



Reference Document  
Annual Financial Report



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*The English language version of this report is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original.*

*However, in all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation.*

## BOARD OF DIRECTORS

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**KPMG S.A.**

represented by Frédéric QUÉLIN

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED FINANCIAL STATEMENTS

<i>in millions of euros</i>	<b>2004 (1)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>REVENUES</b>	<b>6,235</b>	<b>6,954</b>	<b>7,700</b>	<b>8,703</b>
OPERATING EXPENSES	6,259	6,729	7,253	8,063
<b>OPERATING MARGIN</b>	(24)	225	447	640
% of revenues	(0.4%)	3.2%	5.8%	7.4%
<b>OPERATING PROFIT/(LOSS)</b>	(281)	214	334	493
% of revenues	(4.5%)	3.1%	4.3%	5.7%
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>(534)</b>	<b>141</b>	<b>293</b>	<b>440</b>
% of revenues	(8.6%)	2.0%	3.8%	5.1%
<b>EARNINGS/(LOSS) PER SHARE</b>				
Number of shares at December 31	131,383,178	131,581,978	144,081,808	145,425,510
Earnings/(loss) per share at December 31 (in euro)	(4.07)	1.07	2.03	3.03
<b>NET CASH AND CASH EQUIVALENTS AT DECEMBER 31</b>	<b>285</b>	<b>904</b>	<b>1,632</b>	<b>889</b>
<b>AVERAGE NUMBER OF EMPLOYEES</b>	<b>57,387</b>	<b>59,734</b>	<b>64,013</b>	<b>79,213</b>
<b>NUMBER OF EMPLOYEES AT DECEMBER 31</b>	<b>59,324</b>	<b>61,036</b>	<b>67,889</b>	<b>83,508</b>

(1) Restated in accordance with IFRS.

# THE CAPGEMINI GROUP

## I – COMPANY HISTORY

Founded by Serge Kampf in Grenoble in 1967, Capgemini has grown to become one of the world's leading consulting and information technology service companies by driving a strategy of development and diversification that has combined both internal and external growth.

The Group has progressively extended its activities in Europe, in particular with the acquisition of Programator in Scandinavia, Hoskyns in the United Kingdom (1990), and Volmac in the Netherlands (1992).

At the same time, Capgemini has developed its management consulting activities with the acquisition of two American companies, United Research and Mac Group, in the early 90s, the German company, Gruber Titze & Partners, in 1993, followed by the French firm Bossard in 1997.

More recently, the acquisition of Ernst & Young Consulting (2000) strengthened the Group's global profile, significantly increasing its presence in North America and in a certain number of European countries.

The years 2001, 2002, 2003 and 2004 proved to be particularly difficult for the IT service sector and it became necessary to rebalance Capgemini's portfolio of activities in favor of two of its disciplines - local IT services and outsourcing.

The acquisition of Transiciel, at the end of 2003, enabled Capgemini to double the size of Sogeti, an entity formed in 2001 in the local professional services domain, and which contributed 16.2% to Group revenues in 2007. In the area of outsourcing, from 2004/2005 onwards, the Group reaped the rewards from the efforts undertaken to establish its presence both in Europe and in North America by winning a number of major contracts (HMRC, TXU, Schneider Electric).

In addition, Capgemini became the first European company to take the offshore route. Capgemini chose to set itself apart from its major rivals by proposing an "à la carte" system for the provision of its services. The system is modulated according to the requirements, the project envisaged and the specific culture of the particular client. This is the idea behind *Rightshore*<sup>TM</sup>.

The Group's profile has therefore changed significantly in a few years, demonstrating an ability to respond to the new challenges arising in the IT services and consulting industries. The 2006 results had evidenced growth and profitability trends for the Group as seen in the dynamism of its disciplines, strengthened by its sector

expertise. The audited results of 2007 show net profit of 440 million euros and revenues of 8.7 billion euros, thus up by 13% compared with 2006 at constant scope and exchange rates. Moreover, the successful integration of Kanbay and Software Architects clearly demonstrate the reality of the Group's acquisition policy.

## II – THE CAPGEMINI DISCIPLINES

### A - One mission, four disciplines

Present in thirty-two countries and with a workforce of 83,508 the Capgemini mission is to help its clients to transform in order to improve their performance. For this purpose, an integrated service offering, comprised of sector expertise and specific disciplines, is proposed to them accordingly.

The four Capgemini disciplines are:

- **Consulting Services (CS):** helping our clients to identify, structure and execute their transformation projects, for a long-lasting impact on their growth and competitive edge.
- **Technology Services (TS or Integration):** formulating, developing and implementing all kinds of technical projects, from the very smallest to the very largest.
- **Outsourcing Services (OS):** assisting our clients in complete or partial outsourcing of their information technology systems and other closely-related activities.
- **Local Professional Services (Sogeti or LPS):** offering a range of information technology services adapted to local needs in terms of infrastructure, applications and engineering.

The Group generated revenues of 8.7 billion euros, in 2007, and offers a wide range of integrated services, organized around its four disciplines and sector expertise.

Each of the four business lines, comprising the Group's service offering, exists as an autonomous unit with its own objectives, business models and recruitment processes. By combining the expertise of these units, integrated transformation services can be offered to our clients. Hence, the Group's key strength lies in knowing how to interlink its multiple skills in order to respond to projects requiring a crosswise approach, thereby satisfying the needs of clients seeking commitment to the achievement of measurable, sustainable results.

Capgemini is independent from any software publisher or hardware manufacturer. In an effort to provide our clients with the best products and know-how, the Group has formed a network of strategic alliances and partnerships. This enables us to freely and knowingly select and deliver reliable solutions, precisely tailored to each and every client's needs. Capgemini is also able to deliver services in the location which best serves the interests of its clients

– in terms of quality, cost and access to the best expertise –.

