LEADER IN THE CONSTRUCTION AND MAINTENANCE OF TRANSPORT INFRASTRUCTURE
Colas is also involved in specialized complementary lines of business, which means that the Group can propose a wide range of products and services to its clients, both public and private: manufacturing and installation of safety equipment, road marking and traffic control/access management systems; production and application of waterproofing products, siding, roofing and installation of photovoltaic panels and membranes; laying of pipes for the transport of fluids; civil engineering; building (new construction, rehabilitation, deconstruction); design and engineering of large-scale complex railway projects, construction, renewal and maintenance of railways for conventional lines, high-speed trains, tramways, subways, including electrification and signaling, railway freight transport; services and concessions.

Safety, quality, ethics, environmental protection, innovation, diversity, training, rigor, financial strength: these are the keys that allow Colas to pursue long-term profitable growth in the framework of responsible development.

Colas is paving the way forward, serving people, freedom, higher standards of living and enhanced economic development.
Against a global backdrop rocked by continuing economic and financial difficulties, revenue at Colas totaled 11.7 billion euros, up a slight 1% compared to 2009. A drop in current operating profitability and an accumulation of unfavorable non-current factors led to a decrease of the Group’s share of net profit, at 224 million euros. Owing to a series of action plans, to the non-recurrent nature of exceptional operating expenses and to the Group’s overall strengths, Colas will pave the way back to growth in profitability in 2011.

Can we say that the crisis began to blow over for your business sectors in 2010? In this type of environment, what is your opinion about the 11.7 billion euros of revenue generated by Colas?

Our markets did not make it back on the path to growth in 2010. However, excepting a few countries, and the central Europe zone in particular, business volumes were down only very slightly compared to 2009, marking the end of the stimulus package effect. But this wasn’t a major drop, which is encouraging.

Our forecasts all pointed to the fact that the environment would be difficult. The relatively unfavorable market trends in terms of public and private investment came as no surprise. We had anticipated intense competition in France, the drop in our central European markets, a recession in some French overseas departments and a shortage of major projects. But to top off the difficulties we had forecast, North America and Europe also had to contend with disastrous weather at the beginning and the end of the year; France was rocked by strikes in October and November; two major contracts were canceled and the situation for some of our companies in central Europe was even graver than expected. In short, 2010 was a tough year for Colas! In light of the sheer number of obstacles we encountered along the way, I am rather satisfied with our revenue figures, which remained on target with our last forecast.

Which regions and which businesses were the most – or the least – resilient?

2010 was a highly contrasted year, with major disparities between continents, countries, regions, cities. The gaps have never been so wide.

Central Europe is weathering the most difficult times, with a 34% decrease in revenue, a sharp drop in traditional business, the cancellation of the D1 motorway PPP contract in Slovakia in the wake of a change in government, along with delays on certain contracts that are currently underway.

In French overseas departments – exception made for French Guiana, the market is flat in the Caribbean, and the recession that sent Reunion Island reeling has worsened with the cancellation of the Tram-train PPP contract.
Conversely, business in mainland France remained practically stable, with strong disparities among regions, départements, urban zones and rural zones, etc. The same was true in Africa and the Indian Ocean. Colas companies in North America, Northern Europe and Asia/Oceania enjoyed growth markets.

I’ll end our quick tour of Colas in 2010 with a look at our businesses. We just saw that the Roads sector had been witness to a wide variety of trends, depending on the region. The Safety and Signaling market is on a downturn. Waterproofing has enjoyed slight growth, as has the Pipes and Mains sector. As for the Railway business, the market is upbeat.

If business is in line with forecasts, how do you explain the sharp drop in profitability?

The Group’s share of net profit totaled 224 million euros in 2010, marking a 42% decline from 2009. This is of course very disappointing.

We could say 2010 was an “annus horribilis” for Colas. Current operating profitability is down, due to a number of reasons. First of all, profit margins in France have been eroded by strong pressure on prices – unreasonably strong in my mind given the actual volume of business. Africa, the Indian Ocean and French overseas departments have seen a slump in profitability too, with the completion of a series of major projects. But, above all, the main reason can be put down to heavy losses in three countries in central Europe: Slovakia, Croatia and Hungary. These difficulties mask the good performances recorded in northern Europe, North America and Asia.

In addition to lower current operating profitability, 2010 also saw non-current operating expenses totaling 52 million euros, comprising in particular antitrust fines that date back several years and depreciation of all goodwill in subsidiaries in central Europe.

Thus, net profit amounts to 224 million euros, still an acceptable level at 1.9% of revenue. We can not of course be content with these figures but the Group’s solid foundation and widespread geographic diversification have helped us take the punch.

What measures have you taken to remedy the slump in profitability?

We have been hard at work, of course. In order to get back on the track of growth in profitability as quickly as possible, we rolled out a specific, tailored-made action plan for each problem we encountered, and reinforced the streamlining programs we had already implemented in 2009 to help adapt to new markets. In central Europe, we adjusted our organization and changed the entire managerial structure, with a view to ensure gains in productivity, lower the break-even point and adapt to current market volumes, while keeping an eye on preserving the future. In mainland France, the goal is to inverse the downward trend in profitability. In Africa, in the Indian Ocean and in the Caribbean, streamlining was also needed. Around the world, we focused on promoting synergy between regions and companies, geographic mobility of manpower and the transfer of equipment and plant.
Your markets are showing sluggish growth at the moment. Isn’t it time for you to find a relay via external growth?

Colas’ growth strategy is hinged around both organic growth and acquisitions. The key issue is to clearly define our targets in an environment wrought with such uncertainties. In 2010, we were quite pro-active!

Last June, we acquired the Société de la Raffinerie de Dunkerque (SRD) and have now become bitumen producers in France. This is a major step forward in our industrial integration strategy, in the wake of the construction of a refining unit in Malaysia several years ago. SRD is specialized in the production of bitumen, base oils, fuel, waxes and paraffin. The unit produces some 300,000 tons of bitumen each year, i.e., one quarter of our consumption in France so its acquisition will definitely help us optimize bitumen supplies for our road companies. This material is just as important as aggregates for our businesses. With SRD, the Kemaman refinery in Asia and the development of a network of depots and terminals throughout the Group worldwide, our bitumen strategy is paving the way to a bright future.

Other companies were also acquired. In France, Sagemcom’s signaling activity was taken on by Aximum. In the United States, two road companies, with combined annual revenue of roughly 100 million euros, were acquired, thus strengthening the Group’s network, notably in Georgia, and opening up gateways to new States in the midwest and southeast. In Australia, Colas increased its stake in its subsidiary, from 51% to 94%.

We are currently studying other projects and plan to continue our targeted, prudent growth strategy at our own pace.

Colas has been deeply committed to promoting responsible development for many years now. What progress was made on that front in 2010?

Colas’ responsible development policy, based on social, environmental and economic issues, is a cornerstone strategy for the Group.

Safety is one of our leading concerns and it is a heartfelt satisfaction for us to see that the targets set in 2005 for 2010 were met, thanks to considerable effort on everyone’s part. The accident frequency rate in France is now under 10 and the number of profit centers with zero accidents is over 50%. To encourage the workforce to be even more watchful, a safety performance criterion was included in the profit-sharing program recently launched in mainland France. Our policy in favor of diversity in the Group’s personnel has led to the signature of a special partnership to boost the employment of the disabled.

From an environmental viewpoint, progress was made in terms of reducing the consumption of energy and materials, and the emission of greenhouse gases. Warm mixes are gaining ground, growing from 2% of total asphalt production in 2009 to 6.4% in 2010. The average RAP, or reclaimed asphalt pavement, content in new mixes is now over 10%. Research teams are continuing to focus on developing innovative products and processes, in particular in the field of eco-design.

Now, let’s take a look at the future. Are you concerned about the negative impact that rising levels of government deficits worldwide may have on your business sectors?

This is an important issue that we must take into consideration, that can have positive effects, too. Growth is required if governments are to reduce their deficits; satisfying transport and urban development needs is in turn vital to growth. In addition, maintaining existing infrastructure assets is also fundamental. These two needs must be met. Money can be spent more wisely, and the private sector could be given innovative contracts involving design, construction and maintenance. These two reasons are why I am optimistic in the medium term about our businesses, which have a bright future ahead of them.

“I am optimistic about our businesses in the medium term. We have a bright future ahead of us.”
**Should the shift towards private sector outsourcing become more widespread, are you ready to bid on these new contracts?**

I think it won’t be so much a rapid widespread change but rather a progressive shift towards outsourcing, which will require additional tools.

We have the technical, legal and financial expertise to handle new contracts like these. We have been putting them to good use for several years now in Canada, with long-term network maintenance contracts, Great Britain, with the first urban road PFI, in central Europe, with the PPP for the M6 Motorway, and in France, with the Reims tramway PPP. We are a bit less visible than others in this market because we see these contracts more as a complementary tool to our core business. The A63 Highway concession in southwest France, our latest success, is proof, if needed. Expertise and professionalism are our strong points, but we must not forget to be selective and cautious when we bid on these often long, complex operations.

**What is the outlook for Colas in 2011?**

Even though work-on-hand at the end of December is slightly lower than last year’s, it remains high and should allow us to get off to a good start in 2011, especially if the weather is more favorable than in 2010. Market trends are still hard to read. There should still be stark disparities between the regions where the Group operates. In France, the road business remains tough, despite the strong-willed determination of a majority of local authorities, along with a series of tramway contracts and major projects, not to mention a budding recovery in private investment. Outlook for the Railway sector is more upbeat in France, boosted by long-term network upgrading contracts and tramway projects, and in the international sector too. In central Europe, our Achilles’ heel in 2010, the subsidiaries should once again show a deficit year but losses should shrink to lower levels thanks to the action plans implemented by the Group. In North America, the market should remain buoyant, notably in Canada but also in the United States with some possibilities of external growth. In the rest of the world, business should be stable, and Asia should enjoy growth.

After reaching a low point in 2010, 2011 should mark a new beginning for Colas, thanks to our action plans, a lot of hard work and a strong determination to focus on profitability rather than volume. I am confident that Colas will be in a position to get back on the track to growth in profitability, as of this year. I couldn’t wait for 2010 to be over!

**And in the long run?**

I am also confident, for a number of reasons. The year 2010, even if it was not as good as usual, must not lead us to forget what it is that makes Colas so strong. Our profit figures are still over 200 million euros. Our financial structure is solid. We reined in our investments, preserved the future, and performed well in terms of cash. Colas has what it takes to respond to current global needs in terms of mobility, urbanization and environmental protection issues. We not only boast a network of more than 800 work centers and 1,400 material production sites in more than 40 countries on five continents, we also have an amazing collective intelligence capital with 70,000 men and women in the workforce who share values and passion. Our innovative, cutting-edge R&D focuses on safety and preserving the environment, backed by a widespread international technical network. We have ensured the vertical integration of our production chain and tight control of materials supplies. We operate with a decentralized organization and deep-seated local roots. We have the expertise and capacity to respond to every type of need in the field of transport infrastructure construction and maintenance – be it for complex projects such as PPPs and concessions, major projects, even small-scale local jobs, thanks to our local roots, our well-adapted organization and our ability to mobilize people and plant when needed.

Transport infrastructure, urban development and maintenance are our core business and our area of expertise. And these needs are ceaselessly increasing around the world.

That is why I am fully confident that the future for Colas will be bright and prosperous!

“Satisfying transport and urban development needs is vital to growth. In addition, maintaining existing infrastructure assets is fundamental.”
COLAS AROUND THE WORLD

NORTH AMERICA
- Canada
  - Alberta
  - British Columbia
  - Northwest Territories
  - Quebec
  - Saskatchewan
  - Yukon
- United States
  - Alabama
  - Alaska
  - Arkansas
  - California
  - Colorado
  - Florida
  - Georgia
  - Illinois
  - Indiana
  - Kansas
  - Kentucky
  - Maine
  - Maryland
  - Michigan
  - Missouri
  - Nebraska
  - Nevada
  - New Jersey
  - New Mexico
  - New York
  - North Carolina
  - Ohio
  - Oklahoma
  - Pennsylvania
  - South Carolina
  - South Dakota
  - Texas
  - Virginia
  - West Virginia
  - Wyoming

EUROPE
- Austria
- Belgium
- Croatia
- Czech Republic
- Denmark
- France
- Great Britain
- Greenland
- Hungary
- Iceland
- Ireland
- Isle of Man
- Monaco
- Netherlands
- Poland
- Romania
- Slovakia
- Slovenia
- Switzerland

AFRICA, INDIAN OCEAN, ASIA, OCEANIA, NEAR EAST AND MIDDLE EAST
- North Africa
  - Morocco
- West and Central Africa
  - Benin
  - Gabon
  - Togo
- Near and Middle East
  - Oman
  - Saudi Arabia
  - Turkey

FRENCH OVERSEAS DEPARTMENTS
- Caribbean
  - French Guiana
  - Guadeloupe
  - Martinique
- Indian Ocean
  - Reunion Island

Indian Ocean, East and southern Africa, Pacific Rim
- Comoros
- Djibouti
- Kenya
- Madagascar
- Mauritius
- Mayotte
- Namibia
- New Caledonia
- South Africa
- Zambia

Asia, Australia
- Australia
- Cambodia
- China
- India
- Indonesia
- Malaysia
- South Korea
- Thailand
- Vietnam

NORTH AMERICA 19%
FRENCH OVERSEAS DEPARTMENTS 3%
The breakdown of revenue per geographic zone is expressed in percentage of total revenue.
The Group’s consolidated revenue totaled 11.7 billion euros, up 1% from 2009 (–3.5% with an unchanged scope of business and comparable exchange rates), despite a more difficult than expected business environment: sluggish private and public investment, a shortage of major projects (cancellation of two major PPP contracts), a 34% plunge in activity in central Europe, in addition to disastrous winter weather in Europe and North America.

Current operating income amounted to 3.1% of revenue, down 1.6%. Nearly two-thirds of this decrease can be put down to major losses in central European companies, at 109 million euros. The rest is corollary to eroding profit margins in France, where competition is intense, and to a shortage of major projects, notably in Africa and the Indian Ocean.

### Breakdown of Business by Business Sector

<table>
<thead>
<tr>
<th>Business Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road works</td>
<td>63%</td>
</tr>
<tr>
<td>Sales of materials</td>
<td>15%</td>
</tr>
<tr>
<td>Civil engineering, Pipes and mains</td>
<td>7%</td>
</tr>
<tr>
<td>Waterproofing</td>
<td>5%</td>
</tr>
<tr>
<td>Railways</td>
<td>4%</td>
</tr>
<tr>
<td>Safety and signaling</td>
<td>3%</td>
</tr>
<tr>
<td>Building</td>
<td>3%</td>
</tr>
</tbody>
</table>

### Current Operating Income

<table>
<thead>
<tr>
<th>Year</th>
<th>In billions of euros</th>
<th>In millions of euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**NET PROFIT (GROUP SHARE)**

The Group share of net profit totaled 224 million euros, a 42% drop, due to the decrease in current operating income, underscored by non-current expenses totaling 52 million euros (antitrust fines that date back several years and decision to depreciate all goodwill in central Europe during fiscal year). Profitability has however been maintained at 1.9% of revenue.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash flow from operations</th>
<th>Net investments</th>
<th>Free cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>942</td>
<td>581</td>
<td>396</td>
</tr>
<tr>
<td>2007</td>
<td>1,099</td>
<td>303</td>
<td>474</td>
</tr>
<tr>
<td>2008</td>
<td>1,184</td>
<td>264</td>
<td>490</td>
</tr>
<tr>
<td>2009</td>
<td>1,066</td>
<td>426</td>
<td>387</td>
</tr>
<tr>
<td>2010</td>
<td>814</td>
<td>368</td>
<td>224</td>
</tr>
</tbody>
</table>

In millions of euros

**NET CASH POSITION/NET DEBT**

Net debt totaled 57 million euros, compared to a net cash position of 117 million euros as of the end of December 2009, due to shorter supplier payment deadlines in France and the drop in net profit. Nevertheless, the gap was minimized with good control of investments and a major effort undertaken by the workforce as a whole to reduce working capital requirements.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash flow from operations</th>
<th>Net investments</th>
<th>Free cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>409</td>
<td>(6)</td>
<td>117</td>
</tr>
<tr>
<td>2007</td>
<td>347</td>
<td></td>
<td>2010</td>
</tr>
<tr>
<td>2008</td>
<td>117</td>
<td></td>
<td>(57)</td>
</tr>
<tr>
<td>2009</td>
<td>225</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In millions of euros

**CASH FLOW FROM OPERATIONS/NET INVESTMENTS/ FREE CASH FLOW**

The Group focused its cautious investment policy on industrial units, and yet did not overlook external growth opportunities, notably with the acquisition of the Société de la Raffinerie de Dunkerque and road companies in North America. Net investments were reined in at 500 million euros, including 63 million euros earmarked for external growth. This strategy enabled the Group to generate free cash flow at 225 million euros.

