenty-second resolution.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113 *et seq.* of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements on the proposal to cancel pre-emptive rights for existing shareholders and on other specific information regarding these transactions, which is contained in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved verifying the information provided in the Board of Director's report on these transactions and on the terms and conditions for calculating the price of the equity instruments to be issued.

Pending a subsequent review of the terms and conditions applicable to any issues that may be decided, we have no matters to report concerning the terms and conditions for calculating the price of the equity instruments to be issued as set out in the Board of Director's report on the nineteenth, twentieth, twenty-first and twenty-fifth resolutions.

As this report does not specify the terms and conditions for calculating the price for the equity instruments to be issued pursuant to the authorisations granted under the seventeenth, twenty-third and twenty-fourth resolutions, we are unable to express an opinion on the basis for calculating this price.

As the price of the equity instruments to be issued has not yet been set, we do not express an opinion on the final conditions under which the issues will be carried out and consequently, on the proposed waiver of pre-emptive rights for existing shareholders set out in the nineteenth, twentieth, twenty-first, twenty-third, twenty-fourth and twenty-fifth resolutions.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report if the Board of Directors decides to use the authorisations granted to issue securities giving access to the capital and issues without pre-emptive rights for existing shareholders.

3.2.3 Auditors' report on the issue of securities giving the right to the allotment of debt securities (twenty-sixth resolution)

In our capacity as auditors of Bouygues and as required under Article L. 228-92 of the Commercial Code, we present below our report on the proposal to grant the Board of Directors the power to issue securities giving rights to the allotment of debt securities, for a maximum amount of €5,000,000,000, which shareholders are asked to approve.

Based on its report, the Board of Directors is asking shareholders to grant it the authority, with the option of sub-delegation, for a period of twenty-six months as from the date of this meeting, to proceed with an issue. Where appropriate, the Board will be responsible for setting the final terms and conditions of the issue.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113 *et seq.* of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements and other specific information concerning the issue provided in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing the information provided in the Board of Directors' report on this transaction.

As the final terms and conditions for the issue have not yet been set, we do not express an opinion on these final terms and conditions.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report, where applicable, if this authorisation is used by your Board of Directors.

3.2.4 Auditors' reports on the capital increase reserved for members of a company savings scheme or an inter-company savings scheme (twenty-seventh resolution)

In our capacity as auditors of Bouygues and as required under Articles L. 225-135 *et seq.* of the Commercial Code, we present below our report on the proposal to grant the Board of Directors the power to increase the share capital by issuing ordinary shares without pre-emptive rights for existing shareholders, for up to 10% of the company's capital at the date of the Board decision, which is reserved for the employees or corporate officers of Bouygues or any related French and foreign companies within the meaning of applicable legislation, who are members of a company or Group savings plan or any inter-company savings scheme, which shareholders are asked to approve.

This capital increase was submitted for your approval in accordance with the requirements of Article L. 225-129-6 of the Commercial Code and Articles L. 3332-18 *et seq.* of the Labour Code.

Based on its report, the Board of Directors is asking shareholders to grant it the authority, with the option of sub-delegation, for a period of twenty-six months as from the date of this meeting, to resolve to carry out a capital increase and to cancel the shareholders' pre-emptive rights to the ordinary shares to be issued. Where appropriate, the Board will be responsible for setting the final terms and conditions of the issue.

The Board of Directors is responsible for drawing up a supplementary report in accordance with Articles R. 225-113 and R. 225-114 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements on the proposal to cancel pre-emptive rights for existing shareholders and on other specific information regarding the issue contained in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved verifying the information provided in the Board of Director's report on this transaction and on the terms and conditions for calculating the issue price of the shares.

Pending a subsequent analysis of the conditions of any such share capital increase, we have no matters to report concerning the terms and conditions for calculating the issue price of the shares to be issued set out in the Board of Director's report.

As the final terms and conditions under which the share capital increase may be carried out have not yet been set, we do not express an opinion on these terms and conditions, or consequently, on the proposal made to shareholders to waive their pre-emptive rights.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report, where applicable, if this authorisation is used by your Board of Directors.

3.2.5 Auditors' report on the authorisation to allot existing or new bonus shares (twenty-eighth resolution)

In our capacity as auditors of Bouygues and as required under Article L. 225-197-1 of the Commercial Code, we present below our report on the planned authorisation to allot existing or new bonus shares to salaried employees and corporate officers (or certain categories) of the company or of companies or economic interest groupings that are related to it within the meaning of Article L. 225-197-2 of the Commercial Code, which shareholders are asked to approve.

The Board of Directors may allot a total number of shares representing up to 5% of the share capital of the company on the day of the Board of Director's decision, with the stipulation that the number of shares that may be subscribed for or purchased pursuant to options granted under the twenty-second resolution of the Combined Annual General Meeting of 21 April 2011 (or any subsequent authorisation) shall count towards this limit.

Based on its report, the Board of Directors is asking shareholders to grant it the authority, for a period of eighteen months as from the date of this meeting, to allot existing or new bonus shares.

The Board of Directors is responsible for preparing a report on this transaction, with which it wishes to be able to proceed. As applicable, we are required to report our observations on the information given to you on the contemplated transaction.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures mainly involved assessing whether the terms and conditions considered and provided in the Board of Directors' report fall within the scope of the provisions of the law.

We have no matters to report concerning the information provided in the Board of Directors' report on the proposed allotment of bonus shares.

3.2.6 Auditors' report on the issue of equity warrants free of charge during the period of a public offer for the company's shares (twenty-ninth resolution)

In our capacity as auditors of Bouygues and as required under Article L. 228-92 of the Commercial Code, we present below our report on the proposed delegation of powers to the Board of Directors to issue equity warrants free of charge in the event of a public offer for the company's shares, which shareholders are asked to approve.

Based on its report, the Board of Directors is asking shareholders to grant it the power, for a period of eighteen months as from the date of this meeting, and pursuant to Article L. 233-32 II of the Commercial Code, to:

- resolve to issue equity warrants giving the holders preferential subscription rights to one or more shares in the company pursuant to Article L. 233-32 II of the Commercial Code, and to allot such warrants free of charge to all eligible shareholders prior to the expiry of the offer period;
- set the terms and conditions of exercise and any other characteristics of the equity warrants.

The nominal amount of shares that may be issued upon exercise of the warrants may not exceed €350,000,000, and the maximum number of warrants issued may not exceed the number of shares that make up the capital on the warrant issue date.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113 et seq. of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements and other specific information concerning the issue provided in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the

French statutory auditors' board, the CNCC. Those procedures involved assessing the information provided in the Board of Directors' report on this transaction.

We have no matters to report concerning the information provided in the Board of Directors' report on the proposed issue of equity warrants in the event of a public offer for the company's shares.