Dubbed *Rightshore*<sup>TM</sup>, this approach improves productivity and gives added value to services. Lastly, Capgemini relationships are built on solid foundations of collaboration. The Collaborative Business Experience (CBE) is the Group trademark. And the way in which results are achieved count just as much as the results themselves, because client satisfaction is the number one criteria in measuring success.

A fast-evolving market has driven the Group to set up an ambitious and demanding program for its transformation, development and conquest called I<sup>3</sup>. Launched at the end of 2006, the I<sup>3</sup> program aims to support the Group's evolution towards seamless delivery models and has been organized under three headings: Industrialization, Innovation and Intimacy.

#### Mission and vision of the Capgemini Group

- **Our mission:** Enabling Transformation. Capgemini enables its clients to transform and perform through technologies.
- **Our vision:** Enabling Freedom. Capgemini will lead the way by providing clients with insights and capabilities that boost their freedom to achieve superior results.

## B - Consulting Services

The acceleration in growth recorded for 2007 was underpinned by an organization focused on a few key sectors, in addition to the service excellence and worldwide presence of its consultants.

**Background.** «2007 was the best year in the decade for consulting services», according to the experts from French research firm Pierre Audoin Consultants (PAC). An extremely favorable economic climate in 2007 encouraged companies to develop global-scale strategies, to undertake acquisitions, and to rethink and restructure their core processes. This has led to a sustained demand for consulting services in the areas of business strategy, organization and transformation. Likewise, an abundance of transformation programs has been implemented for public services in Europe. Both public and private organizations now require multi-disciplinary teams, comprised of the top experts in each field, and previous international experience is particularly appreciated. «In exchange, clients are prepared to accept higher rates and to expand the scope of their contracts», note the PAC consultants.

**Taking stock of 2007.** «The general sales trend, particularly in the second half of the year, was very positive», according to Antonio Schnieder, Director, in charge of Group Global Coordination Consulting. «We were particularly successful in the business transformation segment thanks to the roll-out of our Transformation Consulting 21 program». In general,

the scale of Consulting contracts increased in 2007, compared with 2006, and involved more consultants from a variety of backgrounds, both geographically and in terms of Group disciplines. For clients in telecommunications, for example, 54% of Capgemini's consultants performed assignments outside their home countries. Likewise, French savings bank Caisse d'Epargne engaged a cross-disciplinary team to deliver both Consulting and Technology services for the transformation of its IT systems, a project amounting to 60 million. The drive towards industrialization within the framework of the i3 program is also present in the Consulting discipline, as demonstrated by the creation of a powerful center in India to provide research and to analyze the appropriate market data in order to gain business insight.

**Prospects for 2008.** «Our main priority is to step up the development of the strategic consulting business. Indeed, it is essential for Capgemini to be at the source of the decision-making process in order to grasp fully and to anticipate those organizational changes that will influence a client's IT systems in the future», explains Antonio Schnieder.

## C - Technology Services

The performance of Technology Services (TS or Integration) is built upon its three assets: industrialization capacity, strength of innovation and the mobilization of its resources for major contracts.

**Background.** In a buoyant economic environment, 2007 was characterized by three major trends. First of all, many transformation projects requiring innovation were launched. These relate, in particular, to the European Union's SEPA program for the harmonization of payments in Europe; the implementation of quadruple play services in telecommunications; and the continuing modernization programs for public administration. Secondly, in industry, the demand for integrated SAP and Oracle management software remained very high. Lastly, the industrialization of services and recourse to offshore are now considered favorably by the market.

**Taking stock of 2007.** «We recorded 11% growth in our revenues, in 2007, and our operating margin was 8.9%, compared with 7.5% in 2006», announced Philippe Donche-Gay, in charge of Technical Services Global Coordination. This performance can be explained by three principal factors: the winning of major contracts in this discipline, project input from the other Group disciplines and the increasing recourse to *Rightshore*<sup>TM</sup>. The two-year overhaul of the IT system of the US telecoms operator, FairPoint, is a typical example of a contract containing each of these three factors. This contract, in excess of 100 million euros and generated by the Consulting sector, mobilizes 500 employees, 350 of whom are in India.



Capgemini also launched in 2007 a major exercise designed to identify and select potentially lucrative markets, such as business information management, in which the Group envisages attaining annual growth of approximately 30% in the next few years. Skills management remains another key preoccupation, with an emphasis on systems architecture expertise – a highly valuable market commodity – and on the management of large-scale projects.

**Prospects for 2008.** *«Despite an uncertain economic outlook, we have seen no lessening in demand as 2007 came to an end»,* observes Philippe Donche-Gay. Systematic recourse to *Rightshore*<sup>TM</sup> in project production, leadership in the business information management segment and signing some major contracts are the main items on the road map for 2008.

## D - Local Professional Services

The relevancy of Sogeti's service offering and its policy of targeting large alliances, combined with the development of offshore in India, underlie its exceptional 2007 results.