(1) Free cash flow = cash flow from operations less all net financial debt, taxes and net investment.
COLAS SHARE

SHAREHOLDER BASE ON DECEMBER 31, 2010

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bouygues</td>
<td>96.6%</td>
</tr>
<tr>
<td>Public</td>
<td>2.4%</td>
</tr>
<tr>
<td>Colas Employee Savings Plan</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

SHARE PRICE

Price on December 31:

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest</td>
<td>230.00</td>
<td>363.99</td>
<td>309.50</td>
<td>198.78</td>
<td>194.00</td>
</tr>
<tr>
<td>Lowest</td>
<td>137.50</td>
<td>225.60</td>
<td>121.15</td>
<td>124.45</td>
<td>128.25</td>
</tr>
</tbody>
</table>

Market capitalization as of December 31 (in billions of euros):

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.40</td>
<td>10.06</td>
<td>4.82</td>
<td>5.69</td>
<td>4.73</td>
</tr>
</tbody>
</table>

Average daily transactions (in number of shares):

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,289</td>
<td>911</td>
<td>1,460</td>
<td>689</td>
<td>948</td>
</tr>
</tbody>
</table>

KEY FIGURES FOR COLAS SHARES
The dividend distributed in 2011 for fiscal 2010 amounts to 6.30 euros, if approved by the Annual General Shareholders’ Meeting on April 15, 2011, for a total of 206 million euros. The dividend bears witness to the fact that the Group should be back on track to stronger profitability in 2011. The dividend distributed in 2010 for fiscal 2009 amounted to 6.75 euros per share.

**NET PROFIT PER SHARE (GROUP SHARE)**

The comparison suffers from the record figures in 2008, when markets were at their highest. Fiscal 2010 must also be put into perspective given the accumulation of unfavorable current and non-current events. Action plans should enable the Group to improve profitability in 2011.

**DIVIDEND PER SHARE**

Paid out in a given year in respect of the previous year’s results

The dividend distributed in 2011 for fiscal 2010 amounts to 6.30 euros, if approved by the Annual General Shareholders’ Meeting on April 15, 2011, for a total of 206 million euros. The dividend bears witness to the fact that the Group should be back on track to stronger profitability in 2011. The dividend distributed in 2010 for fiscal 2009 amounted to 6.75 euros per share.

**YIELD PER SHARE**

Dividend paid out in a given year/year-end share price of previous year

Colas’ yield per share for 2011 totals 4.35%, if the dividend is approved by the Annual General Shareholders’ Meeting on April 15, 2011.

**Shareholders’ information**

**Calendar**

- **Interim results**: August 30, 2011
- **Annual Shareholders’ Meeting**: April 15, 2011
- **Payment of dividend**: April 28, 2011

**Information sources**

Annual Report

Web site: http://www.colas.com

**To contact Colas**

Shareholders and Investors Relations

Tel.: (33)1 47 61 76 73

E-mail: finance@colas.com

**Share services**

As an issuing company, Colas provides share services and financial services.
## CONSOLIDATED INCOME STATEMENT

<table>
<thead>
<tr>
<th>in millions of euros</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fiscal years</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>11,661</td>
<td>11,581</td>
</tr>
<tr>
<td><strong>Operating income (current)</strong></td>
<td>365</td>
<td>541</td>
</tr>
<tr>
<td><strong>Extraordinary items</strong></td>
<td>(52)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>313</td>
<td>541</td>
</tr>
<tr>
<td><strong>Interest income (expense)</strong></td>
<td>(30)</td>
<td>(34)</td>
</tr>
<tr>
<td><strong>Other finance income (expense)</strong></td>
<td>(7)</td>
<td>1</td>
</tr>
<tr>
<td><strong>Provision for income taxes</strong></td>
<td>(122)</td>
<td>(172)</td>
</tr>
<tr>
<td><strong>Income from associates</strong></td>
<td>69</td>
<td>55</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE YEAR</strong></td>
<td>223</td>
<td>391</td>
</tr>
<tr>
<td><strong>Of which: minority interest</strong></td>
<td>(1)</td>
<td>4</td>
</tr>
<tr>
<td><strong>OF WHICH: EQUITY HOLDERS OF THE PARENT</strong></td>
<td>224</td>
<td>387</td>
</tr>
</tbody>
</table>

## CONSOLIDATED CASH FLOW STATEMENT

<table>
<thead>
<tr>
<th>in millions of euros</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fiscal years</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash from operations before tax</strong></td>
<td>814</td>
<td>1,066</td>
</tr>
<tr>
<td><strong>Income tax paid</strong></td>
<td>(171)</td>
<td>(202)</td>
</tr>
<tr>
<td><strong>Changes in current assets and liabilities</strong></td>
<td>(109)</td>
<td>(51)</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities (a)</strong></td>
<td>534</td>
<td>813</td>
</tr>
<tr>
<td><strong>Operating capital expenditures (net)</strong></td>
<td>(452)</td>
<td>(383)</td>
</tr>
<tr>
<td><strong>Acquisitions and disposals of subsidiaries</strong></td>
<td>(3)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Other investing activities</strong></td>
<td>(2)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities (b)</strong></td>
<td>(457)</td>
<td>(384)</td>
</tr>
<tr>
<td><strong>Change in equity</strong></td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td><strong>Dividends paid</strong></td>
<td>(224)</td>
<td>(287)</td>
</tr>
<tr>
<td><strong>Net variation from borrowings</strong></td>
<td>(19)</td>
<td>20</td>
</tr>
<tr>
<td><strong>Interest income (expense) and miscellaneous</strong></td>
<td>(30)</td>
<td>(35)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities (c)</strong></td>
<td>(271)</td>
<td>(294)</td>
</tr>
<tr>
<td><strong>Exchange differences and other (d)</strong></td>
<td>13</td>
<td>6</td>
</tr>
<tr>
<td><strong>NET CHANGE IN CASH AND CASH EQUIVALENTS (a+b+c+d)</strong></td>
<td>(181)</td>
<td>141</td>
</tr>
<tr>
<td><strong>Net cash at the beginning of the year</strong></td>
<td>383</td>
<td>242</td>
</tr>
<tr>
<td><strong>NET CASH AND CASH EQUIVALENT AT END OF THE YEAR</strong></td>
<td>202</td>
<td>383</td>
</tr>
</tbody>
</table>
## CONSOLIDATED BALANCE SHEET

### in millions of euros

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>2,438</td>
<td>2,294</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>87</td>
<td>78</td>
</tr>
<tr>
<td>Goodwill</td>
<td>445</td>
<td>467</td>
</tr>
<tr>
<td>Investments in associates</td>
<td>422</td>
<td>388</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>174</td>
<td>173</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>138</td>
<td>102</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td><strong>3,704</strong></td>
<td><strong>3,502</strong></td>
</tr>
<tr>
<td>Inventories and receivables</td>
<td>3,548</td>
<td>3,641</td>
</tr>
<tr>
<td>Cash and financial instruments</td>
<td>424</td>
<td>545</td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td><strong>3,972</strong></td>
<td><strong>4,186</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>7,676</strong></td>
<td><strong>7,688</strong></td>
</tr>
<tr>
<td>Capital and reserves</td>
<td>2,345</td>
<td>2,276</td>
</tr>
<tr>
<td>Minority interests</td>
<td>30</td>
<td>34</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td><strong>2,375</strong></td>
<td><strong>2,310</strong></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>200</td>
<td>212</td>
</tr>
<tr>
<td>Provisions</td>
<td>750</td>
<td>663</td>
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<tr>
<td>Deferred tax liabilities</td>
<td>95</td>
<td>82</td>
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<tr>
<td><strong>Non-current liabilities</strong></td>
<td><strong>1,045</strong></td>
<td><strong>957</strong></td>
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<tr>
<td>Trade and other payables</td>
<td>3,975</td>
<td>4,205</td>
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<tr>
<td>Current portion of long-term debt</td>
<td>50</td>
<td>45</td>
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<tr>
<td>Bank overdrafts and financial instruments</td>
<td>231</td>
<td>171</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td><strong>4,256</strong></td>
<td><strong>4,421</strong></td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td><strong>7,676</strong></td>
<td><strong>7,688</strong></td>
</tr>
</tbody>
</table>
Board of Directors
as of April, 15 2011 (1)

Hervé Le Bouc
Chairman and Chief Executive Officer

Christian Balmes
Director

François Bertière
Director

Olivier Bouygues
Director

Louis Gabanna
Director

Thierry Genestar
Director

Jean-François Guillemin
Director

Jacques Leost
Director

Colette Lewiner
Director

Philippe Marien
Permanent Representative of Bouygues SA

Thierry Montouché
Director

Christian de Pins
Director

Jean-Claude Tostivin
Director

Gilles Zancanaro
Director

Auditors

KPMG SA
Statutory Auditor

Mazars
Statutory Auditor

François Caubrière
Substitute

Thierry Colin
Substitute

(1) If approved by the Annual General Shareholders’ Meeting on April 15, 2011.
Business in 2010

In 2010, despite a complicated, unstable economic and financial environment marked by stark geographic disparities worldwide, Colas was nonetheless able to maintain overall business volumes similar to 2009: revenue was up 1% as of the end of December 2010, at 11.7 billion euros. The markets were more complicated than had been expected, rocked by unfavorable trends in public and private investment, a shortage of major projects, intense competition in France and a recession in the French overseas departments. In addition, the Group’s businesses were hit hard by extreme winter weather at the beginning and the end of the year in Europe and in North America, nationwide French social unrest in October and November, the cancellation of two major PPP contracts that had already been signed and financed, and above all, the worse-than-expected situation for most subsidiaries in central Europe where markets dropped sharply. A breakdown in revenue figures shows noteworthy disparities amongst the geographic zones in which the Group operates. North America, northern Europe and Asia have recorded growth. Sales in Africa and the Indian Ocean have remained stable. Business in mainland France was relatively stable. On the other hand, the French overseas departments in the Caribbean and Reunion Island have recorded a sag in activity and business in central Europe has slumped sharply. Several well-targeted acquisitions have reinforced the Group’s industrial integration strategy – providing Colas with a significant bitumen production capacity in France – and expanded the Group’s network in the United States. With unchanged exchange rates and scope of business, revenue is down slightly by 3.5%.
Against this unusual backdrop, the Group share of net profit at the end of 2010 amounted to 224 million euros, compared to 387 million euros at the end of 2009. However, the profit margin amounted to 1.9% of revenue, despite the accumulation of difficulties encountered in the course of a single fiscal year, which have led to major provisions and expenses, the majority of which are not recurrent.

Compared to last year, the breakdown of revenue has not changed significantly. Sales in France, including the French overseas departments, account for 57% of total revenue, with 6.7 billion euros. Outside of France, including French overseas territories, revenue amounted to 5.0 billion euros, i.e., 43% of total revenue. When combined, Europe, including France with 8.5 billion euros and North America with 2.2 billion euros account for 10.7 billion euros, i.e., 92% of total revenue.

The Group kept tight control over its investments. After deduction of asset sales, the net total of investment was reined in at 500 million euros, compared to 368 million euros in 2009 (exceptionally low figure), with an eye on preserving the future thanks to external growth (shares and assets) at 63 million euros (6 million euros in 2009). Investments in tangible and intangible assets mostly involving the renewal of plant and equipment totaled 437 million euros, compared to 362 million euros in 2009. Thus, free cash flow (cash flow from operations less net financial debt, taxes and net investment) totaled 225 million euros.

The Group continued to focus on controlling cash flow. Despite even shorter supplier payment deadlines in France and the drop in net profit, consolidated net debt at the end of December 2010 amounted to 57 million euros, a limited increase of 174 million compared to the 117 million euros in net cash position posted at the end of December 2009. This was made possible by tight control of investments and an ongoing effort throughout the Group to reduce working capital requirements, which helped cap the increase in working capital requirements at 109 million euros in 2010.

As of December 31, 2010, the financial situation of Colas is solid, with a Group share of shareholders’ equity prior to dividend distribution of 2,345 million euros, compared to 2,276 million at the end of December 2009, and an unchanged 84% coverage ratio of non-current assets by shareholders’ equity and non-current provisions (84% in 2009).

Mainland France
Revenue in mainland France amounted to 6.3 billion euros, up 0.4% compared to 2009 (–2.7% with an unchanged scope of business).

The Group’s activities include:

ROADS

(74% of total revenue in mainland France)
This highly-diverse Roads sector includes a variety of projects – both big and small – backed by a full range of businesses, expertise and know-how. It covers some 55,000 projects each year involving the construction and maintenance of transport infrastructure: highways, national roads, city streets, airports, seaports, platforms for railways and reserved-lane public transport, industrial and commercial facilities, roads and main networks for real-estate projects including individual homes and apartments buildings, urban development projects (pedestrian zones, city squares), recreational amenities (sports facilities, automobile circuits, bike paths) and environmental protection (retention ponds, landscaping, windpower parks). This activity includes small-scale civil engineering and drainage work often linked to road construction and maintenance projects. The business is also backed by an upstream network that produces aggregates and materials mainly designed for road works (asphalt mixes, binders, emulsions, ready-mix concrete), products that are used by the Group or sold to third parties. In mainland France, Colas operates in the Roads sector via a network of 16 regional subsidiaries located throughout the country.

SPECIALIZED ACTIVITIES

(26% of total revenue in mainland France)

• The Building sector comprises conventional construction business located exclusively in the Greater Paris area, along with demolition and deconstruction of old buildings both in and around Paris, and throughout France, often coupled with material recycling activities.

• The Road Safety and Signaling sector includes the manufacture, installation and maintenance of safety equipment (guardrails, traffic directing systems), road marking (production of road paints and application of road markings), lights and traffic/access management systems (traffic lights, equipment for toll booths, parking lots, access control). Aximum and its subsidiaries operate in these markets.

• The Pipes and mains sector encompasses the installation and maintenance of large and small diameter pipes for the transport of fluids (oil, natural gas, water),
including the construction of compressor stations, along with dry networks [electricity, heating, telecommunications], small-scale civil engineering projects and industrial services. Spac and its subsidiaries operate in these markets.

- The Waterproofing sector includes:
  - the production and sales of waterproofing membranes including photovoltaic membranes in France and elsewhere around the world, skydomes and fume/smoke removal systems, installation and maintenance of service controls;
  - the waterproofing of roadways and sidewalks (mastic asphalt) and buildings, cladding and roofing [offices, industrial sites, auditoriums, museums] including complex work on highly architectural projects: aluminum and steel cladding and roofing, metal frameworks, photovoltaic roofing. Smac and its subsidiaries operate in these markets.

- The Railway sector comprises the design and engineering of complex, large-scale projects; the construction, renewal and maintenance of railway track (conventional and high-speed lines, tramways, subways), for both fixed installation and infrastructure with the laying and maintenance of track, electrification [substations, catenary systems], signaling and safety systems, special work (bridge cranes, sidings, tunnels), the manufacture of cross ties, as well as a railway freight business [notably transport of aggregates for Group companies]. Colas Rail and its subsidiaries operate in these markets.

- Production and sales of oil refinery products
  The Société de la Raffinerie de Dunkerque (SRD), acquired on June 30, 2010, manufactures a range of oil-based products for Colas (60%) and Total (40%) as part of a processing contract that runs up to the end of 2012. The products, including bitumen, oils, waxes, paraffin and special fuels, are sold by SRD to Colas and Total, who then in turn sell them. A specialized bitumen division is in charge of selling the bitumen manufactured by SRD (processing contract) to the Group’s road subsidiaries. It also sells other products (oils, paraffin, special fuels) to third-party customers, thus creating a new line of business.