We will draw up a supplementary report if the Board of Directors decides to use this delegation in accordance with Article R. 225-116 of the Commercial Code, with a view to approval by an Annual General Meeting, as provided for in Article L. 233-32 III of the Commercial Code.

Paris La Défense, 22 March 2013

The Auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Guillaume Potel

3.3 Auditors' supplementary report on the capital increase reserved for employees and corporate officers who are members of the Group savings scheme

To the shareholders,

In our capacity as statutory auditors of your company and as required under Article R. 225-116 of the Commercial Code, we present below a supplementary report to our report of 18 March 2011 on the capital increase, with cancellation of pre-emptive rights for existing shareholders, which is reserved for employees and corporate officers of Bouygues or its related companies who are members of the Group savings scheme, as approved by the Extraordinary General Meeting of 21 April 2011.

This capital increase was submitted for your approval in accordance with the requirements of Article L. 225-129-6 of the Commercial Code and Articles L. 3332-18 *et seq.* of the Labour Code.

That meeting had granted the Board of Directors powers, with the option of sub-delegation, to carry out a capital increase within a period of twenty-six months and for up to 10% of the share capital as of the date of the Board's decision.

At its meeting of 3 October 2012, the Board decided to use this sub-delegation to carry out a capital increase reserved for employees and corporate officers of Bouygues and French companies who are members of the Group savings scheme of up to €150 million (issue premium included), via the issue of a maximum number of 9,363,295 shares at a unit price of €16.02.

The Board of Directors is responsible for drawing up a supplementary report in accordance with Articles R. 225-115 and R. 225-116 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the company's interim financial position, on the proposal to cancel pre-emptive rights for existing shareholders and on other specific information regarding the issue, which is contained in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. These procedures mainly involved verifying:

- the fairness of the financial information taken from the company's interim financial position and the first-half condensed consolidated financial statements prepared under the responsibility of the Board of Directors at 30 June 2012, using the same methods and the same presentation as the last full-year parent company and consolidated financial statements. Our work on these interim financial positions involved meeting with members of the management who are responsible for the accounting and financial aspects, verifying that they were prepared using the same accounting principles, evaluation and presentation methods as for the preparation of the last full-year parent company and consolidated financial statements, and implementing analytical procedures;
- the compliance of the terms and conditions of the transaction with the authorisation given by the General Meeting; and
- the fairness of the information provided in the Board's supplementary report on the inputs used to calculate the issue price and final issue amount.

We have no matters to report regarding:

- the fairness of the financial information taken from the interim financial positions and provided in the Board's supplementary report;
- the compliance of the terms and conditions of the transaction with the authorisation given by the Extraordinary General Meeting of 21 April 2011, and with the indications provided to that meeting;
- the inputs used to calculate the issue price and final issue amount;
- the presentation of the impact of the issue on the position of holders of shares and securities that give access to capital in relation to shareholders' equity and the market value of the share; and
- the cancellation of pre-emptive rights for existing shareholders, on which you previously voted.

Paris La Défense and Courbevoie, 18 October 2012

The Auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Guillaume Potel

4. DRAFT RESOLUTIONS

4.1 Ordinary General Meeting

First resolution

(Approval of the parent company financial statements and transactions for the year ended 31 December 2012)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the Board of Directors' reports, the Report by the Chairman and the auditors' reports, hereby approves the parent company financial statements for the year ended 31 December 2012, as presented, showing a net profit of €663,943,117.79.

It also approves the transactions recorded in the financial statements and/or disclosed in these reports.

Second resolution

(Approval of the consolidated financial statements and transactions for the year ended 31 December 2012)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the Board of Directors' reports, the Report by the Chairman and the auditors' reports, hereby approves the consolidated financial statements for the year ended 31 December 2012, as presented, showing a net profit attributable to the Group of €633 million.

It also approves the transactions recorded in the financial statements and/or disclosed in these reports.

Third resolution

(Appropriation of earnings, setting of dividend)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, notes that as net profit amounts to €663,943,117.79 and retained earnings to €2,093,961,302.02, distributable earnings total €2,757,904,419.81.

On the Board of Directors' recommendation, the Annual General Meeting hereby resolves to:

- distribute a dividend of €1.60 per share, making a total of €510,651,948.80;
- carry over the remainder in the amount of €2,247,252,471.01.

Accordingly, the dividend for the year ended 31 December 2012 is hereby set at €1.60 per share carrying dividend rights.

The ex-rights date for the Euronext Paris market will be 30 April 2013. The dividend will be paid in cash on 6 May 2013 and the record date (i.e. the cut-off date for positions qualifying for payment) will be the evening of 3 May 2013.

This entire dividend payout will be eligible for the 40% tax relief mentioned in Article 158-3-2 of the General Tax Code.

If the company holds some of its own stock at the dividend payment date, the dividends not paid on these shares will be carried over as retained earnings.

In accordance with law, the Annual General Meeting notes that the following dividends were paid for financial years 2009, 2010 and 2011:

	2009	2010	2011
Number of shares	354,267,911	365,862,523	314,869,079
Dividend per share	€1.60	€1.60	€1.60
Total Dividend ^{(a)(b)}	€566,147,057.60	€570,328,377.60	€503,790,526.40

(a) The amounts shown represent dividends actually paid, taking account of the fact that shares held by the company itself do not qualify for dividend.

(b) Amounts eligible for 40% tax relief in accordance with paragraph 2 of Article 158-3 of the General Tax Code.

Fourth resolution

(Approval of regulated agreements and commitments)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings and having acquainted itself with the auditors' report on regulated agreements and commitments and in accordance with the provisions of Articles L. 225-38 *et seq.* of the Commercial Code, hereby approves the regulated agreements and commitments set out in this report that have not yet been approved by the Annual General Meeting.

Fifth resolution

(Renewal of the term of office of Yves Gabriel as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Yves Gabriel as a director for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2015.

Sixth resolution

(Renewal of the term of office of Patrick Kron as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Patrick Kron as a director for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2015.

Seventh resolution

(Renewal of the term of office of Colette Lewiner as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Colette Lewiner as a director for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2015.

Eighth resolution

(Renewal of the term of office of Jean Peyrelevade as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Jean Peyrelevade as a director for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2015.

Ninth resolution

(Renewal of the term of office of François-Henri Pinault as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of François-Henri Pinault as a director for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2015.

Tenth resolution

(Renewal of the term of office of SCDM as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of SCDM as a director for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2015.

Eleventh resolution

(Appointment of Rose-Marie Van Lerberghe as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, appoints Rose-Marie Van Lerberghe as a director for three years. She will replace Patricia Barbizet, whose resignation takes effect at the end of this Annual General Meeting. This term will expire after the Annual General Meeting called to approve the financial statements for 2015.

Twelfth resolution

(Appointment of Jean-Paul Chifflet as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, appoints Jean-Paul Chifflet as a director for three years. He will replace Lucien Douroux, whose term expires at the end of this Annual General Meeting. This term will expire after the Annual General Meeting called to approve the financial statements for 2015.