**Background.** In a generally favorable economic climate, all companies are faced with the daily challenge of striving for excellence in production, logistics and customer relations and in building and operating their IT systems accordingly. The already fierce competition between Western corporations has now spread into a global arena where newcomers, from the emerging countries, are causing price squeezes. *«Widespread low prices are pressuring operating expenditure considerably, and IT expenditure in particular»,* notes Luc-François Salvador, Sogeti's CEO. *«IT managers have to take these cost issues into account since they have to produce the same results, year after year, but on a lower budget».*

**Taking stock of 2007.** *«Although 2006 was an excellent year, 2007 could be dubbed 'exceptional',* continues Luc-François Salvador. *«Once again, we posted double-digit growth in revenues and profitability and this statement is valid for all the Sogeti entities. A special mention goes to the United States, however, for its successful integration of Software Architects, and to Scandinavia and the Netherlands».*

Key to this performance was the success of application testing, with its revenues up by over 40%. Now one of the top-ranking companies in this activity, Sogeti has established a center in India where 500 employees work mainly on application testing. The firm's growth also springs from its close technology alliances with Microsoft and IBM, enabling it to provide a comprehensive range of high-performance tools for upgrading IT systems. The Total Group was convinced by Sogeti's proposal and has signed a contract to reconfigure its workstations.

**Prospects for 2008.** In order to pursue this growth trend and to improve profitability even further, Sogeti is banking, in particular, on

the doubling of its workforce in India according to the orientations set out in the i3 transformation program. *«We would like to invest in a big way in high-tech consulting too, with the aim of having 250 engineers in India by the end of 2008»,* concludes Luc-François Salvador. *«The huge added value of this business line strengthens our global technology positioning as far as our clients are concerned».*

## E - Outsourcing Services

Europe was the growth driver in this discipline in 2007. The rationalization drive finally bore fruit so that contracts were expanded at a record-breaking rate.

**Background.** The worldwide outsourcing market has maintained its growth - 195 billion in 2007 excluding BPO - albeit slightly below 2006 according to the French firm Pierre Audoin Consultants (PAC). Outsourcing is still the top IT services segment in terms of volume but the playing field has changed considerably in terms of types of services and forms of contracts. Companies capitalize on periods of growth in order to quicken their transformation and, to support these changes, outsourcing contracts often include both consulting and technology services. Moreover, clients are now looking for smaller-scale, five-year commitments rather than the once-traditional ten-year deals, so that the trend towards multi-sourcing is growing. *«We have observed that, when trust is firmly established between client and service provider, there is a tendency for tacit renewal»,* state the PAC analysts.

**Taking stock of 2007.** *«It was a good year since we met or exceeded our budgetary objectives in terms of orders, revenue, margin and headcount, and we have concluded our Margin Acceleration Program some twelve months ahead of schedule»,* explains Paul Spence, Director of the Group's Outsourcing Services (OS).

In order to meet these targets, Capgemini pursued the industrialization of its outsourcing activities under its i3 transformation program. The Group has also increased its delivery capabilities in India, Poland and China by near to 2 000 extra employees i.e. approximately 10% of the resources dedicated to this discipline. In addition, the organizational structure was reinforced around the accounts considered to be strategic in order to better understand, anticipate and respond to client needs. This has led to some major new contracts being signed in the United Kingdom and in the Netherlands. Capgemini also concluded some 20 contract extensions with major private and public organizations in the United States and Europe. *«These deals, which have reached unprecedented heights since the launch of outsourcing in 2001, create a virtuous circle of confidence for even further success»,* says Paul Spence.

**Prospects for 2008.** *«Overall, we intend to continue improving our operating margins in all our service lines in order to increase the aggregate*

margin for the discipline», adds Paul Spence. The priority in 2008 is to develop our mid-tier contracts.

### III – THE CAPGEMINI SECTORS

#### A - The Public Sector

Tax and public security took primacy as growth drivers for the Public Sector in 2007. Client proximity and combined disciplines played a key role in this regard.

**Background.** Tax continued to spur demand while public security is beginning to flourish. Improvements in tax collection and the fight against tax fraud are still major issues in the West and are becoming so in Asia. China, for example, has set up its first transformation program, amounting to one billion euros. In the area of public security, reinforcement of border and domestic controls, with the implementation of biometric identity checks, are spawning large new projects.

**Taking stock of 2007.** *«I am pleased with the close collaboration that we have developed with our clients and the contacts made with our prospects»,* explains Stanislas Cozon, Capgemini's Director for the Public Sector. *«There are two good examples of this client proximity. One is the British tax and customs authorities (HMRC), which has signed an outsourcing contract extension leading up to 2017. The other is the four-year framework agreement – potentially for 100 million - signed with the Swedish tax authorities, after two years of close contact and support to the client in formulating its requirements. This is excellent proof of the know-how we have acquired through our work».* The e-Borders contract was also signed on a basis of this proximity with client administrations. The consulting engagement - obtained with the Raytheon consortium - consisted in defining the systems architecture and processes for extended border control in the United Kingdom. Also in the UK, a 230 million contract was signed with the public organization in charge of further education, thereby mobilizing Consulting, Technology and Outsourcing resources. In the United States, Group teams have strengthened their positions at the Homeland Security department. In China, a consulting assignment has been obtained for the e-government of Shanghai's town hall. *«Demand for consulting and management services is on the upswing in the Chinese market as a whole»,* remarks Stanislas Cozon.

**Prospects for 2008.** The transformations that have occurred in the fast changing field of public procurement and its current successes may well mean that Capgemini acquires worldwide leadership in the tax field and becomes a key public security player in Europe. With this prospect in view, delivery of projects in India should increase due to the implementation of the I<sup>3</sup> program, in particular. Finally, as Stanislas Cozon concludes: *«To help our development*

*in the large cities, we are going to launch the Global City Leaders Forum next September, in Beijing, in order to encourage innovation and exchange».*

#### B - Energy & Utilities & Chemicals Sector

Capgemini boosted its worldwide leadership in the sector, won its first contracts in China and brought into play some innovative offers in oil, gas and utilities.