The Group’s competitors in the road construction industry and in other public sector business sectors remain Eurovia (Vinci group), Eiffage TP [Eiffage group], NGE group, major regional companies such as Ramery, Charrier, and Pigeon, in addition to a very tight network of roughly 1,600 small and medium-sized local companies. On the aggregate and ready-mix concrete markets, competition comes from cement manufacturing groups such as Lafarge, Cemex and Ciments Français, along with a network of regional and local aggregate producers, some of whom operate in the public works sector as well. The Group’s specialized road-related businesses contend with other specialized subsidiaries of the French construction groups mentioned above, along with major international companies as well. There are also a number of small, medium and large specialized business units that operate on regional, national and international markets, such as:
  - signing and signaling: Signature [Burelle and Eurovia groups], Girod, Lacroix;
  - railways: ETF [Eurovia], TSO, Alstom [TGS], Eiffage Rail and a number of independent medium-sized companies.

Colas is ranked first in the road and railway sectors, second in the waterproofing market, and third in the production of aggregates. Ranking has no significance in the other lines of business.

Rocks

In 2010, the road market in current euros was practically identical to 2009, which most likely means a decrease in volume of 3% to 4%. The stimulus plan drew to an end, but this did not lead to any major drop in business volumes and work-on-hand for the road industry as a whole remained all but stable throughout the year. The Group’s 16 regional road construction subsidiaries recorded sales of 4.6 billion euros in roads and road products, down 0.7% from 2009. 2010 was marked by a series of negative factors, making it different from the previous years: some were exogenous – horrendous weather conditions not just at the beginning of the year but also with heavy snowfall in November and December, strikes in November and December that impacted the supply of fuel and bitumen – and others endogenous, with major disparities between regions, departments, urban and rural zones, exacerbated by both the wait-and-see attitude of some local authorities, uncertain as to their future financing capacity in the wake of the disappearance of a local business tax, and by tough competition that is irrational in light of actual business volumes. The Group is adapting and rationalizing its business network to face these trends, and has been actively streamlining to improve competitiveness. These efforts were stepped up during the second half-year, which made it possible to reduce pressure on operating margins. Capital expenditure to renew equipment has been kept to a strict minimum. The Group’s techniques, products and processes designed to enhance responsible development are gaining ground: warm mix use increased from 2% in 2009 to 4% in 2010, and reclaimed asphalt pavement went from 5% to 7%. The production of aggregates is down 6%.
Specialized activities

ROAD SAFETY AND SIGNALING

Aximum and its subsidiaries recorded levels of business that were slightly higher than in 2009, boosted by the acquisition of Sagemcom’s lights and signaling business (traffic lights, traffic regulation systems, etc.). Its service-based activities, including the installation of guardrails, and of road marking products – more than 50% of which are eco-labeled – have changed in a market rocked by significant drops in volume and a relentless rise in raw material prices (notably those used to manufacture road markings). A plan was launched at the end of the first quarter to help the companies adapt. The integration of Sagemcom’s business in the electronics products sector is going as planned.

PIPES AND MAINS

Spac and its subsidiaries posted an 11% increase in sales compared to 2009, thanks to work on three major projects involving natural gas transport and underground storage. Traditional business is down slightly, due to sagging public investments in local water distribution networks and a slump in private sector projects for the industrial maintenance sector.

WATERPROOFING

Smac and its subsidiaries recorded a slight rise in revenue figures thanks to the acquisition of Linea BTP that has offset sluggish business, due for the most part to a drop-off in the photovoltaic market following changes to French tax law and lower buyback prices for electricity. Industrial business is holding up, despite the impact of a sharp rise in raw material prices (waterproofing membranes and resins) and harsh competition (skydomes). Outside of France, business in the Spanish subsidiary has declined but this is balanced off by good business in Great Britain. Commercial investments in North America and industrial investments in Saudi Arabia have started to show results. Generally speaking, business held up in a difficult environment and Smac performed well.

RAILWAYS

In 2010, with revenue up 14% compared to 2009, business at Colas Rail remained buoyant in a dynamic market in France, boosted by the construction and completion of a series of new tramway lines in Reims, Angers and Paris, along with renovation and maintenance work on France’s national rail network. Projects include the renewal and maintenance of track with high output track renewal units and the first closed-line contracts involving studies, supply, work and contract management for track and train traffic management delegated by the RFF, which owns and maintains the French national railway network. The freight business continues to grow and has expanded its customer base with its first private haulage contract for non-bulk merchandise.

In all, 2010 was witness to nearly 80,000 projects in mainland France. Here are some noteworthy examples to demonstrate the broadly diverse nature of the Group’s business in mainland France.

Construction and maintenance of highway networks: A21: refurbishment of an 8-km section between Lens and Douai; A29: refurbishment of pavement using 30% reclaimed asphalt pavement (RAP) near Honfleur; A48: refurbishment of pavement on the Voreppe – Saint-Egrève section using 35% RAP; A75: construction of a 9.5-km section between Pézenas and Béziers using warm mixes; A750: upgrading of a 4.8-km section near Montpellier using 40% RAP.

Construction and maintenance of road networks: construction of bypasses in Nogent-le-Roi, Lure, Pont-de-Salars, Le Boulou; refurbishment of the Pau bypass using in-place recycling and warm mixes; widening of Route RN10 to four lanes between Barbezieux and Pétignac, or Route RD 2009 between Riom and Clermont with 30% RAP; refection of roadways on Route RN 455 in Pecquencourt with 20% RAP; upgrading of Route RD 12 between Aigueperse and Thuret using the Valorcol® in-place recycling technique and of Route RD 753 in Tiffauges using the Novacol® process.

Airports – ports: renovation of the jumbo jet distribution runway at Orly airport using warm mixes; rehabilitation of the Pau bypass using in-place recycling and warm mixes; widening of Route RN10 to four lanes between Barbezieux and Pélignac, or Route RD 2009 between Riom and Clermont with 30% RAP; refection of roadways on Route RN 455 in Pecquencourt with 20% RAP; upgrading of Route RD 12 between Aigueperse and Thuret using the Valorcol® in-place recycling technique and of Route RD 753 in Tiffauges using the Novacol® process.

Logistics facilities and other platforms: construction of logistics facilities in Coudray-Montceaux using Ecoflex® warm mix near Limoges, construction of a 100-acre parking lot near the Mont-Saint-Michel; construction of an environmentally-friendly parking lot in Pont-l’Abbé using recycled materials and Ecofalt® low temperature mixes.

Urban development projects: high quality development projects in downtown Poitiers, Montluçon, and Westhouse; redesigning a square and terraces in Nanterre using 5,000 m² of Compostyrène; refurbishment of
the Mont-Saint-Siméon zone in Noyon including the hiring of workers who were part of professional insertion employment schemes; exterior work at the Robert-Schumann Hospital in Metz, at the Amiens University Hospital including high-level safety issues, the Noyal-Pontivy Hospital using Vegecol®; transforming a section of highway into an urban freeway in the east of Lyon.

**Athletic and recreational facilities:** refurbishment of the track at the Stade de France stadium; refurbishment of the bicycle motocross track in Mandeure; building of an athletic track in Andernos-les-Bains; construction of a bike path along the coast in Les Sables-d’Olonne.

**Public transport:** completion of the first tramway line in Reims as part of a Public Private Partnership (PPP); work on the Angers tramway; launching of construction of tramway lines T1, T2, T3, T5, T6 in and around Paris.

**Environment:** refurbishment of pathways in the Versailles Castle grounds as part of a skills-sharing patronage program; work on the eco-village in Viry; application of 12,000 m² of Coletanche® waterproofing membrane on a retention pond in Estrées-Mons including 3E® warm mix.

**Safety and signaling:** supply and installation of 20 kilometers of concrete separators and 23 kilometers of steel guardrails on the south bypass of Reims; renewal of the traffic regulation system in the Hauts-de-Seine department, near Paris.

**Pipes and mains:** installation of a 52-km pipeline on the Mâconnais artery for GRT Gaz; construction of the Haute-rives natural gas storage unit in an EPCC contract for Storengy.

**Waterproofing:** construction of the façades and wood-work at the Hôtel de la Region Rhône-Alpes in Lyon; waterproofing and installation of photovoltaic systems on the first positive energy office building, Green Office 1, for Bouygues Immobilier in Meudon.

**Railways:** renewal of a 37-km section of track on the Pau-Oloron line and an 18-km section on the Cambo-Bayonne line; installation of 12.8 kilometers of track for the Angers tramway line; catenary work on the Paris-Lyon high-speed train line between Combs-la-Ville and Saint-Louis-les-Aygalades; maintenance work on track and signals in the Channel Tunnel.

**Deconstruction, demolition:** partial deconstruction of a 20-storey housing complex in Levallois-Perret; demolition using explosive of 407 apartments in Vaulx-en-Velin; deconstruction of grain storage units and silos in Billère.

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### Concessions

#### COFIROUTE

**Cofiroute,** a highway concession company in which Colas holds a 16.67% stake, operates a 1,100-km inter-urban network in northwestern France. In 2010, the network recorded a 1.9% increase in traffic, with passenger vehicle traffic still on the rise at +1.7% and HGV traffic back on track with growth at +3.3% compared to 2009. Improvements continued on the interurban network, and 2010 was witness to the opening of a new bridge over the Loire River, as part of the widening project between Orleans and Olivet on the A71 and the widening of the north bypass of Angers. Work on the 5.5-km section of the Duplex A86 tunnel structure between Vaucresson and Vélizy-Villacoublay was completed at the end of September by Socatop, a consortium including Vinci, Eiffage and Colas, enabling Cofiroute to open up the entire duplex A86 structure to traffic for the first time ever on January 9, 2011. The 10-km long tunnel links Rueil-Malmaison to Vaucresson and Vélizy-Villacoublay, with a concession running to 2086.

#### ADELAC

**Adelac,** a concession company in which Colas holds a 6.9% share for a duration of fifty-five years, operates a 19.7-km stretch of highway A41 between Saint-Julien-en-Genevois and Villy-le-Peloux on the Annecy, France to Geneva, Switzerland link. Despite a 5% increase in traffic compared to 2009 during its second year of operation, average traffic — at 18,000 vehicles per day — is still under the initial forecasts, due mainly to lower-than-expected HGV traffic and to the impact of the economic crisis.

#### MARS

The role played by the **Mars** concession company in which Colas holds an 8.5% stake is twofold: it is in charge of the design, financing and construction of the Reims tramway, and the management of the entire public transport system in greater Reims for a duration of thirty years. Since 2008, Mars has been operating the city’s bus network (roughly 170 buses). In 2010, the building consortium, including the Group’s road companies Colas Est and Screg Est and the railway specialist Colas Rail, completed the construction of the tramway’s platforms and tracks (11.2 kilometers). Tests on the tramway were performed in April 2010, with inauguration slated for April 2011.
French overseas departments

Revenue posted for the French overseas departments amounted to 362 million euros, a 15% drop from 2009.

On Reunion Island, revenue sagged for the second year in a row, pushed down by a recession in the building and public works markets. Business for the building units has taken a sharp dive, due to the absence of public financing and the collapse of private investment following changes in French tax law that favored real estate investment in the overseas departments. The road construction business is in a slump, but this was offset by civil engineering projects (water treatment plants, irrigation ponds, photovoltaic farms) and roads and main services contracts. The crisis in the sector has led to a decrease in the sales of construction materials. In 2010, the structures of subsidiaries in Reunion Island were streamlined in the wake of the cancellation of the PPP Tram-train project between Saint-Paul and Sainte-Marie that had been awarded to the Tram’Tiss consortium and for which Colas was project leader.

In the Caribbean (Martinique and Guadeloupe), the market remained relatively flat following the 2009 social crisis, the impact of which is still profoundly affecting the economy and investments. Decision-makers, both public and private, are at a standstill, due to the precarious financing situation of local authorities and to the reform of French real estate tax law, thus explaining the exceptionally low levels of business for the Group’s public works and building units. These companies have reinforced streamlining plans launched in 2009 to help adapt to the current situation.

French Guiana has maintained good levels of business, thanks in particular to two major projects: the construction of the access road to the Oyapock bridge at the border with Brazil and the earthworks for a water treatment plant in Cayenne.

International and French overseas territories

Revenue from international subsidiaries and French overseas territories amounted to 5.0 billion euros, up 2.4% over 2009 (–3.5% with unchanged structures and comparable exchange rates). A breakdown by region shows that North America accounts for 44% (40% in 2009); Europe (excluding France): 37% (42% in 2009); Africa/Indian Ocean/Asia/Oceania/other countries: 19% (18% in 2009).

Business in the international and overseas territories’ road construction activity is quite similar to the same sector in mainland France. Contracts are on the average larger in North America, central Europe and the Indian Ocean. The Road business in some countries may encompass civil engineering projects (engineering structures) required on comprehensive road and highway projects. Road work is also supplemented by upstream industrial activities (aggregates, asphalt mix, emulsion, ready-mix concrete). The amount of products sold to third parties can be higher than in France. Specialized activities in the international divisions include pipes and mains, civil engineering, railways, signs and signaling in Europe, building and civil engineering in the Indian Ocean, road marking in Canada, civil engineering, railways and signaling in Morocco, etc. In Asia and Australia, Colas’ business mainly focuses on the production, storage, transformation and trade of oil products (bitumen and emulsion).

In every country and every region (except for the United States and Canada where there is no nationwide market per se), Colas is ranked among the leaders in the road construction market. Group companies compete with both national companies and subsidiaries of major international groups (construction, cement-makers, material producers).

Europe

Revenue in Europe, excluding France, amounted to 1.8 billion euros, down 10.1% from 2009 (–12.4% with comparable exchange rates and identical scope of business).

Northern Europe recorded good growth, with revenue up 16%.

In Great Britain, revenue at the road subsidiary Colas Ltd remained high, comparable to 2009, boosted by four long-term MAC (Managing Agent Contractor) contracts for the management and maintenance of road and motorways in Great Britain for Areas 14, 10, 7, 12, i.e., 3,500 kilometers (including engineering structures), and by stimulus package investments during the first half-year. At the end of the year, an austerity plan led to a freeze in local investments. The upgrading and maintenance contract in Portsmouth is still ongoing. Colas Rail Ltd also enjoyed buoyant business, with track renewal work that required the use of four High Output track renewal units as part of a long-term MAC contract for track renewal. Colas Rail Ltd has confirmed its position as market leader in the rail sector for long-term track renewal contracts.

In Switzerland, business rose sharply thanks to a number of road, highway and rail infrastructure projects.
In Belgium, thanks to a high level of investment and to rescheduling of 2009 contracts to 2010, revenue in the road business has surged.

In Denmark, revenue remains unchanged with disparity between the two half-years (strong business during second half-year).

In Ireland, despite an extremely difficult economic environment, revenue is comparable to 2009.

Business in central Europe has declined 34%. Most of the companies were hit hard by additional slumps in business in 2010 (nearly 50% decrease in two years), mainly in Hungary, Slovakia and Croatia. Generally speaking, throughout the zone, traditional business has dropped off sharply, and prices are pushed down by heavy competition. In Slovakia, after many months of uncertainty, the PPP contract for D1 Motorway, which had continued to mobilize manpower and equipment, was finally cancelled at the end of August. In Hungary, the lower figures are mainly due to the completion of the major PPP project for M6-M60 Motorway at the end of 2009. Work on the M3 Motorway has begun. In Croatia, the road sector is going through a deep recession and the subsidiary was unable to fill its work-on-hand. The drop-off was not as sharp in the Czech Republic; sales were stable in Romania, and Poland posted a slight increase in revenue. In all, the stronger-than-expected decrease in revenue gave rise to major restructuring plans in Croatia, Slovakia and Romania. Administrative timetables governing these plans created additional costs. Difficulties were also encountered to simply complete or to continue work on a number of contracts, such as D47 Motorway in the Czech Republic, or in Romania, with A2 Motorway between Cernavoda and Constanța (20 kilometers) where many contractual issues have arisen (15-km shift in original trace, delays in hand-over of land). The project was unable to advance as planned, and many unexpected costs were incurred. The Suceava bypass in the east of Romania was also hit by extra costs, due notably to delays in the hand-over of land.