Thirteenth resolution

(Election of a director representing employee shareholders)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, elects Sandra Nombret from among the members of the Supervisory Board of the employee share ownership funds that hold company shares as a director representing employee shareholders for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2015.

Fourteenth resolution

(Election of a director representing employee shareholders)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, elects Michèle Vilain from among the members of the Supervisory Board of the employee share ownership funds that hold company shares as a director representing employee shareholders for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2015.

Fifteenth resolution

(Authorisation to the Board of Directors with a view to permitting the company to trade in its own shares)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, and having acquainted itself with the Board of Directors' report including its description of the share buy-back programme, and in accordance with the provisions of Articles L. 225-209 *et seq.* of the Commercial Code:

1. hereby authorises the Board of Directors to buy back, under the conditions set out below, shares representing up to 5% of the company's share capital at the date of the buy-back, in compliance with the prevailing legal and regulatory conditions at that date, particularly the conditions laid down by Articles L. 225-209 *et seq.* of the Commercial Code, by Commission Regulation (EC) No. 2273/2003 of 22 December 2003, and by the AMF (Autorité des Marchés Financiers) General Regulation;

2. resolves that the purpose of this authorisation is to enable the company to:
 - cancel shares under the conditions provided for by law, subject to authorisation by the extraordinary general meeting,
 - ensure the liquidity of and organise trading in the company's shares, through an investment services provider acting under the terms of a liquidity agreement that complies with a code of conduct recognised by the AMF,
 - retain shares and, where applicable, use them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or asset contribution, in accordance with the market practices recognised by the AMF and with applicable regulations,
 - retain shares and, where applicable, deliver them subsequently upon exercise of rights attached to that grant the right to the allotment of company shares via redemption, conversion, exchange, presentation of a warrant or otherwise,
 - grant or sell shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, corporate savings plans and inter-company savings schemes or through an allotment of bonus shares,
 - implement any market practice that may be accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations;
3. resolves that the acquisition, sale, transfer or exchange of these shares may be carried out, in compliance with rules issued by the market authorities, in any manner, notably on or off-market (including the over-the-counter market) by using, in particular, derivative financial instruments, and at any time, especially during a public tender or exchange offer. The entire programme may be carried out through block trades. Shares acquired may be sold under the conditions laid down by the AMF in its Position of 19 November 2009 regarding the introduction of a new regime governing the buy-back of a company's own shares;
4. resolves that the minimum purchase price be set at €50 (fifty euros) per share, subject to any adjustments in connection with share capital transactions. If the share capital is increased by incorporating premiums, earnings, reserves or bonus shares into capital, or in the event of a stock split or reverse stock split, the above price will be adjusted by a multiplication factor equal to the ratio of the number of shares making up the share capital before the transaction to the number of shares after the transaction;
5. sets the maximum amount of funds that can be used for the share buy-back programme at €1,000,000,000 (one billion euros);
6. notes that, in accordance with law, the total shares held at any given date may not exceed 10% of the share capital outstanding at that date;
7. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, place all stock orders, conclude all agreements, in particular with a view to the registration of purchases and sales of shares, completing all declarations and formalities with the AMF and any other body, and in general taking all necessary measures to execute the decisions taken within the scope of this authorisation;
8. resolves that the Board of Directors will inform the Annual General Meeting of the transactions carried out, in accordance with applicable regulations;
9. grants this authorisation for eighteen months from the date of this Annual General Meeting and notes that it cancels and supersedes the unused portion of any previous authorisation given for the same purpose.

4.2 Extraordinary General Meeting

Sixteenth resolution

(Authorisation to the Board of Directors to reduce share capital by cancelling treasury shares held by the company)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Article L. 225-209 of the Commercial Code:

1. authorises the Board of Directors to cancel, at its own initiative, on one or more occasions, some or all of the shares that the company holds or may hold as a result of utilising the various share buy-back authorisations given by the Annual General Meeting to the Board of Directors, up to a limit of 10% in any twenty-four month period of the total number of shares making up the company's capital at the date of the transaction;
2. authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their par value to all available premium and reserve funds;
3. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out the capital reduction(s) resulting from cancellations of shares authorised by this resolution, to have the relevant entries made in the financial statements, to amend the by-laws accordingly, and generally to attend to all necessary formalities;
4. grants this authorisation for eighteen months from the date of this Annual General Meeting and notes that it cancels and supersedes the unused portion of any previous authorisation given for the same purpose.

Seventeenth resolution

(Delegation of powers to the Board of Directors to increase share capital with pre-emptive rights for existing shareholders, by issuing shares and all securities giving immediate and/or future access to shares in the company or one of its subsidiaries)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 228-91, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out one or more capital increases, by such amounts, at such times and under such terms as it deems fit, by issuing, with pre-emptive rights for existing shareholders, both in France and abroad, in euros, in a foreign currency or in any other monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) securities of any kind whatsoever, issued free of charge or for consideration, giving access in whatever

manner, now and/or in the future, at any time or on a set date, to ordinary shares, whether in existence or to be issued in the future, in the company or in any company in which it owns directly or indirectly more than half the share capital (a "Subsidiary"). Such shares and securities may be subscribed for in cash or by set-off of mutual debts;

2. resolves that the total amount of capital increases in cash that may be implemented now and/or in the future pursuant to this delegation may not exceed €150,000,000 (one hundred and fifty million euros) in nominal value, plus, where applicable, the nominal amount of the additional shares to be issued in order to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company; the nominal amount of ordinary shares that may be issued by virtue of the nineteenth, twentieth, twenty-third, twenty-fourth and twenty-fifth resolutions of the Annual General Meeting counts toward this overall limit;
3. resolves that the securities giving access to ordinary shares in the company or a Subsidiary so issued may consist of debt securities, be linked to the issue of such securities, or allow them to be issued as intermediary securities. In particular, they may be subordinated or unsubordinated, dated or undated, and issued in euros or a foreign currency or any other monetary unit established with reference to a basket of currencies;
4. resolves that the nominal amount of all of the debt securities that may be issued hereunder shall not exceed €5,000,000,000 (five billion euros) or the equivalent in euros on the date the issue is decided, on condition that such amount does not include above-par redemption premium(s), if provided for. The nominal amount of the debt securities issued under the nineteenth, twentieth, twenty-third, twenty-fourth, and twenty-fifth resolutions will count towards this maximum amount; it is independent of and separate from the amount of the securities giving rights to allotment of debt securities issued under the twenty-sixth resolution and from the amount of the debt securities which the Board of Directors may decide to issue or authorise to be issued in accordance with Article L. 228-40 of the Commercial Code. Debt securities (that give access to ordinary shares in the company or a Subsidiary) may be issued at a fixed and/or floating rate of interest, with or without capitalisation, and may be subject to redemption, with or without premium, or repayment; they may also be repurchased on the market or be the subject of an offer by the company to purchase or exchange them;
5. resolves, in the event that this delegation is used by the Board of Directors, that:
 - a) shareholders will have pre-emptive rights to subscribe as of right to ordinary shares and securities issued under this resolution,
 - b) the Board of Directors shall also have the option to grant shareholders the right to subscribe for excess shares,

which will be exercised in proportion to their rights and up to the limit of the amounts they request,