**Background.** Worldwide economic growth, driven by India and China, and the colossal energy needs of these two countries have caused a sharp and lasting hike in oil and gas prices. Furthermore, the tense geopolitical context and the scarcity of conventional oil constitute a threat in terms of overall energy supply. Against this backdrop, nuclear energy came back into the limelight with 30 power stations being built all over the world, and 290 others planned. Also, as recently observed in the latest issue of the Capgemini European Energy Markets Observatory, the liberalization of gas and electricity in the European Union on 1 July 2007 has not yet produced the competitive impetus expected.

**Taking stock of 2007.** *«This financial year was marked by over 25% sales growth»,* says Colette Lewiner, Group Director of Energy, Utilities & Chemicals. *«These excellent results are the result of project successes in all our disciplines in Europe and in North America, our strengthened positions with our major clients, a significant breakthrough in China and the deployment of new Utilities solutions. In addition, our leadership in oil services has been consolidated with a large number of contracts in the United States, the United Kingdom and Norway».* In China, the major nuclear (CGNPG) and oil (CNPC and CNOOC) players have called upon Capgemini to implement BPR (Business Process Reengineering) and integrated software packages. In North America, the smart meter offering was selected by two electricity companies, the Canadian Hydro One and the Californian, Sempra. In Europe, a large company signed up for an E-tailer project for more cost-effective client relations. Also, several large oil companies have been attracted by the Integrated Oil Field Operations. This performance, encouraged by the implementation of the I<sup>3</sup> transformation program, has elevated Capgemini to prime position on the worldwide Utilities consulting market, according to US research firm Gartner.

**Prospects for 2008.** Capgemini will continue to develop its delivery center in India, with particular emphasis on the SAP for Utilities software package, and to produce tailor-made offers with the aim of strengthening its leadership. The Group will open an Excellence Center for the nuclear field. Consulting and project business should be fortified by the ongoing liberalization of the European Utilities market.



## C - Financial Services Sector

Despite the crisis in the banking sector, the Group's new Financial Services entity, formed through the integration of Kanbay International, has been able to capitalize on dynamic markets.

**Background.** The brewing subprime mortgage crisis in the United States finally erupted at the close of the year, causing an earthquake in the banking sector all over the world. The consequent negative results announced by a large number of mainly American banks «*nevertheless had little impact on major IT expenditure*», concluded consultants from the French research firm Pierre Audoin Consultants (PAC). «The banking sector was even one of the top investors in IT systems». Obviously, some items of expenditure are incompressible regardless of the economic climate. These include IT and organizational compliance with regulations such as the SEPA, the MiFID or Basel II. The same is true of the rationalization of bank IT platforms and the emergence of new delivery models based on Rightshore™ services. «*The current tectonic movements could accelerate with the subprime crisis*», say PAC analysts.

**Taking stock of 2007.** The most significant event in 2007 for this sector was its reinforcement due to the creation, in April, of Capgemini's new global and integrated Financial Services organization. «*The efficiencies of the newly-augmented financial services were evident in the second half year since our revenues and profit margin have outstripped all the forecasts*», states Raymond Spencer, Group Director of Financial Services. More than thirty new clients in North America and in the United Kingdom have placed their trust in Capgemini's new Financial Services. The insurance segment posted growth in excess of 20%. In addition, several large contracts were signed with banks located in Continental Europe and past clients of Capgemini, using ex-Kanbay Rightshore™ services in India. Conversely, consulting assignments have been won with past clients of Kanbay. «*Each individual organization could not have sold these services separately*», asserts Raymond Spencer. «In this case, 'seamless service' takes on its full meaning».

**Prospects for 2008.** Retail banking, finance and insurance, which are the prime IT markets, are all weathering the stormy environment early in 2008. Demand for cost management and, more especially, risk management systems are particularly in demand in the finance segment.

## D – Manufacturing, Retail & Distribution Sector

Buoyant worldwide consumption helped sustain the activity of this sector in 2007, driven as it was by a keen demand for innovation and industrialization.

**Background.** Buoyed by growing demand in the emerging markets and relatively stable demand in the West, manufacturers and consumers remained robust purchasers of raw materials, goods and services. In this favorable context for consumption, new Internet developments (Web 2.0, 3D display, etc.), offering greater interaction with the end client, generated sustained demand in the sector for innovative projects. The entire chain of operations, from design to payment and delivery, is indeed undergoing a profound transmutation. This has forced the protagonists in industry and in distribution to work in closer collaboration in order to propose more personalized products and services to the consumer. For example, certain car manufacturers can even offer clients the possibility of configuring their new car online.

**Taking stock of 2007.** The Manufacturing, Retail and Distribution sector saw its activity grow 9% compared to 2006, thus reaching 2.3 billion euros. The high demand for integrated management software along with Capgemini's acknowledged expertise account in no small measure for these excellent results. For example, the Dutch supermarket chain, Ahold, awarded the Group a major project combining Consulting and Technical Services for the optimization of its supply chain. Contracts of a similar nature were signed with the German manufacturer, Daimler, and the Dutch group, Philips. Successes with this type of client are built upon the capacity of Capgemini to mobilize international teams. «*We have stepped up our production capacity in India and China to better serve these major clients and we are continuing along this path*», says Bernard Helders, Group Director of Manufacturing, Retail and Distribution. Capgemini's innovation capabilities also play a decisive role. Companies that are looking to place the consumer at the heart of their strategy, in particular through micromarketing initiatives, are always on the look-out for innovative solutions. These solutions are based on technologies that are mature, such as customer relations management, or else emergent, such as RFID, Global Data Synchronization, Near Field Communication or Advanced Planning and Scheduling.

**Prospects for 2008.** The implementation of the P<sup>3</sup> transformation program will allow Capgemini to propose ever more innovative solutions accompanied by a high degree of industrialization in project delivery. These positive contributions from the Group should encourage clients to continue investing in their IT systems.