Among the year’s most noteworthy projects, one can cite: the full upgrade of the slow lane on A7 Highway between Saint-Ghislain and Mons, heavy maintenance work on A12 Highway, and the installation of an 85-km pipeline in Belgium; airport runways at the military base in the Falkland Islands (Great Britain); the construction of a section of Highway 16 in Switzerland; the refurbishment of some 20 sections of highway in Denmark; the rehabilitation of the roadways in two tunnels in Iceland; the widening of a 7-km section of highway to six lanes on the Budapest bypass in Hungary; the construction of the Moravské bypass in the Czech Republic; the construction of the Svinia-Presov section on D1 Motorway in Slovakia; the construction of A2 Motorway between Cernavoda and Constanța in Romania; the construction of a section of highway for the Poznan bypass and another highway section between the towns of Gniezno and Czachurki in Poland.

Responsible development techniques are gaining ground: several projects involving noise-reducing surfacing techniques saw the day in Switzerland and in Great Britain. The use of warm mixes also progressed in Hungary, Poland and Slovakia.

CONCESSIONS

Ensign: PFI in Portsmouth (Great Britain)
The first ever public-private partnership involving the upgrading and maintenance of city networks signed in 2004 for a duration of twenty-five years, the Portsmouth PFI is a source of satisfaction for both the customer and users alike. Since mid-2009, the contract has entered its second phase and now involves maintenance and network management covering 480 kilometers of roads, 84 bridges and structures, and 19,000 streetlights. The year was marked by harsh weather during the winter maintenance program.

MAK: M6-M60 Motorways (Hungary)
MAK, a concession company in which Colas holds a 30% stake, has been awarded a thirty-year PPP contract to build and operate two new sections for a total of 80 kilometers of M6 (50 kilometers) and M60 (30 kilometers) Motorways in the south of Hungary. The work was performed in record time, right on schedule. The operation and maintenance phase began at the end of March 2010 for a duration of twenty-eight years.

North America

Revenue totaled 2.2 billion euros, up 15% compared to 2009 (3% with comparable exchange rates and identical scope of business).

UNITED STATES

The Colas companies, which mainly operate out of 25 states, benefited from the positive impact of stimulus packages as was the case in 2009. This helped partially offset a shrink in demand, which seemed to diminish at year end, paving the way for very slight recovery. The long-term federal infrastructure program called SAFETEA-LU was temporarily extended for an additional year. Colas companies rolled out plans aimed at improving their organization (exchanging best practice) and
continued to control operating costs. In addition, the subsidiaries pursued the promotion of cost-wise pavement maintenance techniques and focused on diversifying their businesses (reinforcement of civil engineering and structures activity). Two new road companies (Baker and Ballou) were acquired to strengthen the network in Georgia, and provide a gateway to new states in the midwest and southeast. Furthermore, the companies pursued their strategies targeting a better control of bitumen supplies, backed by a network of depots and terminals and a greater diversification of the customer base. These actions helped the companies perform well, with a slight increase in sales compared to 2009, bearing witness to their strength and resilience in 2010’s highly competitive market.

CANADA

Despite harsh weather, especially in Alberta, revenue at ColasCanada increased, thanks to an ongoing program to upgrade infrastructure in Quebec and a leap in private investment in the West, sparked by rising raw material prices. Two companies were acquired in British Columbia. Against a dynamic economic backdrop, 2010 was an excellent year for Colas companies in Canada, thanks to an extensive network of high-quality business units and a business model based on vertical integration (bitumen storage, aggregate production, binders, asphalt mixes, ready-mix concrete, road marking paint, road works).

Among the highlights of 2010 for Colas North America:
- United States: refurbishment of engineering structures and roadways on Interstate 81 in Franklin County, Pennsylvania; rehabilitation of a 108-km section of Interstate 55 in Missouri; refectection of pavement on Interstate 57 in Jefferson County, Illinois; widening and upgrading of a bypass in Thomson, Georgia, refurbishment of pavement on Interstate 64 in Richmond and rehabilitation of a naval air station in Virginia Beach, Virginia; refectection of a freeway in Los Angeles, California; extension of the Port of Anchorage and upgrading of a bridge in Ketchikan, Alaska;
- Canada: upgrading Route 185 to Highway 85 as part of the Trans-Canada Route in Temiscouata county and the extension of Highway 75 in the Beauce region of Quebec.

In the United States, warm mixes accounted for 14% of total asphalt mix production, roughly five times more than in 2009, and reclaimed asphalt pavement (RAP) made up 18%. In Canada, in-place recycling is currently being developed in Alberta.

Elsewhere around the world

MOROCCO

In an increasingly competitive environment, traditional road business is down, compared to 2009, when figures had reached high levels. Among the year’s most significant projects, one can cite the construction of the container yard apron at the brand new port of Tanger-Méditerranée and the widening and reinforcement of the road between Chefchaouen and Oued Laou in the northwest of the country. A drive to improve sales in the railway sector has paid off, with the award of a contract for the Casablanca tramway, in the wake of the Rabat project, along with maintenance and upgrading of the existing rail network.

WEST AFRICA

In Benin, sales have slumped, due to the temporary deferral of two major road contracts in the wake of late payment. Work did however begin on the 37-km section of the Djougou – Ouaké route.

In Togo, the Colas teams completed the refurbishment of a 9-km section of a six-lane road that crosses through Lomé. A major civil engineering project was launched in the port of the capital city.

In Gabon, business is enjoying growth. Renovation work on the streets in Libreville continues as part of the African Nations Cup 2012 and the country’s fiftieth anniversary of independence. Two contracts were won involving the upgrading of runways at Port-Gentil airport and Mayumba airport.

INDIAN OCEAN AND SOUTHERN AFRICA

In Mauritius, revenue has soared, with the start-up of two major projects involving the bypass of Port-Louis and a boom in the building sector.

In Mayotte, road-business volumes remain satisfactory, backed by long-term upgrading contracts and the construction of logistics facilities for a hospital in Mayotte. More than 26% of surfacing projects use warm mixes.

In Djibouti, the Group’s business includes roads, building and a variety of diversified contracts including drainage and small-scale road works supported by local financing, the construction of a shopping center and a military base.

In Madagascar, investors and international financial backers have still not returned in the wake of political unrest. The units have been streamlined to allow them to weather out the storm until new projects are launched.
Civil engineering, roads and main services work is still ongoing at the Toamasina site, as part of the large-scale Sherritt nickel and cobalt mining project. A 30-storey office building is currently under construction in the capital city.

In southern Africa, business in South Africa was boosted by infrastructure reinforcement projects in the framework of the World Soccer Cup in 2010, and work was performed at the Windhoek airport in Namibia. In Kenya and in Zambia, following a very good year in 2009, emulsion production figures are down.

ASIA AND OCEANIA

In New Caledonia, the road business has been boosted by civil engineering work as part of the construction of the Koniambo metallurgical plant (nickel) and infrastructure work in the north of the island. The building unit completed the construction of a student housing building at the University of Nouméa.

In Australia, business in 2010 was similar to 2009 for Drawmac and its companies, which operate in bitumen storage and trade along with the production and sales of bituminous binders via a network of depots and plants located in Sydney, Brisbane, Perth and Melbourne. Colas increased its stake in Drawmac from 51% to 94%.

In Asia, Colas operates in nine countries with a central line of business focused on the production, distribution and sales of bituminous products. All of the Group’s units enjoyed a sharp increase in business, boosted by the region’s dynamic economic environment. Bitumen sales at Tipco went over the one million-ton mark. In Thailand, business was buoyant, including export trading with strong demand in China’s road market. In-place recycling techniques are progressing. In Malaysia, production at the Kemaman bitumen refinery has surged. In India, Hincol recorded business figures similar to 2009. A bitumen depot was commissioned in Haldia and a new emulsion plant, the eighth, is currently being built. In Indonesia, the road construction business is stable. A new bitumen depot is being built in Medan, in the northeast of Sumatra. In Vietnam, an additional bitumen depot was acquired, and the bitumen trading business is on the rise.

Techniques, Research and Development

Research has been one of the driving forces of Colas’ strategy for many years. Backed by a portfolio of more than 130 patents, with products used in France and around the world, the Group is a pioneer in the development of new road techniques able to adapt to a wide range of needs in ever-changing national markets, from the sub-zero temperatures of Alaska to tropical climates in Africa and Asia, as well as in the fields of road marking, photovoltaic units, etc. In 2010, the R&D budget was stable at 70 million euros, with 60% in France [based on the definition provided by the OECD including research, experimental development, technical activities of laboratories, IT].

Colas’ research and development policy focuses on anticipating and responding to the needs of transport infrastructure customers (public and private), users and neighboring residents, regarding quality, safety, environmental protection (in particular in the fields of energy savings, reduced greenhouse gas emissions, decreased consumption of materials, and greater awareness of visual appeal) and costs. The Group aims to improve existing technologies, design new products and offer a broader range of services. Its expanding technical skills and know-how are also reflected in its new lines of business, e.g., its activity in the bitumen sector for the last several years and new contracts like PPPs in which maintenance and improved service levels require accurate technical analysis of existing roads. Ongoing improvements to know-how focus in particular in the fields of mineral, organic and plant chemistry, design and physics.

In 2010, the Group’s research programs had to adapt, as was the case in previous years, to a rapidly changing market, in particular in France in the wake of the French Grenelle Environmental Roundtables, in addition to reinforced standards for products in Europe with the application of REACH legislation covering chemical substances. The French Government continued to support innovation in the road industry, a program that was relaunched in 2007.
Network organization for techniques

The Group boasts a tight-knit internal technical network that operates internationally. Every new company that joins the Group helps reinforce this valuable system, which works hand in hand with operational teams in the field.

As the leading private research center in the road industry, the Campus for Science and Techniques (CST) and its eight laboratories in Magny-les-Hameaux, near Paris, are at the heart of the Group’s innovation program. Its teams put their research skills and expertise at the disposal of Group subsidiaries, both in France and elsewhere around the world, on conventional projects, major projects or more complex contracts such as tramways, PPPs, and PFIs. Over 80 people work at the CST, from engineers, technicians, physicists and chemists to material experts and calibration specialists.

Nearly fifty decentralized laboratories and one hundred engineering design offices – specialized in roads, civil engineering, building, deconstruction and more – work in liaison with the CST both inside and outside of France. They contribute to the Group’s overall research effort and offer tailor-made technical support to local projects.

Each unit has its own state-of-the-art laboratory and computer tools, which are constantly renewed to remain at the cutting edge of technological innovation and customer needs and requirements: material analysis equipment, sophisticated simulation and risk measurement software, modern auscultation apparatuses. Research teams can thus help meet customers’ needs and optimize bidding by using alternative technical solutions.

In all, the Colas technical network includes 2,000 engineers and technicians hard at work in the Group’s laboratories (1,000 people) and engineering design offices (1,000 people), roughly 45% of whom work in France.

Responsible development: a key focus for R&D

To save energy, reduce the consumption of materials and diminish carbon impact, teams at Colas R&D and technical divisions focus on the following issues for the road sector:

- lowering the manufacturing temperature of asphalt mix and mastic asphalt for warm and cold mixes (3E® energy-efficient asphalt mixes at Colas, Compomac® V at Screg and Ecofalt® at Sacer), along with low temperature mastic asphalt (Neophalte® BT at Smac);
- progressively replacing synthetic chemicals and petrochemical products with plant-based products, such as Vegellux® fluxing agent or Vegeclair® binder, the carbon negative range launched in 2010;
- absorbing nitrogen compounds emitted by vehicles using innovative surfacing (Colclean®, first project completed in France in 2010);
- recycling used materials, with in particular the use of reclaimed asphalt pavement (RAP) from old demolished roadways to manufacture new mixes (3E®+R mixes, Valorcol® in-place recycling at Colas, Recycold® V at Screg, which won an award at the 2010 Mayors Convention in Paris);
- decreasing the thickness of road courses (Colgrill® R surfacing combining a fiberglass grid and asphalt mix, winner of the 2010 Sustainable Development Innovation Award).

Backed by EcologicieL® software previously developed by Colas, teams from the Group played a major role alongside specialists from the entire French road industry in the design of the USIRF’s eco-comparing software tool SEVE®. Decision-makers were very receptive to the project, and the software has enabled a number of contracts to be won with eco-friendly technical alternatives (less energy consumption and reduced greenhouse gas emissions).

Reducing traffic noise has long been a priority at Colas, and improvements continue to be made to noise-reducing surfacing techniques in this aim: latest generation of Nanosoft® and Rugosoft® noise-reducing mix developed by Colas, Microville® HP at Screg and Miniphone® S 0/4 at Sacer.
Lastly, improving the environment can also be a question of creating visually-appealing surroundings: research and development teams focus on highlighting the natural color of aggregates, without bitumen, thanks to translucent plant-based binders (in 2010, Sacer launched the Sacerbike® process).

In the field of road safety and user information, teams spotlight the creation of energy-autonomous automatic tools to collect, process and display data, as well as the design of new plant-based safety marking processes that do not give off any volatile organic compounds (e.g., Vegemark® water-based road marking paint with plant-based binder designed by Aximum).

These targets and research programs are in line with the commitments made in France by the French national public works federation (FNTP) as part of a voluntary agreement signed on March 25, 2009.

Using special products and techniques around the world

In 2010, a number of projects undertaken by international and French overseas units used the Group’s special products and processes:
– in Belgium, Vegecol® mixes with plant-based binder were used;
– in Switzerland, there was a surge in interest for the latest generation of Nanosoft® noise-reducing mixes;
– in the United Kingdom, Microville® noise-reducing mix was employed for the first time;
– on Jersey and the Isle of Man, special airfield asphalt mixes (BBA) have been used to reinforce runways;
– in Denmark, Vegecol® surface dressings and noise-reducing mixes were applied;
– in Hungary, several projects brought into play warm mixes with CWM® from Chemoran and Rugosoft® noise-reducing mixes;
– in Poland and Slovakia, teams employed warm mixes with CWM® from Chemoran;
– in Romania and the Czech Republic, modified bitumen was spotlighted;
– in Croatia, reclaimed asphalt pavement (RAP) techniques were used for the first time;
– in North America (United States and Canada), Ecomat® warm mix continued to progress, with overall tonnage in the United States multiplied by almost five compared to 2009, i.e., 14% of total asphalt mix production. The use of reclaimed asphalt pavement (RAP) techniques is still on the rise in the United States (18% of total asphalt production). In Alberta, Canada, in-place recycling is being highlighted. In both countries, the Fibermat crack-resistant technique is popular (nearly 4 million m² applied in 2010); the first test sections involving Vegeflux® plant-based flux have been launched and a North American eco-comparing software has been developed with the assistance of the Colas Campus for Science and Techniques;
– in the Caribbean/French Guiana, teams are using high modulus asphalt mixes and Rodal® open graded percolated mix;
– in Gabon, bids were made with technical alternatives including rut-resistant mix and reclaimed asphalt pavement (RAP);
– in Morocco, Betoflex®, Colbase® and Multicol® special mixes were applied and focus was set on developing colored mastic asphalt;
– in the Indian Ocean and Pacific Rim, warm mixes were used on more than 50% of the asphalt projects in Mayotte; in Mauritius, teams applied high modulus asphalt mixes, modified bitumen Betoflex® and Rufl ex® mixes and extruded concrete; Vegeflux® plant-based flux was employed in Reunion Island and an Eco-sorting station was created; in New Caledonia, a 200,000-m² microsurfacing project was completed;
– in Asia, the Stabicol in-place recycling technique enjoyed strong development (154,000 m²), along with emulsion-based surfacing techniques in Thailand; modified bitumen sales were up sharply in China; Colquick® asphalt mixes were applied in South Korea.
Responsible development

Approach

Colas – a leading force in the construction and maintenance of transport infrastructure, urban development and recreational facilities – has developed an approach to responsible development based on the conviction that it can and must meet the needs and aspirations of its customers and society in a responsible manner. This approach takes into account the issues of contemporary society and its sometimes contradictory objectives, which range from fostering social cohesion and fighting climate change to meeting transportation needs and improving living environments.

In developing its Responsible Development approach, Colas began by assessing the interrelationships between its stakeholders and the potential impact of these relationships on their needs. These are mapped out in the table below:

<table>
<thead>
<tr>
<th></th>
<th>Customers</th>
<th>Human resources</th>
<th>Communities and their institutions</th>
<th>Environment and inspection bodies</th>
<th>Suppliers</th>
<th>Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
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<td>Human resources</td>
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<tr>
<td>Shareholders</td>
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</tbody>
</table>

Three main lessons emerge from this assessment: our people out in the field play a key role in determining how Colas is perceived; environmental considerations are critical to this image (particularly in relation to the production of construction materials); and customers are an important source of feedback at the local level as part of the ongoing dialogue between Colas, communities and their institutions.