- c) if subscriptions as of right and, if applicable, subscriptions for excess shares, do not account for the entire issue of ordinary shares or securities made pursuant to this delegation, the Board may, in such order as it shall determine, use one or more of the following options:
 - limit the issue to the amount of subscriptions received provided that this amount reaches at least three quarters of the amount of the issue decided,
 - distribute as it sees fit all or part of the securities which have not been subscribed for,
 - offer to the public some or all of the securities which have not been subscribed for on the French and/or international market and/or abroad,
- d) resolves that the Board of Directors shall determine the characteristics, amount and terms of any issue and the securities to be issued. It shall, in particular, determine the category of the securities to be issued and, taking account of the indications given in its report, set their subscription price, with or without premium, the terms for payment of subscriptions, the date of first entitlement to dividends, which may be retroactive, or the terms on which the securities issued pursuant to this resolution shall give access to ordinary shares in the company or a Subsidiary, and the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended,
- e) the Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate under and in accordance with applicable law, in particular by entering into any agreements for this purpose, with a view notably to the successful completion of all issues; to proceed with the above-mentioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, if applicable, abroad and/or on the international market - (or, where appropriate, to postpone any such issue); to confirm such issue has taken place and amend the by-laws accordingly; and to carry out all formalities and declarations and request all authorisations as may be necessary for the implementation and successful completion of such issues;
- 6. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to subscribe for ordinary shares in the company to which any securities issued under this delegation may give entitlement;
- 7. grants this delegation for a period of twenty-six months, and notes that it cancels and supersedes the unused portion of any previous delegation given for the same purpose.

Eighteenth resolution

(Delegation of powers to the Board of Directors to increase share capital by incorporating share premiums, reserves or earnings, or other amounts into capital)

The Annual General Meeting, having satisfied the quorum and majority requirements by Article L. 225-98 of the Commercial Code and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the Commercial Code, having acquainted itself with the Board of Directors' report:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out, in such amounts and at such times as it deems fit, one or more capital increases by incorporating into the capital premiums, reserves, earnings or other amounts which may be incorporated into capital successively or simultaneously in accordance with applicable law and the by-laws, by allotting bonus shares or by increasing the nominal value of the existing shares, or through a combination of the two procedures;
2. resolves that the total amount of capital increases that may be implemented pursuant to this resolution may not exceed €4,000,000,000 (four billion euros), in nominal value, plus, as applicable, the nominal amount of the additional shares to be issued to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company. The limit set in this delegation is independent of and separate from the overall limit set in the seventeenth resolution;
3. resolves, in the event that this delegation is used by the Board of Directors, and in accordance with the provisions of Article L. 225-130 of the Commercial Code, that in the case of a capital increase by allotment of bonus shares, fractional shares may not be traded or transferred and that the relevant equity securities shall be sold; the proceeds of sale shall be paid to the rights holders within the regulatory time limit;
4. resolves that the Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate to any authorised person, and generally to take all steps and carry out all formalities as may be necessary for the successful completion of each such capital increase, confirm such increase has taken place and amend the by-laws accordingly;
5. grants this delegation for a period of twenty-six months, and notes that it cancels and supersedes the unused portion of any previous delegation given for the same purpose.

Nineteenth resolution

(Delegation of powers to the Board of Directors to increase share capital, by way of public offering, without pre-emptive rights for existing shareholders, by issuing shares or securities giving immediate and/or future access to shares in the company or one of its subsidiaries)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out one or more capital increases, by way of public offering, in such amounts and at such times as it deems fit, by issuing, without pre-emptive rights for existing shareholders, both in France and abroad, in euros, in a foreign currency or in any other monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) any securities giving access in whatever manner, now and/or in the future, to existing or new ordinary shares in the company or in any company in which it directly or indirectly owns more than half of the capital (a "Subsidiary"). Such shares and securities may be subscribed for in cash or by set-off of mutual debts;
2. resolves that the total amount of capital increases that may be implemented now and/or in the future pursuant to this resolution may not exceed €150,000,000 (one hundred and fifty million euros) in nominal value, plus, as applicable, the nominal amount of the additional shares to be issued to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company. This amount shall count towards the overall limit set in the seventeenth resolution;
3. resolves that the securities giving access to ordinary shares in the company or a Subsidiary so issued may consist of debt securities, be linked to the issue of such securities, or allow them to be issued as intermediary securities. In particular, they may be subordinated or unsubordinated, dated or undated, and issued in euros or a foreign currency or any other monetary unit established with reference to a basket of currencies;
4. resolves that the nominal amount of the debt securities issued under this delegation shall not exceed €5,000,000,000 (five billion euros) or the equivalent in euros on the date the issue is decided. This amount counts towards the limit set in the seventeenth resolution and does not include above-par redemption premium(s), if provided for. The amount is independent of and separate both from the amount of the securities giving rights to allotment of debt securities which may be issued pursuant to the twenty-sixth resolution and from the amount of the debt securities which the Board of Directors may decide to issue or authorise to be issued in accordance with Article L. 228-40 of the Commercial Code. Debt securities (giving access to ordinary shares in the company or a Subsidiary) may be issued at a fixed and/or floating rate of interest, with or without capitalisation, and may be subject to redemption, with or without premium, or repayment; they may also be repurchased on the market or be the subject of an offer by the company to purchase or exchange them;
5. resolves to cancel shareholders' pre-emptive rights to the securities that may be issued in accordance with law and give the Board of Directors power to grant shareholders a priority right to subscribe to the securities as of right and/or for any excess, pursuant to Article L. 225-135 of the Commercial Code. If subscriptions, including those of shareholders where applicable, do not account for the entire issue, the Board may limit the amount of the issue in accordance with applicable law;
6. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to subscribe for ordinary shares in the company to which any securities issued under this delegation may give entitlement;
7. resolves that the Board of Directors shall determine the characteristics, amount and terms of any issue and of the securities to be issued. In particular, it shall determine the category of the securities to be issued and, taking account of the indications given in its report, set their subscription price, with or without premium, the date of first entitlement to dividends, which may be retroactive, and, if applicable, the period during which or the terms on which the securities issued pursuant to this resolution shall give access to ordinary shares in the company or a Subsidiary, in accordance with applicable law, and the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended. Save for the provisions of the twenty-first resolution, the issue price of the ordinary shares and the securities shall be such that the sum received immediately by the company (or by a Subsidiary that issues securities giving access to its ordinary shares), plus any amount likely to be received subsequently by the company or the Subsidiary, as the case may be, is equal to or greater than the minimum amount required by regulations for each ordinary share, i.e. on this day, in accordance with the provisions of Article R. 225-119 of the Commercial Code, at the weighted average for the last three trading sessions before the price is set, with a possible maximum discount of 5%;
8. resolves that the Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate under and in accordance with applicable law, in particular by entering into any agreements for this purpose, with a view notably to the successful completion of all issues; to make the above-mentioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, if applicable, abroad and/or on the international market (or, where appropriate, to postpone any such issue); to confirm such issue has taken place and amend the by-laws accordingly; and to carry out all formalities and declarations and request all authorisations as may be necessary for the implementation and successful completion of such issues.