## E - Telecommunications, Media & Entertainment Sector

The convergence phenomenon continues to generate strong demand for consulting and IT services. Capgemini offers its clients its all-round expertise to meet their complex and constantly-evolving requirements.

**Background.** The telecommunications market sustained tectonic movements in three stratae. First of all, the Western market has reached such a state of maturity that telecom operators have had to find new growth opportunities. A prime example is the 11.1 million buyout, by British group Vodafone, of its Indian counterpart Hutchison Essar that led India to become its principal market. Secondly, major Internet players have decided to invest in the mobile phone market. Examples of this are the open-source mobile phone software developed by Google, which has now applied for a license to operate in the US, and the iPhone terminal launched by Apple on the basis of an unprecedented business model: the hardware company charges a share of the subscriber's bill to the operator. Thirdly, ongoing consolidation of land and mobile phone operators has been highlighted by the recent takeovers of Swedish company Tele2 by Vodafone and of French company Neuf Cegetel by SFR.

**Taking stock of 2007.** *«Capgemini's order books are filling up twice as fast as the overall market average. Movements in the sector have generated client needs in three areas: consulting services, to define strategies and build business models and organizations; technology services, to adjust the IT systems to the new forces at play in each discipline and launch innovative services; and outsourcing services, to become cost-effective and simplify the business processes. The P program has helped us respond to these needs efficiently»*, to quote Greg Jacobsen, Group Director of Telecommunications, Media & Entertainment (TME). Furthermore, the growing convergence of telecommunications and the media means that many consulting assignments have been performed for large players such as ITV. In addition, Capgemini rediscovered a previous growth driver in the rationalization of invoicing systems. The idea is to decrease operating costs while increasing flexibility in order to launch new services quickly. SFR and the Australian firm Telstra are examples of contracts won in this field. For Outsourcing, telecom operators, and the newcomers in particular, are ready to make the break.

**Prospects for 2008.** *«Convergence has had a positive effect on the market, which should sustain and accelerate our growth»*, according to Greg Jacobsen. In order to capture further opportunities in this sector, Capgemini has established a dedicated organization, consisting of 1 000 people, which should double in size in 2008. This structure will supply tailor-made outsourcing offers and services to clients in North America, Europe and Asia.

## IV – THE IT SERVICES MARKET AND COMPETITION

This summary was drafted on the basis of a meeting with Mr. Jean-François Perret, Chairman of the Management Board of the research firm Pierre Audoin Consultants (PAC) and Mr. Frédéric

Giron, Senior Consultant. The text below has been validated by the above.

### A - Economic background - Market size and status

A dynamic world economy in 2007 spurred companies on to conquer new markets while still focusing their efforts on productivity. With this twofold purpose, companies have stepped up their investments in IT systems, with the accent on innovation. «2007 was marked by a surge of interest in innovative technology solutions, and this applies to almost all business sectors,» says Jean-François Perret, Chairman of the Management Board at Pierre Audoin Consultants (PAC).

In consulting services, the year has: «undoubtedly been the best in the last decade,» according to Jean-François Perret, and it has also seen encouraging growth in systems integration. The development of outsourcing, the largest market segment, slowed down overall in contract value in 2007 but: «this market has tremendous potential ahead, especially in Continental Europe,» according to the PAC analysts.

The financial crisis did not bear significant impact on IT investments in 2007. However, the freeze occurring in the last two months of 2007 in the banking sector, which affected certain projects in specific segments such as investment or merchant banking, should be highlighted. Although 2008 is off to a rather uncertain start in terms of the general context, the order books for the service sector -at end 2007/early 2008- certainly do not reflect any downturn in business. Unlike the 2001 crisis, where corporate investments were merely technology-related, they are now process-related (production, purchasing, customer relations, etc.) instead. *«For all these reasons, a steep decline in IT expenditure seems highly improbable despite the likelihood of a slow-down in certain specific segments,»* concludes Jean-François Perret.

### B - Competition

#### 1) Worldwide ranking

Capgemini is well established amongst the leading players in the global IT Services market, competing alongside IBM, EDS and Accenture, the top 3 companies in this space. According to PAC the emergence of Indian Pure Players is also worth noting, *«in 2007 we have seen strong growth amongst the Indian players and expect the Tier 1 companies to be challenging for a Top 10 spot by 2010»*.

Lastly, the same analysts observed very few large acquisitions in 2007. The most significant move, in terms of volume, concerned US company CSC with its buy-out of the Indian Covansys, including a workforce of 8 000 employees. With the «talent war» raging, the major players prefer to invest in human resources in India.

The other large-scale move was the takeover of the US company

First Data by American investment fund KKR. Funds of this kind, which operate according to a purely financial logic and hold huge resources, have also invested in Europe. Acquisitions by the other players, which include Capgemini, were more closely targeted.

On the other hand, some mega consolidations have occurred in the closely-related software sector, and these companies traditionally work hand-in-hand with IT companies. Such consolidations could, in the long term, affect software company and service-provider relations by encouraging partnerships between the principal players.

## **2) Focus on the European market**

According to PAC, average growth of IT services in Western Europe was 6% to 7% in 2007 with no significant variances between countries. Demand for IT investments was sustained, not only by a favorable economic climate but also by a number of programs to modernize state and local government, the opening up of competition in sectors such as energy, rail transport, postal services, and harmonization projects such as SEPA (the Single Euro Payments Area). In this context, the architecture of IT systems and the urgent need to match up these systems to the actual needs of businesses are issues of concern to all those involved. This has generated strong demand for management consulting and technology services. The French IT market, with its 6% growth, reflects these trends strongly, where consulting, fixed fee projects, third-party application maintenance and outsourcing have been the most buoyant segments.