Based on the analysis of stakeholder interrelationships and risks as shown in the table above, Colas’ approach to responsible development is underpinned by three strategic targets and five major targets. The three strategic targets are critical for Colas to develop its business and thrive in the long term, and their achievement depends largely on Colas. They include: human resources development, social acceptance of production sites, and ethics. Colas does not have as much leeway in meeting its other five targets, even though some, such as energy, may be considered every bit as important. These major targets include: safety, corporate citizenship in developing countries, energy and greenhouse gases, recycling, and chemical hazards. For each of these targets a policy of continuous progress has been established and is coordinated at each level of the organization. For most of these targets, global performance indicators and goals have been specified. This approach seeks to foster a culture of continuous improvement at all Colas’ work sites and plants worldwide. It was rated AA+ by extra-financial rating agency BMJ. This motivation is also reflected in the many actions the Group’s operating units undertake in their communities.

In 2010, a reporting software application deployed worldwide enabled the Colas Group’s 840 legal entities, 800 works units and 1,400 production sites to report a uniform set of specifically defined performance indicators for the first time. After analysis and verification of these indicators by Colas’ Environment department, a detailed report is sent to the
operations managers of the 61 “head entities” (subsidiar-
ies or national head offices), which perform the first level
of internal control. More specific objectives and reporting
requirements are drawn up with some of these entities,
and new action plans are prepared each year with chief
operating officers and safety, energy, environment, qual-
ity, health, diversity and other managers, in accordance
with Colas’ decentralized organizational structure. In
each country, aggregates, binders, mixes, concrete, paint,
asphalt, bitumen and other construction materials meet
all applicable standards and certification requirements,
such as material safety data sheet obligations (mostly in
the OECD countries) and EC marking in the European
Union. Plants are also working to obtain Eco-Profiles or
other voluntary certifications.

Three strategic targets

These three targets are of crucial importance for the devel-
opment and continued existence of Colas, which enjoys a
genuine scope of action and initiative in these areas.

Renewal and enrichment
of human resources

Colas devotes considerable means to anticipating and
accompanying growth.
This policy is founded on five strong commitments:
• hiring talent and respecting diversity to meet future
needs;
• developing skills to promote and adapt to change;
• favoring and organizing mobility;
• promoting a productive environment at work, based on
enjoying one’s job and valuing employees;
• protecting and improving life at work.

RECRUITMENT AND DIVERSITY

Continuation of recruitment efforts in 2010

Recruitment in 2010 by geographic area:

<table>
<thead>
<tr>
<th>Zone</th>
<th>Managers</th>
<th>Workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>746</td>
<td>1,327</td>
<td>2,073</td>
</tr>
<tr>
<td>International</td>
<td>862</td>
<td>1,603</td>
<td>2,465</td>
</tr>
<tr>
<td>incl. Europe</td>
<td>283</td>
<td>549</td>
<td>832</td>
</tr>
<tr>
<td>North America</td>
<td>249</td>
<td>668</td>
<td>917</td>
</tr>
<tr>
<td>Africa/Indian Ocean/Asia</td>
<td>310</td>
<td>366</td>
<td>676</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,608</strong></td>
<td><strong>2,930</strong></td>
<td><strong>4,538</strong></td>
</tr>
</tbody>
</table>

In a difficult economic environment in 2010, Colas main-
tained an active recruitment policy to ensure that it
would be ready for the future. In all, over 4,500 people
were hired (vs 5,800 in 2009). France accounted for some
2,100 of these new recruits (vs 2,400 the previous year).
There were once again many new hires in North America
and Mauritius, where business is expanding, and at Colas
Rail, which recruited 300 people in 2010. In contrast, hir-
ing in Europe slipped by 50% in 2010, mainly due to the
drop off in business in central Europe.

We have been observing Colas very closely
over the last five years, and what strikes us is
the extent to which the commitment to sus-
tainable development issues is deeply rooted
throughout all of the Group’s business units.
When we assessed their performance in this
field, we gave them a rating of AA+, on a scale
of AAA to DDD. Colas’ determination to
advance on issues that are completely new to
the Group, in addition to a corporate culture
focused on improvement and sharing – and
not just satisfactory communication: these are
the cornerstones of management practices at
Colas. Corporate Social Responsibility is a
very serious matter and the issue is well coor-
dinated at Colas. The Group ensures that all
environmental, societal and social under-
takings are coherent, and that the focus
remains on acting before communicating. In
our minds, cautiousness of this nature is fit-
ing for a group with so many stakeholders.
The men and women at Colas are hard at work
to pave the way for Corporate Social Respon-
sibility, even if we have to admit that there is
still a long way to go.”

Pascal Bello, Chairman and Chief Executive Officer
of BMJ Ratings(1)

(1) Extra-financial rating agency specialized in Sustainable
Development and Corporate Social Responsibility rating.
**Links with schools, internships and work/study programs: special recruitment focus**

Apart from the many actions undertaken to promote the Group’s career opportunities and raise its profile among all categories of job seekers to attract the best candidates (such as open-house days and “Public Works ambassadors” at regional public works federations in France), Colas and its subsidiaries develop and maintain strong links with many schools and universities. In France, these include vocational high-schools, university technology schools, the ESITC engineering school in Cachan, the École des mines in Alès, the École centrale in Lille and the ESTP. In North America, close ties have also been developed with Penn State University and the École de technologie supérieure in Montreal. These actions include providing instruction, sitting on evaluation panels, participating in forums and sponsoring events, graduating classes, schools and students and organizing open-house days at worksites and plants.

Work-study programs, which involve all qualification levels, and student internships are two other preferred means of recruitment. In 2010, 380 young people were trained and evaluated under work-study programs before being hired (vs 600 in 2009). Colas also received 2,260 interns (vs 2,500 in 2009), including 275 outside of France (430 in 2009).

**Diversity and the enrichment of our collective intelligence**

One way that Colas seeks to increase the diversity of its workforce is through its recruitment policy. This is especially true in mainland France, where laws encourage the hiring and retention of cultural groups that are generally under-represented in the workplace, such as people over 50, the disabled, and low-skilled young people. Increasing gender diversity is also a key objective.

A “Diversity” module has been added to the Group’s management training program and to the Colas Campus University-1 curriculum, to help managers develop and manage diversity and make it an asset for their company.

**People over 50**

Pursuant to the agreement concluded with the social partners in December 2009, subsidiaries in mainland France have undertaken actions to encourage the employment of people age 50 and older. Some, such as Colas Nord-Picardie, Screg Sud-Est and Colas Mayotte, have achieved impressive results. In all, about a hundred of these “seniors” have been hired in France. Experienced employees are often used to train young people under mentoring programs.

**Employing the disabled**

Under the agreement signed in October 2009 with Agefiph in France, studies to accommodate the disabled in the workplace were conducted in 18 subsidiaries in mainland France in 2010. For each of these subsidiaries, action plans were drawn up to increase employee disability awareness, retain and recruit disabled employees, promote the recognition of disabled workers and procurement from institutions who provide work for the disabled. A group-wide agreement is to be signed with Agefiph in early 2011.

Many subsidiaries in France, Morocco, Djibouti, the United States and New Caledonia have already undertaken initiatives to promote the recruitment, training and retention of disabled employees. Efforts to make premises accessible to people with limited mobility are being pursued. A guide book on adapting work for people who have suffered a work-related accident was prepared and disseminated this year.

Colas won the “Keeping Disabled Workers Employed” prize at the 2010 Diversity Awards, organized by the University of Corte, in Corsica.

**The hard-to-employ**

Colas is pursuing its ambitious policy to recruit and train people who are having a particularly difficult time finding employment and especially young people with few or no qualifications.

In France, partnership arrangements have been established with local organizations, and temporary employment agencies specialized in placing the hard-to-employ. Many subsidiaries have trained youth from disadvantaged areas to work on government contracts that have specific employment criteria (e.g., the T3 tramway in Île-de-France and the Dijon tramway). For the fifth consecutive year, Colas pursued its partnership with the public-sector agency EPIDE to enable low-skilled youth from age 18 to 21 to learn about the Group’s job skills, receive several months of on-the-job training and possibly be offered a job.

International subsidiaries that work on projects in disadvantaged areas generally try to hire locally whenever possible. Colas Belgium is continuing its special training and hiring program for the long-term unemployed. Subsidiaries in the United States hire people from underprivileged communities under Equal Employment Opportunity programs.
Gender diversity

Breakdown of male and female employees in 2010:

<table>
<thead>
<tr>
<th></th>
<th>Management</th>
<th>Workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland France</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>81.3%</td>
<td>99.4%</td>
<td>91.9%</td>
</tr>
<tr>
<td>Women</td>
<td>18.7%</td>
<td>0.6%</td>
<td>8.1%</td>
</tr>
<tr>
<td>International</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>76.9%</td>
<td>94.2%</td>
<td>89.8%</td>
</tr>
<tr>
<td>Women</td>
<td>23.1%</td>
<td>5.8%</td>
<td>10.2%</td>
</tr>
</tbody>
</table>

Women accounted for 8.1% of Colas’ mainland French workforce in 2010 (vs 8.3% in 2009) and for 10.2% outside of France (vs 9.2% in 2009).

The number of women in jobs that have been traditionally held by men – such as heavy-equipment operators and site supervisors in France and foremen in Morocco – is increasing very slowly. Women are more commonly found in engineering departments and in management-related occupations. The North American subsidiaries tend to have higher ratios of female employees (25% at Canadian Road Builders). In France, IT subsidiary Speig employs 32% women.

On the basis of a study conducted in 2010 on the career development of women employees in the Group’s French subsidiaries, progress actions have been proposed to get more women interested in job opportunities at Colas and to facilitate their internal promotion and skills development.

New employee induction

Given the diversity of people that Colas recruits and its high standards for safety and performance, all new recruits must benefit from extensive induction training.

This training may take various forms in each subsidiary, including mentoring in France and the United States, induction-training days or weekends, regional employee-induction programs over several months or years and Leadership Rotation Programs in some North American subsidiaries which enable young managers to work in different entities for several months to gain familiarity with different business activities and work environments. New recruits are given special induction training materials that include welcome books, charters, videos and logbooks, with a strong emphasis on increasing safety awareness, through such tools as the “Induction” training application. After successful completion, trainees are issued a certificate of competency.

In 2008, our profit center supervisor in Belfort persuaded us to take part in the regional EuroSkills\(^{(1)}\) competition, and we won! At the nationals in 2009, we won again, much to everyone’s surprise, given the tough competition and the fact that we didn’t have a lot of experience.” Fabian: “I discovered the construction business by chance, when a foreman invited me to visit a worksite. I fell in love with the job right away.” Mathieu: “Since I was little, I’ve always dreamed of working in construction and in particular at Colas. One of my neighbors growing up was a supervisor at Colas and absolutely loved his job; he was the one who got me hooked!”

“For the European finals in 2010 in Lisbon, Portugal, we had to do our very best to live up to the faith people had put in us, and to honor the opportunity that we had been given to represent France, our trade and Colas Est\(^{(2)}\). We used to play soccer on different teams so we had to play against each other, but now we work together towards the same goal, focusing on the quality of our work and on adding a special personal touch. We won the gold, and we would like to dedicate our medal to everyone who had faith in us, who trained us, who taught us how to be proud of a job well done, basically everything Colas believes in!”

Fabian Millot (24 years old) and Mathieu Machwirth (22 years old), Gold medal winners in the Roadbuilding category in the 2010 EuroSkills competition held in Lisbon, Portugal.

\(^{(1)}\) European section of WorldSkills, an organization that promotes expertise and skills in specific trades, spotlighting the talent of the people who work in these lines of business. Every two years, the best of each category competes in regional, national and European events.

\(^{(2)}\) Colas road company based in the east of France.
The Colas Group’s worldwide workforce shrank 3% in 2010, from over 71,300 in 2009 to almost 68,900. This may mainly be attributed to the lack of major projects, the cancellation of two large PPP contracts (the Tram-train on Reunion Island and the D1 highway in Slovakia), the sharp drop in business in central Europe, and the adjustment of hiring to bring the workforce into line with market trends.

**Streamlining**

The streamlining of the Group’s organization continued in 2010, in the wake of the second consecutive year of rapidly declining activity in central Europe and French overseas departments. The drop-off in business in Croatia, Romania, Slovakia, the French West Indies and Reunion Island required layoff plans involving 525 people.

**MOBILITY**

In 2010, Colas continued to build stronger synergies between entities in France and worldwide, electing to respond to lower activity in some geographic areas or regions by transferring staff between its subsidiaries. This geographic mobility has been successful and has demonstrated the solidarity, complementarity and unity of the Group’s subsidiaries. The further synergies generated have helped to protect jobs in mainland France, most notably in the Western region, where subsidiaries set up a "labor exchange" at Colas Échangeur Nantes that enables them to share personnel on a day-to-day basis. Other examples include: Colas Centre-Ouest and Sacer Atlantique, who sent employees to work on tramway projects in the Île-de-France region around Paris; Smac, which supplied Colas Est with people for its Reims tramway project; and Screg Sud-Est, which has set up a "job exchange" between its operating units. Subsidiaries in North America also showed that they were able to transfer employees where they were needed, with Terus and Works Alberta lending personnel to other Canadian subsidiaries. In the Indian Ocean region, Malagasy employees were made available to Colas Mauritius and Colas Madagascar expatriate employees travelled abroad to work for other Colas companies.

The Human Resources department’s Mobility and Career Development unit handled about 100 employee transfers in 2010. In all, almost 400 people were redeployed in France, including 75% between subsidiaries.

Mobility guidelines have been standardized for all subsidiaries in mainland France. The Group has introduced specific measures to assist spouses of employees in finding new jobs.

**TRAINING AND INTERNAL PROMOTION**

Colas’ training budget for 2010 totaled 4% of combined payroll in France and more than 2.5% outside of France. This is because training is essential for career development and multi-skilling facilitates employee mobility and reclassification when the economy slows down.

**Training actions and hours in 2010:**

<table>
<thead>
<tr>
<th>Country</th>
<th>Hours</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>490,600</td>
<td>30,200</td>
</tr>
<tr>
<td>International</td>
<td>484,800</td>
<td>71,900</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>975,400</td>
<td>102,100</td>
</tr>
</tbody>
</table>

There are significant differences between French and international subsidiaries when it comes to training, mainly due to different regulatory frameworks. In France, training is generally provided over a longer period than elsewhere around the world, where it is usually given on an ad hoc basis in the field.

All Colas employees, regardless of their job position, can receive training. In mainland France over 2010, workers received 52% of training (by time), while office staff and supervisors received 27% and management 21%. Outside of France, the distribution of training hours for each employee category is 51% for workers, 36% for office staff and supervisors and 13% for management.

The broad spectrum of training provided reflects the diversity of the Group’s workforce, activities and career
opportunities. These range from basic reading and writing skills for workers, mix application, equipment operation and government contract dematerialization, to cross-disciplinary training in such areas as management and social cohesion and finally to broader Colas University training programs. Among the various subjects covered, safety continues to be a priority, accounting for 38% of training hours in 2010 in mainland France and elsewhere around the world. Work methods and equipment account for 25% of training hours in mainland France and 31% elsewhere around the world, general training for 18% in mainland France and 4% elsewhere around the world, and management and HR training for 9% and 14% respectively.

Colas Campus and Colas University
Some training programs may be selected from among the 150 modules of the Colas Campus catalogue, while others are set up by subsidiaries to meet their specific requirements (e.g., the Reims Rail School at Colas Rail; and the Thivars training center at Aximum).

In 2010, Colas Campus, during the year of its twentieth anniversary, enabled more than 4,500 employees (vs 5,500 in 2009) in France to improve their professional skills and acquire new ones. Training programs inspired by Colas Campus designed for expatriate and local managers have been put in place at Colas Madagascar and at the Group’s Moroccan subsidiaries.

The Colas Universities form the foundation of this campus. In 2010, training actions included twelve University-1 sessions for 250 recently hired managers and supervisors, seven University-2 sessions to enable experienced managers to further develop their management skills, and two University-3 sessions for operating unit and functional managers. In North America, 44 employees were trained at the Colas University.

Training to foster synergy, multiskilling and internal promotion
Training programs run jointly by two or more subsidiaries are frequent in France and elsewhere in the world. They enable their employees to share their experience, work methods and tools.