- 9.** grants this delegation for a period of twenty-six months, and notes that it cancels and supersedes the unused portion of any previous delegation given for the same purpose.

Twentieth resolution

(Delegation of powers to the Board of Directors to increase share capital through a private placement, by issuing shares and all securities giving immediate and/or future access to shares in the company or one of its subsidiaries in accordance with paragraph 2, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of paragraph 2, Article L. 411-2 of the Monetary and Financial Code, and Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the Commercial Code:

- 1.** delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out one or more capital increases, through one or more offers falling within the scope of paragraph 2, Article L. 411-2 of the Monetary and Financial Code, in such amounts and at such times as it deems fit, by issuing, without pre-emptive rights for existing shareholders, both in France and abroad, in euros, in a foreign currency or in any other monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) any securities giving access in whatever manner, now and/or in the future, to existing or new ordinary shares in the company or in any company in which it directly or indirectly owns more than half of the capital (a "Subsidiary"). Such shares and securities may be subscribed for in cash or by set-off of mutual debts;
- 2.** resolves that the nominal amount of the capital increases that may be implemented now or in the future pursuant to this resolution may not exceed 20% of the share capital over a twelve-month period or €150,000,000 (one hundred and fifty million euros). The nominal amount counts towards the limit set in the seventeenth resolution, plus, as applicable, the nominal amount of the additional shares to be issued to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company;
- 3.** resolves that the securities giving access to ordinary shares in the company or a Subsidiary issued under this resolution may consist of debt securities, be linked to the issue of such securities, or allow them to be issued as intermediate securities. In particular, they may be subordinated or unsubordinated, dated or undated, and issued in euros or a foreign currency or any other monetary unit established with reference to a basket of currencies;
- 4.** resolves that the nominal amount of all the debt securities that may be issued hereunder shall not exceed €5,000,000,000 (five billion euros) or the equivalent in

euros on the date the issue is decided. This amount counts towards the limit set in the seventeenth resolution and does not include above-par redemption premium(s), if provided for. The amount is independent of and separate both from the amount of the securities giving rights to the allotment of debt securities which may be issued pursuant to the twenty-sixth resolution and from the amount of the debt securities which the Board of Directors may decide to issue or authorise in accordance with Article L. 228-40 of the Commercial Code. Debt securities giving access to ordinary shares in the company may be issued at fixed and/or floating rates of interest, with or without capitalisation, and may be subject to redemption, with or without premium, or repayment; they may also be repurchased on the market or be the subject of an offer by the company to purchase or exchange them;

- 5.** resolves to cancel the pre-emptive rights of shareholders to ordinary shares and/or securities issued under this delegation;
- 6.** notes that this delegation entails the waiver by shareholders of their pre-emptive rights to subscribe for ordinary shares in the company to which any securities issued under this delegation may give entitlement;
- 7.** resolves that the Board of Directors shall determine the characteristics, amount and terms of any issue and of the securities to be issued. In particular, it shall determine the category of the securities to be issued and, taking account of the indications given in its report, set their subscription price, with or without premium, the date of first entitlement to dividends, which may be retroactive, and, if applicable, the period during which or the terms on which the securities issued pursuant to this resolution shall give access to ordinary shares in the company, in accordance with applicable law, and the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended. Save for the provisions of the twenty-first resolution, the issue price of the ordinary shares and the securities shall be such that the sum received immediately by the company, plus any amount likely to be received subsequently by the company, is equal to or greater than the minimum amount required by regulations or for each ordinary share at the time this delegation is used, i.e. on this day, in accordance with the provisions of Article R. 225-119 of the Commercial Code, at the weighted average of the share prices for the last three trading sessions before the price is set, with a possible maximum discount of 5%;
- 8.** resolves that the Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate under and in accordance with applicable law, in particular by entering into any agreements for this purpose, with a view notably to the successful completion of all issues; to make the above-mentioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, if applicable, abroad and/or on the international market (or, where appropriate, to postpone any such issue); to confirm such issue has taken

place and amend the by-laws accordingly; and to carry out all formalities and declarations and request all authorisations as may be necessary for the implementation and successful completion of such issues;

9. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous delegation given for the same purpose.

Twenty-first resolution

(Authorisation to the Board of Directors to set the price, in accordance with the terms decided by the Annual General Meeting, for immediate or future public issues of equity securities or issues falling within the scope of paragraph 2, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders)

The Annual General Meeting, having satisfied the quorum and majority required for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report and in accordance with the provisions of Article L. 225-136-1, paragraph 2 of the Commercial Code, and to the extent that the securities to be issued immediately or at a later date are equivalent to equity securities admitted to trading on a regulated market:

1. authorises the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to derogate, for each of the issues decided under the nineteenth and twentieth resolutions and up to the limit of 10% of the capital (based on capital as at the date of this meeting) for a period of twelve months, from the pricing terms set forth in the applicable regulations at the time this authorisation is used, i.e. on this day by Article R. 225-119 of the Commercial Code, and to set the price of the shares to be issued immediately or at a later date in a public issue or other issue falling within the scope of paragraph 2 of Article L. 411-2 of the Monetary and Financial Code, in accordance with the following provisions:
 - a) for equity securities to be issued immediately, the Board may opt for one of two alternatives:
 - either the average price observed over a maximum period of six months prior to the issue date, or
 - the volume-weighted average price on the market on the day preceding the issue (1-day VWAP) with a maximum discount of 20%;
 - b) for equity securities to be issued at a later date, the issue price shall be such that the sum received immediately by the company, plus the amount it is likely to receive subsequently, will be equal to or greater than the amount referred to in sub-paragraph (a) above in respect of each ordinary share.
2. resolves that the Board of Directors shall have full powers to implement this resolution in accordance with the resolution by which the share issue is decided;

3. grants this authorisation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous authorisation given for the same purpose.

Twenty-second resolution

(Authorisation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Article L. 225-135-1 of the Commercial Code:

1. authorises the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to decide, in the case of a capital increase with or without pre-emptive rights for existing shareholders, to increase the number of securities to be issued, during a period of thirty days from closing of subscriptions, up to a limit of 15% of the initial issue for the same price as the initial issue, subject to compliance with the upper limits set forth in the resolution pursuant to which such issue is decided;
2. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous delegation given for the same purpose.