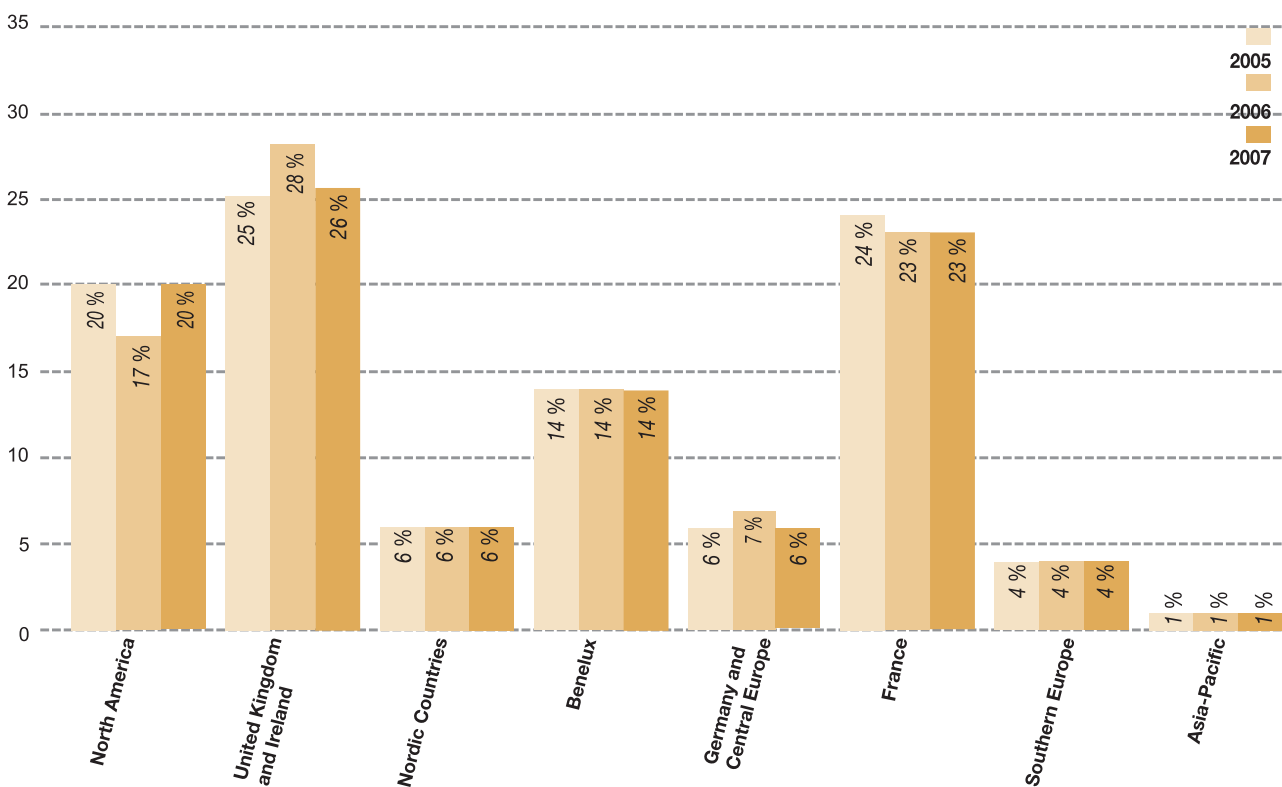
2007 saw the continuing dominance of US players like IBM and Europeans with Capgemini at the forefront. However, according to Jean-Francois Perret two strong themes have emerged in the European IT Service market in 2007: Firstly, although not yet ranked amongst the leaders, the Indian Pure Players have expanded their footprint from the UK to Continental Europe and are now regularly competing head to head with traditional IT services providers; Secondly, with the growing acceptance of global sourcing models, competition is increasing between offshore locations like India (with strong cost advantage) and near shore locations like Morocco and Eastern Europe (with stronger cultural affinity with leading European countries like France and Germany).

For 2008, these same experts do not foresee large waves of consolidation in the European market. Valuations of IT service companies are at a low, and this does nothing to encourage their sale. As for potential buyers, investment funds may well become more wary now in light of the current financial crisis. Perhaps the telecom sector will be the next source of announcements, in the wake of the two recent acquisitions by BT.

## V – GEOGRAPHIC ORGANIZATION AND MAIN GROUP SUBSIDIARIES

The Group is established in some thirty countries, with a strong presence in the United Kingdom (accounting for 26% of revenues in 2007), in France (the Group's historical market, generating 23% of revenues in 2007), North America (20%), and Benelux (14%). These areas together account for 80% of overall revenues.

The Group performs its business activities through 132 consolidated subsidiaries as listed in Note 30 ("List of the main consolidated companies by country") to the consolidated financial statements at December 31, 2007. These subsidiaries are located in eight geographic areas, whose relative contributions to Group consolidated revenues in 2005, 2006 and 2007 are illustrated in the diagram set out below.