Against a background of lower activity levels, some subsidiaries make multiskilling a priority or help their employees make the transition to a new job where Colas lacks resources, such as deconstruction and civil engineering.

Internal promotion is part of the Group’s managerial culture. It is part of a forward-looking approach to human resources management that is based on an accurate appraisal of employee potential, an awareness of career goals and a careful assessment of actual requirements in the field. But this policy cannot succeed without sufficient training. To enable this internal promotion, 6,400 superintendants, 2,700 site supervisors and nearly 4,500 foremen and workers were trained from 2000 to 2010, representing almost 930,000 hours of training. This figure shows that the “social ladder” is still working at Colas and that Colas is doing everything necessary to support career development. In 2010, the Group pursued its efforts to enable its French employees to earn professional qualification certificates (PQC) by receiving credit for work experience and to provide special training for workers aiming for managerial positions. Some 61 PQCs have already been granted in many subsidiaries.

Some international subsidiaries (such as Colas Morocco and Barrett Industries in the US) are setting up employee evaluation and promotion programs. Colas Mauritius is conducting a campaign to detect high-potential young people and rapidly train them for management positions.

Mentorship
Colas encourages the transfer of knowledge between generations by training mentors who impart their know-how and experience to new employees. In 2010, 96 mentors were trained in France and elsewhere around the world. In Canada, Sintra was the first to provide specific training for mentors.

In France, the Compagnons de la Route, a group of 875 top skilled workers, play a key role in disseminating Colas’ values and technical expertise in the field.

HEALTH
A safe and healthy work environment is vital at Colas. Safety concerns are addressed in detail beginning on page 35.

Colas has undertaken an overall approach to protecting employee health that goes beyond worksite and road safety to include actions to make employees aware of lifestyle-related health risks. Efforts have been undertaken to prevent back injuries by improving equipment ergonomics. Data sheets that present the ergonomic characteristics of equipment have been made available online, and the agreement to encourage the employment of “seniors” in France provides for a taskforce to enhance the ergonomics of smaller equipment and tools and promote their safe use. Many subsidiaries have also implemented “movements and postures” training to encourage employees to avoid back injuries in all work
situations. Two examples are Colas Belgium’s Back School and Branscome’s “Watch your back” campaign in the United States. In several subsidiaries in France and abroad (such as Delta in the United States), studies have been conducted to assess the noise and vibration caused by certain types of equipment, and efforts are being made to limit their use. Reducing dust, particularly in quarries, is also a key concern at many subsidiaries, such as Colas Midi-Méditerranée, Colas Reunion Industries and Colas Mayotte.

The subject of exposure to chemicals is dealt with further in the section on “Chemical Hazards” challenge (see page 40), while exposure to bitumen fumes is covered in the section on “Operating Risks” of the Report of the Board of Directors.

To help employees in France manage and reduce stress, Colas and its social partners have signed a “method agreement” to deal with this problem and improve employee well-being. A task force consisting of about twenty people representing the Group’s main trades and functions will conduct a comprehensive review of stressful situations and work organization, working in collaboration with an occupational health doctor and the French safety and research institute INRS. An initial report has been submitted to the Monitoring Committee, which includes the social partners, and an action plan will be drawn up in 2011.

Subsidiaries and operating units are also pursuing their efforts to prevent drug and alcohol abuse, for example by organizing awareness-raising workshops. Operating unit managers in France will soon be provided with a “toolbox” to help them deal with this problem.

Lastly, certain subsidiaries (in Switzerland, South Africa and the United States) provide medical checkups for their employees. In Madagascar, Benin and Gabon, health centers and medical staff are made available to employees and their families, and programs to prevent AIDS and other sexually transmissible diseases are being pursued.

EMPLOYEE COMPENSATION AND RECOGNITION

Colas’ management culture is founded on values that include respect for employees, fair treatment, recognition, dialogue with employee representatives and attractive total compensation.

Pay and benefits

Colas has always made it a point to ensure that pay packages are attractive and motivating, based on the recognition of individual efforts and performance. Salaries consist of a fixed part and a variable part that depends on the achievement of objectives, individual responsibilities and Company performance. In 2010, due to the economic environment and the uncertain outlook for 2011, the main objective in terms of wage policy was to preserve employment. Although aggregate payroll has consequently stopped growing, employee purchasing power has been maintained. Special attention has been paid to the lowest salaries.

In addition to their salaries, Group employees are entitled to various benefits that include pension and life insurance plans, healthcare coverage and various employee savings plans that may vary in accordance with local laws. In 2010, the agreement on health care costs was extended to French overseas subsidiaries in the Caribbean.

In France, profit-sharing agreements enable employees to reap the fruit of Colas’ long-term success. In 2010, Colas signed a Group profit sharing agreement that applies to 20 subsidiaries in mainland France and the Échangeurs. This agreement takes into account not only the subsidiary’s financial performance but also its safety rating, to ensure that safety is not a secondary consideration. Employees can also invest in the Bouygues Group’s company savings plan, its PERCO retirement savings plan and Bouygues Confiance 5 plan, in which 30% of all French employees and 18% of workers have invested since it was proposed at the end of 2010. Under the Bouygues Confiance 3 plan, which ran from 2006 to 2010, employees earned a return of 30% over this five-year period.

Outside of France, pay packages depend largely on local laws and performance is taken into account to determine individual salaries and benefits.
Payroll costs and social security contributions in 2010 (France):

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>% 10/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>2,126,141</td>
<td>2,186,864</td>
<td>2.86%</td>
</tr>
<tr>
<td>Social security charges</td>
<td>757,370</td>
<td>756,815</td>
<td>-0.07%</td>
</tr>
<tr>
<td><strong>Total payroll expenses</strong></td>
<td>2,883,511</td>
<td>2,943,679</td>
<td>2.09%</td>
</tr>
<tr>
<td>Employer contribution to PEE</td>
<td>28,924(1)</td>
<td>24,417</td>
<td>-15.58%</td>
</tr>
<tr>
<td>Profit sharing</td>
<td>13,055</td>
<td>10,984</td>
<td>-15.86%</td>
</tr>
<tr>
<td>Incentive scheme</td>
<td>-</td>
<td>2,889</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total employer contribution, profit sharing and incentive scheme</strong></td>
<td>41,979</td>
<td>38,290</td>
<td>-8.79%</td>
</tr>
</tbody>
</table>

**TOTAL PAYROLL COSTS AND OTHER ADVANTAGES**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>% 10/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside personnel</td>
<td>267,903</td>
<td>313,944</td>
<td>17.19%(2)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th>2010</th>
<th>% 10/09</th>
</tr>
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</tr>
<tr>
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<td>-</td>
<td>2,889</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total employer contribution, profit sharing and incentive scheme</strong></td>
<td>41,979</td>
<td>38,290</td>
<td>-8.79%</td>
</tr>
<tr>
<td><strong>TOTAL PAYROLL COSTS AND OTHER ADVANTAGES</strong></td>
<td>2,925,490</td>
<td>2,981,969</td>
<td>1.93%</td>
</tr>
</tbody>
</table>

Outside personnel: 267,903 (2009) vs. 313,944 (2010), an increase of 17.19%.

(1) Employer contribution to PEE was amplified by “Bouygues Partage 2” operation.
(2) This change is attributable to the increase and type of work sites in the rail business, in addition to the increase in exceptional highway work sites in Switzerland.

Company savings plan (PEE) and retirement savings plan (PERCO) in 2010 (France):

<table>
<thead>
<tr>
<th></th>
<th>Bouygues PEE</th>
<th>No. of subscribers</th>
<th>% of workforce</th>
<th>Total aggregate employee deposits(1) (in euros)</th>
<th>Average individual deposits (in euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>3,633</td>
<td>63.29%</td>
<td>10,639,545</td>
<td>2,929</td>
<td></td>
</tr>
<tr>
<td>Office staff and supervisors</td>
<td>4,098</td>
<td>42.56%</td>
<td>7,379,985</td>
<td>1,801</td>
<td></td>
</tr>
<tr>
<td>Workers</td>
<td>4,697</td>
<td>20.42%</td>
<td>5,799,006</td>
<td>1,235</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>12,428</td>
<td>32.39%</td>
<td>23,818,536</td>
<td>1,917</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Colas Monétaire</th>
<th>No. of subscribers</th>
<th>% of workforce</th>
<th>Total aggregate employee deposits(1) (in euros)</th>
<th>Average individual deposits (in euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>101</td>
<td>1.76%</td>
<td>107,221</td>
<td>1,042</td>
<td></td>
</tr>
<tr>
<td>Office staff and supervisors</td>
<td>127</td>
<td>1.32%</td>
<td>101,092</td>
<td>796</td>
<td></td>
</tr>
<tr>
<td>Workers</td>
<td>156</td>
<td>0.68%</td>
<td>115,827</td>
<td>742</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>384</td>
<td>1.00%</td>
<td>324,140</td>
<td>844</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>PERCO</th>
<th>No. of subscribers</th>
<th>% of workforce</th>
<th>Total aggregate employee deposits(1) (in euros)</th>
<th>Average individual deposits (in euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>458</td>
<td>7.98%</td>
<td>804,326</td>
<td>1,756</td>
<td></td>
</tr>
<tr>
<td>Office staff and supervisors</td>
<td>204</td>
<td>2.12%</td>
<td>133,283</td>
<td>653</td>
<td></td>
</tr>
<tr>
<td>Workers</td>
<td>116</td>
<td>0.50%</td>
<td>77,440</td>
<td>668</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>778</td>
<td>2.03%</td>
<td>1,015,049</td>
<td>1,305</td>
<td></td>
</tr>
</tbody>
</table>

(1) Employee deposits excluding matching contribution from employer.

Gross salaries per month in 2010 (France): (in hundreds of euros)

Number of employees

- 13-14
- 14-16
- 16-18
- 18-20
- 20-22
- 22-25
- 25-30
- 30-35
- 35-40
- 40-50
- > 50

Number of employees
Comparison between average annual salaries paid by Colas and minimum annual legal salaries by country or geographic area in 2010:

<table>
<thead>
<tr>
<th></th>
<th>Mainland France</th>
<th>Hungary</th>
<th>Great Britain</th>
<th>Switzerland</th>
<th>Morocco</th>
<th>Madagascar</th>
<th>United States</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average annual salary paid by Colas</strong>&lt;sup&gt;*&lt;/sup&gt; (in euros)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machine driver</td>
<td>24,411</td>
<td>8,575</td>
<td>29,114</td>
<td>59,115</td>
<td>5,374</td>
<td>1,152</td>
<td>39,728</td>
<td>23,375</td>
</tr>
<tr>
<td>Foreman</td>
<td>34,239</td>
<td>13,730</td>
<td>44,697</td>
<td>76,811</td>
<td>13,116</td>
<td>2,628&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>45,108</td>
<td>32,725</td>
</tr>
<tr>
<td><strong>Minimum annual legal salary per country</strong> (in euros)</td>
<td>16,125</td>
<td>3,173</td>
<td>14,555</td>
<td>45,673&lt;sup&gt;**&lt;/sup&gt;</td>
<td>2,213</td>
<td>336</td>
<td>11,072</td>
<td>12,150&lt;sup&gt;***&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

For international operations, an exchange rate at December 31 is applied.

<sup>*</sup> Average annual salary for the fixed portion. <sup>**</sup>The minimum salary is the salary for the construction sector. <sup>***</sup>The average minimum salary for provinces where Colas carries out business.

<sup>(1)</sup> Attributable to the hiring of a large number of young people (with lower initial salaries) in 2010.

<sup>(2)</sup> Attributable to a much lower number of overtime hours worked in 2010 compared to 2009.

<sup>(3)</sup> Increase comparing to 2009 due to 2009/2010 CAD/EUR exchange rate change.

In France and elsewhere around the world, salaries and benefits are kept above legally required minimums to enhance the appeal of working in the construction industry and for the Group.

**The gradual strengthening and convergence of global employee benefits**

Several foreign subsidiaries have started to converge their pension and health-insurance plans and employee benefits within a given geographic region to ensure more consistent treatment among their employees and facilitate their mobility between subsidiaries and other entities.

Other examples of social responsibility initiatives undertaken by subsidiaries – in addition to those in developing countries (see "Corporate citizenship in developing countries", page 38) – include various programs providing on-site assistance from social workers for employees.

**Local management of labor relations**

Employee interests in France are represented through 336 works councils (of which 20 are “central works councils”) and through health and safety committees.

International subsidiaries elect their local representatives to parent company Bouygues European Works Council.

In France and elsewhere around the world, labor agreements are generally negotiated with employee trade unions.

Some of the new agreements negotiated and signed with the social partners in 2010 include: a profit sharing agreement for mainland France; an agreement on medical expenses in the Caribbean (Martinique and Guadeloupe) and in French Guiana.

A management culture based on respect and recognition

The principles that underpin human resources management at Colas are respect for employees, exemplary behavior, fairness, the promotion of initiative and team spirit, recognition of accomplishments and gradual empowerment as employees gain confidence through action.

Special efforts have been made to improve the annual appraisal interview process in France where progress is recorded. These efforts are now being extended to the international subsidiaries. Some subsidiaries organize employee satisfaction surveys.

Social acceptance of production sites

Colas operates a large number of sites where it makes a broad range of construction materials that includes aggregates, ready-mix concrete, asphalt mixes, bitumen and emulsions. Since most countries, and in particular local communities, are increasingly reluctant to accept these sites, Colas is making major efforts to ensure that its facilities are as eco-friendly as possible and to communicate with local residents.

**EXEMPLARY PRODUCTION SITES**

Each site has a duty to implement progress actions that go beyond just complying with regulations. The main means of achieving this is to obtain environmental certification, such as ISO 14001. Progress actions are documented and measured using global checklists that cover most materials production activities and are used to prepare action plans that are in turn incorporated into French and international internal control systems. By the end of 2010, 80% of Colas’ revenue in materials production sites complied with at least one certification system or used the internal checklists. The objective is to rapidly increase this figure to 90%.
ONGOING DIALOGUE WITH NEIGHBORING COMMUNITIES

Maintaining an open dialogue with local communities makes it possible to understand their expectations, explain the reality and constraints of production sites, and promote mutual comprehension to prevent crisis situations. In 2010, 46% of revenue at Colas materials production sites had set up a formal procedure for communicating with their local community (vs. 32% in 2009). The objective is to exceed 50%.

As for Colas’ construction work, it has little direct impact on the environment:
- new construction projects account for not quite 20% of total revenue. Their impact is assessed during the design phase and Colas’ role during construction is generally limited to complying with its customers’ environmental requirements and proposing improvements when possible;
- the bulk of the Group’s projects average less than 100,000 euros and involve the maintenance, replacement or modification of existing road or rail systems. These projects require no additional land area and the land used has already been surfaced or otherwise prepared. Environmental requirements therefore mainly have to do with effluent and solid waste, most of which is inert.

In addition to its day-to-day efforts to be a good neighbor, Colas also deploys a variety of eco-friendly technologies, such as trenchless pipe replacement and Nanosoft® noise reducing pavement, which is increasingly popular with customers, local communities and drivers. Indeed, noise is considered to be the greatest environmental nuisance. Over 130,000 m² of Nanosoft® were laid in 2010.

Ethics

Colas makes no compromises when it comes to ethical principles and integrity. Ethics are a cornerstone of the Group’s internal control system and violations are sanctioned. Employees who are exposed to corruption are regularly reminded of the need to scrupulously observe ethical rules and training is systematically provided to top managers. Colas also complies with the Bouygues’ Ethics Code, which was first released in 2006, is updated annually and is systematically disseminated. An environment of transparent and fair competition best enables Colas to use its organization, technology and know-how most effectively and foster a long-term partnership relationship with its customers. Transparent dissemination of information is the cornerstone of career satisfaction and managerial efficiency, since personal and corporate values must be in harmony to sustain individual commitment and motivation.

The Ethics Committee reporting to the Colas’ Board of Directors reviews any situation that could present an ethical risk along with all corporate sponsoring and patronage contracts above 20,000 euros.