Twenty-third resolution

(Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, as consideration for contributions in kind consisting of a company's equity securities or securities giving access to capital of another company outside of a public exchange offer)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Article L. 225-147 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to issue, based on the report of the expert appraisers referred to in paragraphs 1 and 2 of Article L. 225-147 of the Commercial Code, ordinary shares of the company or securities giving access in whatever manner, now or in the future, to existing or new ordinary shares in the company, as consideration for contributions in kind consisting of equity securities or securities giving access to the capital of another company, in cases where Article L. 225-148 of the Commercial Code is not applicable;
2. resolves to set the maximum nominal amount of capital increases, now or in the future, as a result of issues made pursuant to this delegation, at 10% of the capital (based on

the capital at the date of this meeting). This nominal amount shall count towards the overall limit set forth in the seventeenth resolution;

- 3.** resolves that the nominal amount of all debt securities issued under this resolution may not exceed €5,000,000,000 (five billion euros) or the equivalent in euros on the date the issue is decided, on condition that such amount does not include above-par redemption premium(s), if provided for. This nominal amount shall count towards the maximum total amount set in the seventeenth resolution;
- 4.** resolves to cancel insofar as is needed, for the benefit of the holders of shares or securities that are the subject of the contributions in kind, the pre-emptive rights of shareholders to the shares and/or securities issued under this delegation;
- 5.** notes that this delegation entails the waiver by shareholders of the pre-emptive rights to ordinary shares in the company to which the securities issued under this delegation, if any, could entitle them;
- 6.** resolves that the Board of Directors shall have full powers to implement this resolution, with the power to sub-delegate under and in accordance with applicable law, in particular to take its decision, based on the report of the expert appraisers, and to approve the granting of particular benefits, to record the completion of the capital increases made pursuant to this delegation, amend the by-laws accordingly, carry out all formalities and filings, make all declarations and request all such authorisations as may be necessary for such contributions to be made, and determine the conditions under which the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended in accordance with applicable law;
- 7.** grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous delegation given for the same purpose.

Twenty-fourth resolution

(Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, as consideration for securities tendered to a public exchange offer initiated by the company)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 228-148 and L. 228-92 of the Commercial Code:

- 1.** delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to issue ordinary shares of the company and/or securities giving access in whatever manner, now or in the future, to existing or new ordinary shares in the company,

as consideration for securities tendered to a public exchange offer made by the company, in France or abroad, in accordance with local regulations, with respect to securities of a company whose shares are admitted to trading on a regulated market as referred to in Article L. 225-148 of the Commercial Code;

- 2.** resolves that the total nominal amount of all capital increases that may be implemented now and/or in the future under this resolution may not exceed €150,000,000 (one hundred and fifty million euros), the nominal amount of the additional shares to be issued in order to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company. This amount shall count towards the overall limit set in the seventeenth resolution;
- 3.** resolves that the nominal amount of all debt securities issued under this resolution may not exceed €5,000,000,000 (five billion euros) or the equivalent in euros on the date the issue is decided, on condition that such amount does not include above-par redemption premium(s), if provided for. This nominal amount shall count towards the maximum total amount set in the seventeenth resolution;
- 4.** resolves to cancel the pre-emptive rights of shareholders to ordinary shares and/or securities issued under this delegation;
- 5.** notes that this delegation entails the waiver by shareholders of the pre-emptive rights to ordinary shares in the company to which the securities issued under this delegation would entitle them;
- 6.** resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this resolution, in particular:
 - to set the exchange ratio and, if applicable, the cash balance of the consideration to be paid,
 - to confirm the number of shares tendered for exchange,
 - to determine the dates, terms and conditions of the issue – in particular the price and date of first entitlement to dividends – of the new ordinary shares or, if applicable, of the securities giving immediate and/or future access to ordinary shares in the company,
 - to determine the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended,
 - to enter on the liabilities side of the balance sheet in a “share premium” account, to which all shareholders shall have rights, the difference between the issue price of the new ordinary shares and their par value,
 - if applicable, to charge all expenses, taxes and duties incurred in relation to the transaction authorised hereunder to the share premium account,
 - generally to take all useful steps and enter into all agreements to bring the transaction authorised

- hereunder to successful completion, confirm the capital increase(s) and amend the by-laws accordingly;
7. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous delegation given for the same purpose.

Twenty-fifth resolution

(Delegation of powers to the Board of Directors to issue shares, without pre-emptive rights for existing shareholders, following the issue, by a Bouygues subsidiary, of securities giving access to shares in the company)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to issue ordinary shares in Bouygues as a result of the issuance of securities by any company in which Bouygues directly or indirectly holds more than half of the capital (the "Subsidiaries") and expressly authorises the resulting capital increase;

These securities shall be issued by the Subsidiaries with the agreement of the Board of Directors of Bouygues and may, in accordance with the provisions of Article L. 228-93 of the Commercial Code, give immediate and/or future access in any manner to ordinary shares in the company; such securities may be issued on one or more occasions, in France, on foreign markets and/or on the international market;

2. notes that the company's shareholders have no pre-emptive rights over the aforementioned securities issued by the Subsidiaries;
3. notes that this resolution entails, for the benefit of the holders of securities that may be issued by the Subsidiaries, the waiver by shareholders of the pre-emptive rights to ordinary shares to which the aforementioned securities issued by the Subsidiaries would entitle them;
4. resolves that the nominal amount of the increase in the company's capital resulting from all issues that may be carried out under this delegation may not exceed €150,000,000 (one hundred and fifty million euros). This nominal amount shall count towards the maximum total amount set in the seventeenth resolution;
5. resolves that the amount payable to the company at the time of the issue or thereafter shall, in any event, with respect for each ordinary share issued as a result of the issue of such securities, be equal to or greater than the minimum amount provided for by applicable law and regulations in force at the time this delegation is used, after such amount has been adjusted, if necessary, to take account of the different dates of first entitlement;

6. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this resolution in agreement with the Boards of Directors, Executive Boards or other corporate governance or management bodies of the issuing Subsidiaries, in particular to set the amounts to be issued, decide the terms and conditions of the issue and category of the securities to be issued, set the date of first entitlement to dividends, which may be retroactive, of the securities to be created, and generally take all useful measures and enter into any contracts and agreements to bring the proposed issues to completion, under and in accordance with all applicable French and, if appropriate, foreign laws and regulations. The Board of Directors shall have full powers to amend the by-laws to reflect the utilisation of this delegation, in accordance with the terms of its report to this meeting;

7. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous delegation given for the same purpose.