In addition to these operating subsidiaries, Cap Gemini S.A. also holds 100% of the capital of three other entities:

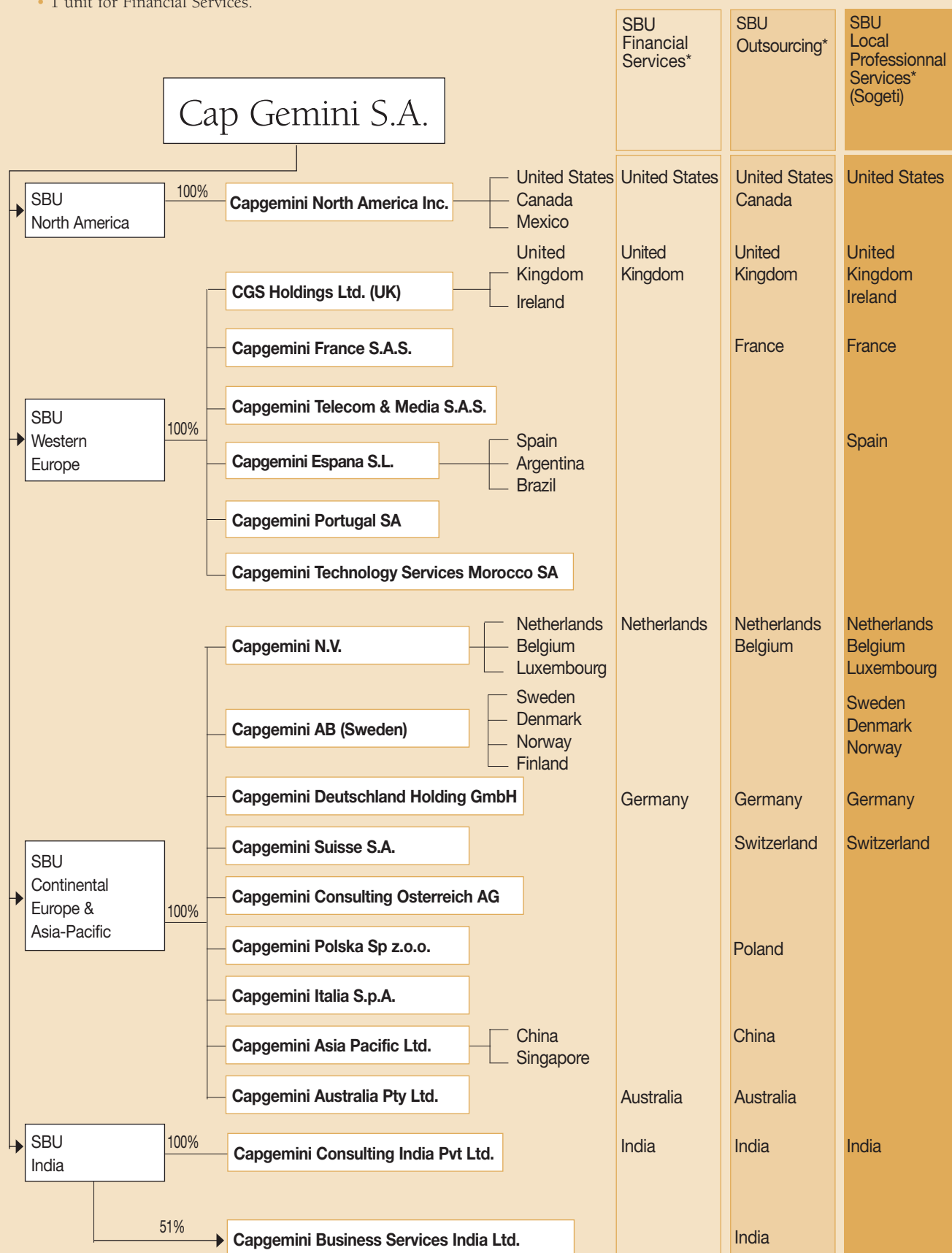
- one non-trading real estate company which owns the premises of the registered offices in the Place de l'Etoile in Paris;
- a limited liability company providing the premises, via a real estate leasing contract, for the Group's University, an international training center located in Gouvieux, 40 km (25 miles) north of Paris, which opened at the beginning of 2003;
- an intragroup service company named Capgemini Service S.A.S.

The parent company, Cap Gemini S.A., defines the strategic objectives for the Group via its Board of Directors, and ensures their implementation. In its role as a shareholder, Cap Gemini S.A. contributes, in particular, to the financing of its subsidiaries, either in the form of equity or loans, or by providing security and guarantees. Finally, it allows its subsidiaries to use the trademarks and methodologies that it owns, notably "Deliver", and receives royalties in this respect.

## Simplified organization chart for the Group

The Group is composed of seven main operating units (Strategic Business Units, or SBUs):

- 4 geographical units : North America, Western Europe, Continental Europe & Asia-Pacific (India excluded) and India.
- 2 units for specific disciplines : Outsourcing and Local Professional Services unit.
- 1 unit for Financial Services.



\* Operational subsidiaries and/or divisions

## VI – THE GROUP'S INVESTMENT POLICY

In 2007, Capgemini's organic growth demonstrated the Group's ability to meet client expectations thanks to its technological and sector-based expertise, well-balanced core disciplines and cost competitiveness due to its strong offshore presence.

At the beginning of the year the Group announced its intention to take advantage of its renewed financial flexibility to move ahead, where justified, with external growth operations serving three objectives:

- accelerating the *Rightshore*<sup>TM</sup> strategy;
- expanding the Group's territorial coverage, particularly in Europe;
- enhancing its ability to innovate and develop technological skills in high added-value fields.

Throughout the year the Group's acquisition policy was implemented rigorously in line with these objectives. While acquisition transactions are the most visible manifestation of this policy, Capgemini's approach also entails exploring a variety of potential opportunities and, where appropriate, deciding not to proceed with a transaction.

The Group thus examined a range of situations involving European players of varying size before concluding that, in the market context prevailing in the first half of the year, these transactions would not have been consistent with the Group's strategy and concern for financial discipline. In the second half of the year, however, the Group acquired its Latin American partner, Network Consulting Group. Based in Buenos Aires and Sao Paulo, this bolt-on acquisition will serve as a development springboard in this fast-growing region where the Group already has a number of clients.