Colas has implemented many concrete actions to ensure ethical behavior and transparency, often in collaboration with independent partners, such as:
- the Association Qualité Pesage (AQP), which was created with independent inspection agencies Socotec and Veritas to ensure the traceability of asphalt plant deliveries by equipping them with a tamper-proof weighing system.
For nearly ten years, Colas has been asking public contracting authorities to require that all of their mixing plants be equipped with such a system. They are now used to weigh three fourths of the tons of all asphalt mixes made in France;
- setting up an exchange for selling pre-owned construction equipment: in France, Colas was behind the creation of an auction exchange for pre-owned construction equipment that is operated by a large international company and subject to the control of Tracfin, in order to avoid illegal transactions and money-laundering. Since the launch of this initiative in 2006, Colas has sold 35 million euros worth of pre-owned construction equipment through this exchange, corresponding to 1,950 units, to buyers in more than 40 countries.

Five other major targets

Colas has less flexibility to address these five additional targets than it does for the previous three, even though some are just as important. Regarding energy conservation for example, Colas has little to say about the use of alternative energy sources or the motors installed on its equipment. Nonetheless, Colas is well aware of the importance of these issues and makes substantial investments to improve performance.

Safety

Ensuring the safety of its employees has been at the heart of Colas’ concerns for many years. Respect for human resources begins with safety. The safety targets set in 2005 for 2010 have been achieved. The accident frequency rate was less than 10 in France, over 50% of operating units in metropolitan France had no work accidents, and over 30% of the Group’s global workforce had received rescue and first-aid training. The targets set for 2015 are: an accident frequency rate of less than 5% for the Group’s employees and 20% for temporary employees in France; over 300 operating units with zero accidents in mainland France and 35% of Group employees trained in rescue and first-aid. Colas vigilantly enforces its safety policy.
WORK ACCIDENTS

After a substantial improvement in 2009, the accident frequency rate rose slightly in 2010, to 9.97 in mainland France (vs 9.66) and to 6.08 elsewhere (vs 5.98).

Colas Group safety indicators:

<table>
<thead>
<tr>
<th>Mainland French subsidiaries</th>
<th>Frequency rate</th>
<th>Annual severity rate</th>
<th>Security index</th>
<th>Fatal work accidents</th>
<th>Fatal accidents on work-related journeys</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>11.62</td>
<td>0.48</td>
<td>5.58</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>2009</td>
<td>9.66</td>
<td>0.42</td>
<td>4.06</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>2010</td>
<td>9.97</td>
<td>0.48</td>
<td>4.79</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>International subsidiaries</th>
<th>Frequency rate</th>
<th>Annual severity rate</th>
<th>Security index</th>
<th>Fatal work accidents</th>
<th>Fatal accidents on work-related journeys</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>6.99</td>
<td>0.21</td>
<td>1.47</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>2009</td>
<td>5.98</td>
<td>0.19</td>
<td>1.14</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>2010</td>
<td>6.08</td>
<td>0.16</td>
<td>0.97</td>
<td>6</td>
<td>2</td>
</tr>
</tbody>
</table>

(I) The difference in rates between the Group’s operations in France and elsewhere in the world is primarily the result of differences in regulatory definitions of work accidents in various countries. A much broader definition is used in France than in most other countries.

Furthermore, the number of “zero-accident” operating units with over ten employees in mainland France increased from 230 to 234 in 2010, and represent over 50% of total entities.

Employee awareness-raising and risk assessment

Colas provides its subsidiaries with various tools and materials for making sure that employees are fully aware of public works industry hazards. One example is the “Induction” software application, which enables each employee to review the various hazards and safety instructions associated with his or her job. This tool is systematically used in mainland France to train new recruits and temporary employees and is currently being translated into Malagasy and Dutch. Since temporary workers tend to have more accidents, Colas has revised the safety clauses of its contracts with temporary staffing companies in France and has worked with them to prepare safety action plans, in addition to the numerous targeted safety actions of the subsidiaries. Colas’ Hazards application helps entities complete the master hazard assessment form and prepare safety action plans, while the Lara application is used to assess chemical hazards. Lastly, in 2010, Colas set up a procedure for monitoring serious and fatal accidents to ensure that their causes are eliminated at the earliest possible phase.

Each subsidiary also implements the specific safety actions and tools it needs for its business activities and employees. This may include, for example: providing training in specific areas (such as working with high voltage lines), videos, booklets, sketches, photos of work sites followed by debriefings, having employees sign Safety Commitment Charters (at Screg Île-de-France Normandie) and paying bonuses to managers and supervisors for good safety performance (at Branscome in the US). In countries where they are permitted, random drug tests (United States) and alcohol tests (South Africa) are carried out at construction sites.

Safer equipment

Safety can also be improved through innovation to make construction equipment safer and improve personal protection equipment. Efforts in this area include systematically installing back-up cameras on some vehicles, rear guardrails on some vehicle bodies and ultrasonic radar, and cameras, etc.

Getting everyone committed to safety

All Colas managers are committed to safety. Those responsible for ensuring safety in the field (such as QSE managers, regional safety inspectors, entity safety managers and driving safety coordinators) play a key role in the implementation, operation and coordination of the Group’s safety policy and help prevent accidents through site audits, entities auditing each other, toolbox safety talks and safety days.

The safety awards and contests that are organized between the various operating units, subsidiaries, and countries foster a process of virtuous emulation. The 2010 Crystal Woodpecker Award was granted to Colas Sud-
In 2010, the percentage of the workforce who had received training in first aid: France and to Terus in Canada. Some subsidiaries have created their own safety contest, such as Sacer Atlantique’s “Secur’idées” challenge.

Employees trained in first aid

Training in first aid is beneficial not only for employees, their friends and family, but also for society as a whole. It also strengthens everyone’s safety awareness.

Change in the number of employees trained in first aid:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>10,290</td>
<td>11,225</td>
<td>11,441</td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>6,774</td>
<td>8,128</td>
<td>8,307</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>17,064</td>
<td>19,353</td>
<td>19,748</td>
<td></td>
</tr>
</tbody>
</table>

In 2010, the percentage of the workforce who had received occupational rescue and first-aid training increased from 29% in 2009 to 31% (19,748 employees). First-aid training has been provided to at least 40% of employees in some subsidiaries, such as Sacer Sud-Est, Screg Sud-Est and Screg Sud-Ouest. Colas also has more than 162 volunteer firefighters among its employees in mainland France.

ROAD SAFETY

As an important factor in human progress that is closely linked to the businesses of the Group’s road subsidiaries (road construction and maintenance, security and signaling), road safety is a fundamental priority for Colas. Beginning in 1997, when the first road safety charter was signed in France, since renewed three times and supplemented by a European charter, which has also been renewed, Colas has pursued highly proactive policies to prevent road accidents.

The subsidiaries have hundreds of Road Safety Relay Officers who promote good practice of safe and fuel-efficient driving (Scope 3 software, to promote safe and economical driving), give advice on avoiding accidents, rationalize organization in the workplace and on worksites, improve travel management, ensure that regular checks are carried out on the condition of vehicles with passive and active safety equipment (such as reversing radars), and implement sustainable and effective programs for specific topics such as light commercial vehicles (including safe transport, vehicle loading and limiting the speed of vehicles, etc). The exchange of experience and the promoting of best practices are encouraged and supported by a powerful internal communications system and an active policy of fostering emulation and motivating subsidiaries and operating units to continually improve their performance. One example of this effort is the 2010 French Road Safety Challenge, which was won by Colas Centre-Ouest.

In 2010, over 30,000 handbooks on driving safely and economically were distributed specifically for heavy equipment operators and truck and van drivers. A campaign to raise fuel-saving awareness was launched at all Colas facilities worldwide. It convincingly demonstrated how effective adopting a calm driving manner can be in not only lowering fuel consumption and preserving the environment, but also in reducing traffic accidents.

The accident frequency rate involving the Group’s vehicles in France once again improved in 2010, with 0.082 accidents, compared to 0.084 in 2009. Since the first road safety charter was signed thirteen years ago, the accident frequency rate has dropped by 63%, even though the Group’s fleet of vehicles and site machines has grown by 96%, requiring new drivers to be trained.

Comparison of the change in number of accidents and the vehicle fleet in France between 1997 and 2010:

<table>
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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of vehicles</td>
<td>13,746</td>
<td>20,588</td>
<td>25,380</td>
<td>26,945</td>
<td>+96%</td>
</tr>
<tr>
<td>Number of accidents involving third parties</td>
<td>3,024</td>
<td>2,334</td>
<td>2,407</td>
<td>2,207</td>
<td>-27%</td>
</tr>
<tr>
<td>Frequency</td>
<td>0.220</td>
<td>0.113</td>
<td>0.095</td>
<td>0.082</td>
<td>-63%</td>
</tr>
</tbody>
</table>

[1] Accidents involving third parties deemed liable or not liable based on the principles of avoidability.

This approach is gradually becoming more widespread, adapting to the individual cultures and local rules in all countries and territories in which Colas operates.

Prizes and honors

Remaining true to the Group’s annual tradition, Colas’ subsidiaries were awarded scores of prizes and honors for safety.

For example, in France, the USIRF safety prize was awarded to subsidiary Screg Est, the Val-de-Reuil and Saint-Romain-de-Colbosc sector of Screg IDFN’s Normandy office, and Sacer Paris-Nord-Est’s Vesoul office. In Great Britain, the Royal Society for the Prevention of Accidents awarded its Gold Award for Occupational Health and Safety to Colas Ltd. In Ireland, Chemoran was honored by the National Irish Safety Organization, while Branscome in the United States received the Virginia Safety Award. In Gabon, a Safety Day was celebrated in recognition of three millions hours of work without a lost-time accident at the Shell worksite. In Asia, several Tasco plants won the Minister of Labor’s award of excellence for safety and environmental management in the workplace.

Finally, while certification is not one of Colas’ top business development priorities, a number of its agencies worldwide are certified OHSAS 18001, GHESE, MASE, ILO, etc. In 2010, the Group’s overall safety certification rate is 37% of its total revenue (worldwide).
Corporate citizenship actions in developing countries

Colas was building a road from Djougou to Ndali in the north of Benin, and decided to rebuild the schoolhouse in our village, for free. The former building was very run down, and had actually been built by hand by the villagers themselves. Colas not only provided us with a new building including three classrooms, an office for the headmaster and a store, but the teams come back once a year, right before the kids go back to school after summer break, and check to see that everything is in running order. They have a look at the roof and the paint, and give us school supplies. Once a year, someone from Colas comes in and teaches the children a lesson on the importance of keeping your hands clean. We were very happy to see that a paved road was being built near our village because we know that a better road network will help foster the development of our country. What's more, the fact that our schoolhouse has been rebuilt means that we have had more and more children enrolling since June 2009, and these children can study in better conditions. When they graduate, they can just ride their bikes every day down the Colas road to the next village to go to the middle school and high school, instead of having to board. Now, we and Colas have the same goal in mind: helping our kids succeed!"  

Mangou Orou-gani,  
King of the Village of Gosso, in Benin

Infrastructures cannot be exported. They are built on site using local human resources. These projects are highly exposed to the cost of transporting heavy materials and require very short lead-times, with just a few hours for concrete to set or to apply asphalt. Colas has not established its international presence in order to relocate and cut costs, but rather to find new business development opportunities and balance its exposure to country risk.

Colas has been doing substantial business in Morocco and Madagascar for over fifty years and has also established operations more recently in such countries as South Africa, Benin, Djibouti, Togo and Gabon. In addition to its construction projects, Colas contributes to the economic, social and cultural development and growth of these countries, while helping to protect their environments.

Social: Colas has a progressive policy in terms of pay, training, promotions and employee benefits, etc.

Health: the Group’s efforts to promote health benefit not only employees but also their families and local communities. These efforts include, for example, medical check-ups, health-care centers and campaigns to prevent AIDS, the fight against malaria and other diseases.

Environment: priority is given to protecting biodiversity, combating deforestation and managing waste.

Community development: Colas builds worksite facilities that can be handed over to local authorities, helps supply water and/or ensure its viability throughout construction work, and provides humanitarian relief when fire, floods or other catastrophes strike nearby communities. Colas also sponsors actions to promote healthcare, employment and education that are mainly targeted to serve local needs and in which local personnel are closely involved.

Human rights: Colas has a policy of using and showing respect for local labor and of treating local communities, contractors and suppliers ethically. In doing so, the Group’s employees actively promote human rights in their professional dealings with the rest of society.

Energy and greenhouse gases

The overall business environment is and will continue to be affected by the need to reduce carbon emissions. Aware of the importance of this need, Colas offers a range of low-carbon-cost products and technologies and prepares action plans to enhance the energy efficiency of its business activities.

Overall assessment: Colas has completed the calculation of its consolidated global carbon footprint, pursuant to “scope 3a” of the ISO 14064 standard, which includes internal and upstream emissions. The final figure of 12 million tons of CO₂ equivalent is in line with expectations and its segmentation clearly shows that heavy materials are the main contributor (see chart). Colas spent over 100 man-months on this project in 2009 and 2010. It should be noted however that this sort of global figure has a margin of uncertainty of up to 20%, despite the quality of the assessment work and the fact that the vertical integration of Colas operations facilitated access to much of the upstream data. The main difficulties were the disparity between the emissions factors of the national and international databases used and the complexity of estimating the carbon costs of some contractors and product suppliers. Still this calculation provides an approximation that is necessary and useful in evaluating the amounts of CO₂ emissions the Colas Group avoided in 2010, i.e., 130,000 tons (vs 230,000 in 2009) or 1% of its
total emissions. It also makes it possible to break down the carbon footprint into its main components and thus prepare more effective action plans.

**Measuring instruments:** in order to compute its energy efficiency, Colas must measure its fossil fuel consumption, since electrical consumption only accounts for a small proportion of its energy footprint. While it is fairly straightforward to track the consumption of burners at its 600 mixing plants and asphalt plants, it is much more complicated to accurately monitor the consumption of over 70,000 machines and vehicles across over 800 entities and 1,400 production sites. Colas has therefore fitted 2,000 of its machines and vehicles with energy consumption meters and is talking to equipment suppliers to develop new common standards and transmit and receive data in real time.

**Contribution of employees:** in late 2009, Colas launched a major campaign in France and worldwide to get operators of construction equipment and truck drivers to reduce their fuel consumption by 20%, by adopting eco-driving habits and switching off engines when equipment or vehicles are stationary. This campaign highlights the three advantages of eco-driving, which reduces costs, increases safety and helps preserve the environment. Although emissions are still hard to quantify and the first measurable results are still modest (only 4,000 tons of CO$_2$ avoided), everyone is clearly committed to this effort. It is estimated that the actual gains are probably at least ten times greater than those measured.

**Asphalt mixing plants:** the energy consumption of plant burners, expressed in CO$_2$ equivalent, increased for the first time in 2010, by 3% or 16,000 tons. The causes of this increase are currently being studied. They include a change in the scope of the new international reporting software, unfavorable weather conditions in France and North America, the higher energy cost of recycling more mix, the decrease in business, and erroneous data entries in some countries. The basic trend is still positive however and the transition to natural gas of an increasing number of mix plants should continue to reduce energy consumption over the coming years.

**ENERGY CONTENT OF CUSTOMER OFFERINGS**

**EcologicieL** [Colas] and Eco-Cana [Spac] were the first software tools for selecting low-carbon alternatives for road-construction projects and pipe-laying projects respectively. To enable companies to compare eco-friendly alternatives using uniform criteria, Colas participated in an industry-wide project led by USIRF in France to develop **SEVE®**, an eco-comparing tool that was made available via an extranet in July 2010. This initiative was backed by the French Ministry for the Environment and a charter was signed in March 2009. In late 2009, the French government modified its general procurement terms and conditions to authorize the use of eco-friendly solutions in maintenance and construction work. Public-sector customers no longer think twice about selecting eco-alternatives since they now have an objective tool for comparing and assessing their performance that is available to all. After three months of use in 2010, the eco-alternatives that Colas was thus able to successfully recommend made it possible to avoid the emission of 21,000 tons of CO$_2$, or almost twice as much as in 2009. Of the eco-alternatives proposed, 28% were accepted, vs only 7% in 2009. SEVE® was designed to enable relatively simple translation and database adaptation to different national requirements. Colas and USIRF are therefore currently promoting its use outside of France.

**Neophalte BT®**, **3E®** and **3E®+R warm mix**, **Ecomat®**, etc.: in 2010, the Group’s production of warm mixes and other mixes increased from 2% of total production to over 6%. Subsidiaries are aiming to almost double this figure in 2011 (11% on a consolidated basis). The greatest proportions of these new products will be produced by road construction subsidiaries in the United States and Mayotte, and by SMAC. These products offer the dual advantage of 10% to 30% energy savings and 70% to 90% fume reduction. Despite these advantages, these products are unlikely to entirely replace standard mixes in the near future, given the diversity of existing production facilities, products and customer preferences. Still, a target of over 50% by 2018 is reasonable.