Twenty-sixth resolution

(Delegation of powers to the Board of Directors to issue all securities giving the right to the allotment of debt securities)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 to L. 225-129-6, L. 228-91 and L. 228-92 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to decide, on its own initiative, to create and issue securities giving immediate and/or future rights to the allotment of debt securities, such as bonds, debt securities or their equivalent, perpetual or redeemable subordinated securities, or any other securities granting, in respect of any single issue, the same rights of claim against the company. The securities can be issued on one or more occasions in France and abroad, provided the maximum nominal amount does not exceed €5,000,000,000 (five billion euros) or the equivalent in a foreign currency or in any other monetary unit based on a basket of currencies. The securities may be secured by mortgage or other collateral or be unsecured, in the proportions, in the form and at such times, interest rates and terms of issue and redemption that the Board deems appropriate;
2. grants full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to carry out such issues and stipulates that it shall have total discretion to determine the terms and conditions and all characteristics of the securities and debt securities. Any such securities may pay interest at fixed or floating rates and may be redeemed at a fixed or variable premium over par, in which case the premium will be in addition to the above maximum nominal amount of €5,000,000,000 (five

billion euros), which shall apply to all securities and debt securities issued pursuant to this delegation. The Board is empowered to set, depending on market conditions, the terms for redeeming and/or calling the securities to be issued and the debt securities to which such securities will give a right of allotment, with a fixed or variable premium where applicable, or for their repurchase by the company, where such is the case. The Board may also decide to secure or collateralise the securities to be issued and the debt securities to which such securities will give a right of allotment and to determine the nature and characteristics of such guarantees;

3. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous delegation given for the same purpose.

Twenty-seventh resolution

(Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, for the benefit of employees or corporate officers of the company or related companies who are members of a company savings scheme)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions, first, of the Commercial Code and in particular Articles L. 225-129-6 (paragraph 1) and L. 225-138-1, and second, Articles L. 3332-1 *et seq.* of the Labour Code:

1. delegates to the Board of Directors the power to carry out one or more capital increases, on its own initiative, in such amounts and at such times as it deems fit, on condition that they do not exceed 10% of the company's capital at the date of the Board decision. The capital increases may be carried out by issuing new shares for payment in cash and, if applicable, by incorporating reserves, earnings or premiums into the capital and by allotment of bonus shares or other securities giving access to capital, subject to applicable law. The meeting also resolves that the limit applicable to this delegation is independent and separate and that the amount of the capital increases made under this delegation shall not count towards the other maximum amounts set by this meeting;
2. reserves subscriptions for all the shares to be issued for employees and corporate officers of Bouygues and employees and corporate officers of all related French and foreign companies within the meaning of applicable legislation, who are members of a company or Group savings plan or any inter-company savings scheme;
3. resolves that the subscription price for the new shares, set by the Board of Directors in accordance with the provisions of Article L. 3332-19 of the Labour Code at the time of each issue, may not be more than 20% below, or 30% below in the cases provided by law, the average of the initial quoted prices for the share on the Euronext Paris market during the twenty trading days preceding the date of the decision

of the Board of Directors setting the opening date for subscriptions;

4. resolves that this resolution implies cancellation of the shareholders' pre-emptive rights for the benefit of the employees and corporate officers for whom the capital increase is reserved and the waiver of any right to the shares or other securities giving access to capital allotted free of charge on the basis of this resolution;
5. delegates full powers to the Board of Directors to:
 - decide the date and terms and conditions of the issues to be made pursuant to this resolution; in particular, to decide whether the shares shall be subscribed directly or through a mutual fund or through another entity in accordance with applicable law; to decide and fix the terms for allotting bonus shares or other securities giving access to capital, pursuant to the authorisation given above. The Board is also empowered to set the issue price of the new shares to be issued in compliance with the above rules, to set opening and closing dates for subscriptions and the dates of first entitlement to dividends, to set the payment period, subject to a maximum period of three years, and to fix if appropriate the maximum number of shares that can be subscribed per employee and per issue,
 - record the capital increases that have taken place for an amount equal to the amount of shares that will actually be subscribed for,
 - carry out all operations and formalities, either itself or through an agent,
 - amend the by-laws to reflect the capital increases,
 - charge the expenses of the capital increases against the premium applicable to each increase and take from such amount the sums required to bring the legal reserve fund to one-tenth of the new capital following each increase,
 - generally take all necessary measures.

The Board of Directors may, within the limits provided by law and any that shall be set beforehand, delegate to the Chief Executive Officer or, with his agreement, to one or more Deputy Chief Executive Officers, the powers granted to it under this resolution.

6. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous delegation given for the same purpose.

Twenty-eighth resolution

(Authorisation to the Board of Directors to allot existing or new bonus shares, without pre-emptive rights for existing shareholders, to salaried employees and corporate officers of the company or related companies)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the

provisions of Article L. 225-197-1 *et seq.* of the Commercial Code:

1. authorises the Board of Directors to allot, on one or more occasions, existing or new bonus shares in the company to the beneficiaries indicated below;
2. resolves that the beneficiaries of these bonus shares, who the Board of Directors shall nominate, may include all or certain categories of the salaried employees and/or all or some corporate officers of Bouygues or of companies or economic interest groupings that are related to Bouygues within the meaning of Article L. 225-197-2 of the Commercial Code;
3. resolves that under this authorisation, the Board of Directors may allot a total number of shares representing up to 5% of the share capital of the company (as it stands on the day of the Board of Director's decision), with the stipulation that the shares that may be subscribed for or vested pursuant to options granted under the twenty-second resolution of the Combined Annual General Meeting of 21 April 2011 or any subsequent authorisation, shall count towards this limit, where applicable for as long as this authorisation is valid;
4. resolves that the allotment of shares to their beneficiaries shall only become definitive at the end of a vesting period, which shall be defined by the Board of Directors but may not be less than two years; beneficiaries must then retain said shares for a lock-in period, which shall be defined by the Board of Directors but may not be less than two years as from the definitive allotment. However, in the event that the Board of Directors defines a vesting period of at least four years for all or part of an allotment, the mandatory lock-in period may be reduced or waived for the shares concerned;
5. resolves that bonus shares shall be allotted immediately, prior to the end of the vesting period, in the event of a category two or three disability suffered by the beneficiary as defined in Article L. 341-4 of the French Social Security Code. In this case, the lock-in period shall also end immediately;
6. authorises the Board of Directors to use the existing or future authorisations granted by the Annual General Meeting, in accordance with the provisions of Articles L. 225-208 and L. 225-209 of the Commercial Code;
7. notes that this authorisation entails as of right, for the benefit of the holders of securities that may be issued by the Subsidiaries, the waiver by shareholders of their pre-emptive rights to subscribe for the ordinary shares that will be issued as and when the shares are definitively allotted, and to all rights to bonus ordinary shares that are allotted on the basis of this authorisation;
8. resolves that the Board of Directors shall have full powers to implement this authorisation in accordance with legal and regulatory requirements, and, in particular, to:
 - determine the conditions and, where applicable, the allotment criteria for shares to be issued or existing shares and to draw up the list or the categories of share beneficiaries,
 - determine the length of service that beneficiaries must fulfil,
- provide for the option of temporarily suspending allotment rights,
- define the conditions under which there will be a four-year vesting period,
- set all the other terms and conditions under which the shares will be allotted,
- accomplish or arrange for the accomplishment of all steps and formalities in order to buy back shares and/or make the capital increase(s) definitive that may be carried out pursuant to this authorisation, to amend the by-laws accordingly and, in general, to take all necessary steps, with the option of sub-delegation under the conditions provided for by law;
9. grants this authorisation for a period of thirty-eight months as from the date of this meeting;
10. notes that it cancels and replaces, as from this day, the unused portion of any previous authorisation given for the same purpose.

Twenty-ninth resolution

(Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company's shares)

The Annual General Meeting, in extraordinary session but having satisfied the quorum and majority requirements for ordinary general meetings, in accordance with Articles L. 233-32 II and L. 233-33 of the Commercial Code, and having acquainted itself with the Board of Directors' report and the auditors' special report:

1. delegates to the Board of Directors the power, in compliance with applicable law and regulations, to issue warrants on one or more occasions, during the period of a public offer for the company's shares, giving rights to subscribe on preferential terms for one or more shares in the company, and to allot such warrants free of charge to all shareholders who hold shares in the company prior to expiry of the offer period. These warrants will lapse automatically as soon as the offer or any other competing offer has failed, lapsed or been withdrawn;
2. resolves that the maximum nominal amount of any capital increase that may result from the exercise of such equity warrants may not exceed €350,000,000 (three hundred and fifty million euros), and that the maximum number of equity warrants that may be issued shall not exceed the number of shares that make up the capital at the time the warrants are issued;
3. resolves that the Board of Directors will have full powers, with the power to sub-delegate under and in accordance with applicable law, to determine the conditions of exercise of the equity warrants, which must relate to the terms of the offer or any other competing offer, and the other characteristics of the warrants, such as the exercise price or the terms for determining the exercise price, and more generally the characteristics and terms of any issue decided on the basis of this authorisation;

4. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which any warrants issued pursuant to this delegation may give entitlement;
5. grants this delegation for a period of eighteen months as from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous delegation given for the same purpose.

Thirtieth resolution

(Authorisation to the Board of Directors to use, during the period of the public tender offer for the company's shares, all the authorisations and delegations of powers to increase the share capital)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report, and in accordance with Article L. 233-33 of the Commercial Code:

1. expressly authorises the Board of Directors to utilise during the period of a public offer for the company's shares, and in compliance with applicable laws and regulations in force at such time, the various delegations of power and authorisations granted to the Board of Directors, by the seventeenth to twenty-fifth resolutions and by the twenty-seventh and twenty-eighth resolutions submitted to this meeting, on condition of their approval, as well as by the twenty-second resolution of the Combined Annual General Meeting of 21 April 2011 concerning the allotment of stock options, to increase the share capital according to the conditions and limits specified by the said delegations and authorisations;
2. grants this authorisation for a period of eighteen months as from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous authorisation given for the same purpose.

Thirty-first resolution

(Powers to carry out formalities)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, gives full powers to the holder of an original, a copy of or excerpt from the minutes of this Annual General Meeting to carry out all necessary filings, publications and formalities.

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Historical financial information for 2010 and 2011

Pursuant to Article 28 of Commission Regulation EC No. 809-2004 of 29 April 2004, the following information is included by reference in this Registration Document:

- interim financial information and the consolidated financial statements for the year ended 31 December 2010 and the auditors' reports relating thereto, presented respectively on pages 14 to 17, 222 to 274 and 299 of the 2010 Registration Document filed with the Autorité des Marchés Financiers on 14 April 2011 under No. D. 11-0295;

- interim financial information and the consolidated financial statements for the year ended 31 December 2011 and the auditors' reports relating thereto, presented respectively on pages 14 to 17, 216 to 268 and 288 of the 2011 Registration Document filed with the Autorité des Marchés Financiers on 12 April 2012 under No. D. 12-0334.

These documents are available in the Finance/Shareholders section of the Bouygues website at www.bouygues.com.

FULL-YEAR FINANCIAL REVIEW

The 2012 full-year financial review, prepared pursuant to Article L. 451-1-2-I of the Monetary and Financial Code and Article 222-3 of the AMF General Regulation, comprises the following sections of the Registration Document:

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MANAGEMENT REPORT

The management report for 2012 prepared pursuant to Article L. 225-100 of the French Commercial Code is included in this Registration Document. It was approved by the Board of Directors at its meeting on 26 February 2013. It contains the following information (unless otherwise stated, the numbers in brackets refer to the relevant articles of the Commercial Code):

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REPORT BY THE CHAIRMAN ON CORPORATE GOVERNANCE, INTERNAL CONTROL AND RISK MANAGEMENT

The Report by the Chairman on corporate governance, internal control and risk management, prepared pursuant to Article L. 225-37 of the French Commercial Code, may be found on pages 163-184, 186-188, 191-192 and 200-203 of this Registration Document.

STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare that, to the best of my knowledge, the information in this Registration Document is correct and that all reasonable measures have been taken to that end. There are no omissions likely to alter the scope of this information.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial positions and results of the company and all the undertakings included in the consolidation taken as a whole; and that the management report on pages 6 to 25, 28 to 71, 74-124, 130-154, 156-162, 186-197, 200-211 and 302 to 313 includes a fair review of the development and performance of the business, the results and the financial position of the company and all the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

I have received a completion letter from the statutory auditors stating that they have verified the information concerning the financial situation and the financial statements set forth in this Registration Document, which they have read in full.

The consolidated financial statements for the year ended 31 December 2010, included by reference in this Registration Document, have been subject to a report by the statutory auditors which is included by reference on page 343 of this Registration Document and contains observations. The consolidated financial statements for the years ended 31 December 2011 and 31 December 2012, included by reference or provided in this Registration Document, have been subject to a report by the statutory auditors which is included by reference on page 343 or provided on page 281 of this Registration Document and does not contain observations.

Paris, 10 April 2013



Martin Bouygues
Chairman and Chief Executive Officer

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Investor Relations Director

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Registered Share Service

Bouygues offers a free account-keeping service to holders of fully registered shares (see also “Bouygues and its shareholders” in chapter 1).

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ON THE WEB

- The Registration Document is available under the Finance/Shareholders - Publications section of the www.bouygues.com website three weeks before the Combined Annual General Meeting. Bouygues has decided to limit the print run to 1,200 copies.
- The Bouygues group's *2012 In Brief* is available on www.bouygues.com. Published in conjunction with the full-year results presentation in February 2013, it includes a summary of the past year and key indicators, enhanced with videos, slide shows, additional documents and links to other Group websites.



To access it directly, flash the code opposite using a smartphone equipped with the relevant application.

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