**Vegeroute products** replace petroleum-based components with plant-based material and make it possible to reduce manufacturing and application temperatures and even the amount of material required. This range includes a fluxing agent (Vegeflux®), binders [Vegecol® and Vegeclair®], a hot road-marking product (Ostrea®), an emulsion (Neogreen®) and various mixes, such as Componoc V®. Since these products are “carbon sinks”, they ensure a positive CO$_2$ balance.
Photovoltaic roofing: in 2010, over 112,000 m² of photovoltaic roofing panels were installed (vs 100,000 in 2009), representing a total power capacity of 18.5 MWc (vs 13 MWc in 2009).

Recycling

Recycling is a key factor since Colas is a large producer and user of materials. Although public works is one of the sectors which uses the most heavy materials, the fact that a large proportion of these materials can be recycled means that road-building is a major contributor to recycling.

Recycling platforms

The production of recycled products grew 4% in 2010, while that of Colas quarries and gravel pits once again declined by 4%. Some 9 million tons of waste product (dirt debris, asphalt and mixes, concrete demolition rubble, foundry slag, clinker, etc.) were recycled in 2010 (vs 8.7 million in 2009 and 10.2 in 2008). This is the equivalent of 11% of Colas total production of aggregate, or the output of 32 quarries.

Asphalt mixes

Colas asphalt mixes included an average of 10% RAP (reclaimed asphalt pavement) in 2010, vs 9% in 2009. This represents the recycling of almost 4 million tons of aggregates and some 200,000 tons of bitumen, or the equivalent output of a medium-sized refinery, and the avoidance of 76,000 tons of CO₂ emissions. There are disparities in recycling performance however, from 18% to 21% in Belgium, Switzerland and the United States, to 7.2% in France (5.2% in 2009), where the objective is 10%. Since it is estimated that if all available road demolition materials were recycled, asphalt mixes could contain up to 20 to 25% of RAP, Colas is half way to achieving the theoretical maximum.

In-place recycling

This recycling technology continued to expand in 2010, accounting for over 7.8 million m² of road construction (vs 7.6 million in 2009), mainly in West Africa, North America, central Europe, France, New Caledonia and the United Kingdom. This success was made possible by such proven technologies as Valorcol® and Recycold®.

Chemical hazards

Colas has focused its efforts to reduce chemicals hazards in the following priority areas:

- **Solvents**: the use of the following has been discontinued: solvents in laboratories, solvent-based degreasing “fountains” in workshops, and toluene in road paints;
- **Pigments**: paint pigments that contain heavy metals are no longer used and priority is being given to non-powder formulations;
- **Non-stick products**: plant-based alternative products are being used for mix application instead of fuel-oil;
- **Bituminous fumes**: Colas was one of the first in France and Europe to open up its files and worksites to independent research organizations. International studies are finding no link between lung cancer and exposure to bitumen fumes, and the consensus among scientists is strengthening despite controversy in France. For example, German and Dutch regulations now consider that bitumen and its fumes represent no carcinogenic risk. The new study of the toxicity of bituminous fumes that IARC is to publish in late 2011 should clear up any uncertainties regarding this issue;
- **Resins**: a research project [Greencoat] is being conducted in collaboration with several partners and with the support of the ANR, under the aegis of the sustainable development foundation ChemSud;
- **Waste oils**: the objective is to ensure more eco-friendly disposal and recycling worldwide of used motor oils, which form the bulk of Colas’ hazardous waste. The global waste-oil recovery rate is currently 56% on a consolidated basis. The optimum ratio is estimated at approximately 80%, once stock effects and equipment oil consumption are taken into account.

Dialogue with community institutions

In addition to addressing these strategic and major challenges, Colas continues to closely monitor other issues of social interest.

The road/rail debate

Colas holds significant shares of both the road and rail-road construction markets in France, the UK and many other countries. This enables it to understand the merits of both types of transportation from an objective perspective. Since there are relatively few cases where one mode of transportation tends to replace the other, Colas' objective is to improve the performance of both, through a policy of technological and methodological innovation.

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1. Based on a proportionate consolidation of volumes and not on the Group’s share.
2. Based on the average production of a permanent Colas quarry.
3. The International Agency for Research on Cancer, an agency of the World Health Organization (WHO).
4. The French national research agency.
This policy promotes a balanced approach to the development of public road and rail infrastructure that seeks to maximize the use and efficiency of transportation resources[1].

The total cost of public infrastructure

Colas advocates a more partner-oriented approach that takes into account the total cost of infrastructure and implements innovative public/private sector contracts, such as PPP[2], PF[2], MAC[3] and concessions. An infrastructure designed and built for the long term, regularly maintained, optimizes public investment and reduces the consumption of resources. The following contracts, at various stages of completion or operation, are a good illustration of this approach: the Reims tramway and the A41 and A63 Highways in France, the M6 Motorway in Hungary, road renewal and maintenance for Portsmouth, England, street lighting in Libourne, France, four MAC maintenance contracts in the United Kingdom that cover a third of the national motorway system, five similar CMA[4] contracts in Canada (in Alberta and Red Deer County), and two MAC rail contracts in the UK.

Responsible purchasing

Colas works with over 100,000 suppliers and subcontractors worldwide which can be classified into six main groups: local subcontractors, local materials suppliers, global raw materials suppliers, national and international materials suppliers, national and international service providers and miscellaneous suppliers.

Identification work for each group defines the possible scope of action available and the strategic priorities for responsible purchasing: safety, quality, monitoring the use of illegal immigrant workers, compliance with payment terms and conditions, design and correct use of materials, etc. Colas is currently trying out various supplier-rating systems, even though rating all suppliers would be impossible. A risk assessment is also underway to determine the types of purchases that should have priority.

As regards purchasing from developing countries, the issues relating to relocation is very marginal for Colas due to the nature of the industries involved, but its businesses in these countries respond to these challenges[5].

Community involvement and project support

These actions are essentially local and are managed by Colas companies and their operating units. They mainly involved sponsoring cultural events (90 actions) or sports teams (270) and supporting around a hundred projects of a humanitarian, educational or other community-related nature. This represents total funding of about 2.4 million euros, which is slightly more than in 2009. Outside of France, there were 1,160 actions, totaling 1.1 million euros. This included participation in 480 educational, health or humanitarian initiatives and the sponsorship of 120 cultural events and 300 sporting events.

Actions by the parent company in France include work to restore paths in Versailles park, the purchase of paintings by the Colas Foundation, and a financial contribution to the international dance company Akram Khan. These actions totaled 1.5 million euros.

Colas is also actively involved in the Francis-Bouygues foundation and named 22 employees in 2010 to mentor young scholarship holders.

“Colas has been supporting us since 2008, a true reflection of its commitment to developing new chemistry focused on Sustainable Development. From the outset, Colas has worked hand in hand with us at the ChemSud Chair in our teaching endeavors and scientific mediation in favor of sustainable chemistry. Furthermore, Colas and its subsidiary Re-sipoly have backed our research activities as part of a project with the French National Research Agency. This joint project is what led us to receive the POLLUTEC 2010 Innovative Techniques award for work on new non-toxic biosourced epoxy resins.”

Dr Sylvain Caillol, Director of ChemSud Chair at the École nationale supérieure de chimie in Montpellier

2010 Innovative Techniques Award at Pollutec[1]

(1) The European Environmental Innovation Award highlights public research work, both applied or developed. It is awarded during the Pollutec exhibition by the French National Research Agency.

Encouraging the cross-fertilization of ideas

This policy covers two areas: social sciences, political science, the humanities and economics through the Cercle Colas, which regularly invites academics and prominent personalities to talk on aspects of modern life of their choosing and science, through the Rencontres Scientifiques Colas, in partnership with the magazine, La Recherche, which invites scientists to present their ideas.

[5] See “Corporate citizenship in developing countries.”
In 2010, the Cercle Colas hosted the following speakers:
- Maurice Thévenet, professor at the CNAM and ESSEC: “The pleasure of working”;  
- Christian Saint-Étienne, professor at the CNAM and a member of the French government’s Economic Analysis Council: “The financial crisis and the euro crisis: what is the outlook for the French and the euro-zone economies?”;  
- Christophe Mangelle, journalist and columnist: “Cancer and the corporation”.

The following topics were addressed at the 2010 Rencontres Scientifiques Colas:
- “The carbon balance of forests: scientific and ecological considerations”, by Denis Loustau, research director at INRA and head of the Ephyse research group in Bordeaux, and Valentin Bellassen, project manager at CDC Climat Recherche;  
- “Lateness, friend or foe?” by Thomas Erneux, professor in the Theoretical Non-linear Optics department of the Université libre de Bruxelles, and Vincent Boucher, research project manager in the Vision unit of the Laboratoire des Ponts et Chaussées, in Angers, France.

Lastly, it is worth noting that Colas participated in various competitiveness clusters in France and took part in the work of the scientific committees of various academic and research institutions in France and elsewhere around the world.

**Strategy**

Colas’ strategy for profitable, long-term growth aims to meet the modern world’s need for mobility, urbanization and environmental protection. This strategy is based on the following objectives:

- strengthen and expand the network of operations in France and worldwide, to establish and develop sustainable leadership positions for our traditional business activities in local markets, and spread risk through geographic diversification;

- optimize the integration of industrial processes to secure the procurement of aggregates, bitumen and other vital materials and resources, generate more added value, improve competitiveness and control the quality of materials and products;

- expand our core business – Roads – to include closely related and complementary specialty activities that will enhance our offering to customers, develop synergies and enable us to penetrate future growth markets, such as the railway sector;

- increase development in complex PPP, concession and systems management projects that leverage the full range of Colas expertise in engineering (specifications, design, construction and maintenance) and project finance;

- perform major contracts that are complementary to conventional business, thus enhancing service to customers.

- develop an expanded and innovative offering of products and services capable of meeting sustainable development requirements.

**Strengths**

Colas’ keys strengths are as follows:

- a network of more than 800 work centers and 1,400 materials production sites in over 40 countries worldwide, some of which are more than a century old;

- a group built upon a core business of building and maintaining transport and urban development infrastructures, and roads in particular, including all of their multiple aspects and components;

- a heritage of collective intelligence, values and passion built up over many years, shared by some 70,000 employees, transmitted from generation to generation and enhanced by a dynamic human resources policy;

- innovative technologies developed by a vast international technology network consisting of some 2,000 people who work closely with operating units through the Colas Science and Technology Campus (CST), the first leading private research and development center in the road construction industry, and some fifty research laboratories and around a hundred engineering offices;

- integration of upstream production processes to ensure the procurement and quality of essential materials and supplies, such as aggregates, binders, asphalt mixes, ready-mix concrete, waterproof membranes and road safety equipment;

- a decentralized organization with strong local roots, capable of responding rapidly to market needs via more than 800 works centers and 1,400 materials production sites.

- a capacity to respond to a full range of needs in the field of transport infrastructure (new construction, maintenance, major projects, small local contracts), thanks to the Group’s extensive network in local markets and its ability to leverage its global expertise and resources.
Outlook

As of December 31, 2010, the Group’s work-on-hand totaled 6.1 billion euros, down a slight 2% compared to the end of December 2009. However, the portion of work to be completed in 2011 (excluding central Europe) is 3% higher than in 2010, thus providing a sound foundation for the start of the year, despite significant disparities between geographic regions. In mainland France, there was practically no change in overall work-on-hand compared to the end of December 2010. Trends in many of the markets where Colas operates are still difficult to anticipate.

Business for the Roads sector should remain strained in France, even though no substantial decline in volume is expected, thanks to strong-willed local authorities, tramway contracts, major projects and a budding recovery in private investment. The outlook for the Railway sector remains favorable. Markets should stay upbeat in North America, not only in Canada but also in the United States, where the Group’s subsidiaries enjoy strong positions in the road and highway maintenance sector, which is expected to receive priority government funding. Although the central European subsidiaries are likely to have another difficult year, the actions undertaken in 2010 should lead to a significant cut in losses in 2011, with the aim of putting these operations back on track in 2012. The market in northern Europe is expected to weaken, due to British and Irish austerity measures. Business elsewhere in the world may very well be stable, with the exception of Asia, where the Group expects its growth trend to continue.

On the basis of all available information, the Group’s initial revenue forecast for 2011 is 11.8 billion euros.

2011 got off to a start with Colas securing the concession for a section of Highway A63 in southwest France, illustrating the Group’s technical, legal and financial capacity to successfully bid on complex projects (concessions, public-private partnerships, private finance initiatives, and long-term maintenance contracts).

Transport infrastructure maintenance needs remain high both in France and elsewhere around the world. Infrastructure maintenance, key to economic growth, has always been the Group’s historical core business and is likely to be prioritized by government authorities in the current climate. Although Colas will remain cautious with respect to investment, the Group is committed to safeguarding the competitiveness of its industrial facilities and a number of acquisition opportunities are currently under consideration. Responsible development targets to save energy, reduce CO₂ emissions and enhance safety and diversity will also be pursued. The strategies developed by Colas, in particular its resolute decision to favor profitability over volume, and the measures undertaken to streamline operations, especially in central Europe, are expected to improve profitability in 2011.
FRANCE

Resurfacing the esplanade around the Apollo Fountain in the gardens of Versailles Castle.
The year in review
**FRANCE**
Building Highway A75 between Pézenas and Béziers, using Environmentally-friendly Energy-Efficient warm mix.

**UNITED STATES**
Renovating a bridge in Port Royal, Pennsylvania.
FRANCE
Installing guardrails as part of a widening project on Route RN 205 between Les Houches and Chamonix.

MOROCCO
Building a road to Route RN 1 in Bir Guendouz in the Sahara desert.
FRANCE
Redesigning the Halles square in Cholet in western France.

REUNION ISLAND
Construction of the Oiseau de Paradis-Papyrus housing complex in Saint-Gilles.
FRANCE

Roofing the Tour Sequana office building with photovoltaic louvers in Issy-les-Moulineaux, near Paris.
FRENCH GUIANA

Building a road linking Saint-Georges to the future Oyapock bridge at the border with Brazil.
FRANCE

SRD, the Société de la Raffinerie de Dunkerque bitumen production facility, acquired at the end of June 2010, with an annual output of 300,000 tons of bitumen.

CANADA

Building the Saint-Constant interchange in Quebec.
FRANCE
Surfacing the deck on the Confluences bridge in Angers.
FRANCE

Renovating the Fontenay-le-Comte auto racing track in western France.
- **TOGO**
  Renovating the road to Aflao in Lomé.

- **FRANCE**
  Refurbishing railway track between Saint-Christophe-Vallon and Decazeville in southern France.
FRANCE
Refurbishing a section of Highway A85 near Romorantin-Lanthenay in central France.

REUNION ISLAND
Installing photovoltaic panels on the roof of a shopping mall in Saint-Benoît.
Renewing the railway between Rennes and Nantes, replacing ballast, track and crossties, using the "Fast Track Renewal" system.
Refurbishing a section of Highway A 12 between Bulle and Semsales.
FRANCE
Demolishing the Les Tertres housing project in Bagneux, near Paris.
FRANCE

Renovating urban heating network in the north of Paris.
TOGO
Building a water tower in the port of Lomé.

FRANCE
Building a bike path along the rocky coastline in Château-d’Olonne, on the west coast of France.
FRANCE
Building a parking area near the Mont-Saint-Michel.

BELGIUM
The Feluy asphalt plant able to incorporate up to 50% reclaimed asphalt pavement (RAP).
MADAGASCAR
Building a crossing and access roads as part of the Ambatovy mining project.

HUNGARY
Refurbishing Fővám square in Budapest.
MAURITIUS ISLAND
Building a highway to bypass Port-Louis.

GREAT BRITAIN
Signing and signaling for the New Tyne Crossing tunnel construction project in Newcastle.
AUSTRALIA
Bitumen depot in the port of Brisbane.

FRANCE
Installing pipeline between Génélard and Viré, in central France.
Hervé LE BOUC
Chairman, CEO

Thierry MONTOUCHÉ
Director, General Secretary

Philippe TOURNIER
Human Resources

Jean-Yves BIGNON
Risk and Insurance

Philippe BRISSONNEAU
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Director, Managing Director, Specialized Activities and Northern Europe

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* As of April 2011.
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