In line with the previous year's policy, investments in fixed capital or external growth will underpin the rollout of the Group's <sup>13</sup> Transformation plan by improving its ability to innovate, its client intimacy and the industrialization of its production.

The goals put forward in 2007 of extending the Group's geographic coverage and developing its technological portfolios will continue to guide investment and acquisition strategy in 2008, with a renewed ambition for emerging markets right across the Group's businesses.

These acquisitions will be made possible by the Group's solid, flexible financial position – a position that growth-operations will not jeopardize – and should also be in line with the Group's profitability objectives.

## VII – RISK ANALYSIS

### 7.1 Identification of risks

Group Senior Management has discussed, drafted, approved and distributed a set of rules and procedures known as the "*Blue Book*". Compliance with the *Blue Book* is mandatory for all Group employees. The *Blue Book* restates and explains Capgemini's seven core values, sketches out the overall security framework within which the Group's activities must be conducted, and finally, describes the methods to be followed in order to exercise the necessary degree of control over the risks identified in each of the Group's main functions. Individual business units supplement the *Blue Book* by drawing up detailed internal control procedures which comply with the relevant laws, regulations and customary practices in the country where they operate, in order to exercise control more effectively over risks specific to their local market and culture. These rules and procedures are updated regularly to reflect the development of the Group's business activities and changes in its environment.

The internal audit function independently assesses the effectiveness of these internal control procedures given that, irrespective of how well they are drafted and how rigorously they are applied, these procedures can only provide reasonable assurance – and not an absolute guarantee – against all risks.

### 7.2 Financial risks

#### 7.2.1 Equity risk

The Group does not hold any shares for financial investment purposes, and does not have significant interests in listed companies. However, it holds a small number of treasury shares resulting from the implementation of a liquidity contract under its share buyback program (the associated liquidity line amounts to €10 million).

#### 7.2.2 Credit and counterparty risk

Financial assets which could expose the Group to a credit or counterparty risk mainly relate to financial investments and accounts receivable.

- Accounts receivable: the Group has a traditionally low bad debt ratio, which reflects the fact that most invoices are only issued after the client has validated the services provided. The economic environment could impact the business activities of the Group's clients, and consequently the amounts receivable from these clients. However, the Group does not consider that any of its clients, businesses or geographic areas present a material risk of non-collection.
- Financial investments: in accordance with Group policy, cash balances are not invested in equity-linked products, but in negotiable debt securities (certificates of deposit and commercial paper) or short-term money-market funds, generally maturing



in less than one year. The Group's investments thereby involve high-quality counterparties and an appropriate diversification of risk.

In line with its policy for managing currency and interest rate risks, Cap Gemini also enters into hedging agreements with leading financial institutions. As a result, counterparty risk can be deemed negligible.

### 7.2.3 Liquidity risk

The financial liabilities whose early repayment could expose the Group to liquidity risk are the two convertible bonds (OCEANE 2003 and OCEANE 2005).

To manage the liquidity risk that may arise on either early or contractual repayments of financial liabilities, the Group has set up a conservative financing policy based on:

- prudent use of debt leveraging, coupled with limited use of any clauses that could lead to early repayment of financial debt;
- maintaining a high level of available funds (€2,151 million at December 31, 2007), which could be increased by the undrawn multi-currency syndicated line of credit for €500 million;
- active management of the due dates of financial liabilities, in order to limit the concentration of debt maturities;
- use of diverse sources of financing, allowing the Group to reduce its reliance on certain categories of lenders.

### 7.2.4 Interest rate risk

The Group's exposure to interest rate risk should be analyzed in light of its strong cash position. The significant liquidity at its disposal (€2,151 million in cash and cash equivalents at December 31, 2007) is generally invested at variable rates, while the Group's debt (€1,245 million at December 31, 2007) is mainly subject to fixed rates due to the fact that (i) it essentially comprises the two OCEANE bond issues; and (ii) the Group has deliberately chosen to use financing sources that provide an appropriate balance between the cash cost of financing and the return on cash investments, including the tax impact.

As part of its prudent approach to interest rate risk management, the Group ensures that assets and liabilities are adequately matched. As a result, in the low-interest rate environment prevailing in 2004, the Group decided to convert the interest rate on its OCEANE 2003 bond issue from fixed (2.5%) to variable, while capping the upper limits of that rate to insure against future interest rate rises.

### 7.2.5 Currency risk

The Group is exposed to two types of currency risk that could impact earnings and equity: risks arising during the preparation of the consolidated financial statements on translation of the foreign currency accounts of consolidated subsidiaries whose functional currency is not the euro, and operational risks arising on operating and financial cash flows which are not denominated in the entities' functional currency.

Capgemini does not hedge risks arising on the translation of the foreign currency accounts of consolidated subsidiaries whose functional currency is not the euro.

Furthermore, the Group has limited exposure to currency risks on operating items due to the fact that the bulk of its revenue is generated in countries where operating expenses are also incurred.

However, the growing use of offshore production centers, notably in Poland, India and China, exposes Capgemini to currency risk with respect to some of its production costs.

The Group has implemented a policy aimed at minimizing and managing currency risks, resulting in particular from the growing number of Group operations in India, its main offshore production center. Where customer contracts exceeding two years do not contain a price review clause in the event of exchange rate fluctuations, the Group sets up hedges based on the following principles:

- the hedging strategy is defined by the Group's Chief Financial Officer based on a quarterly reporting tool. This tool analyzes exposure to currency risks arising on intragroup operations involving India over two-year rolling periods;
- hedges mainly take the form of forward foreign exchange contracts. These contracts are implemented and monitored locally;
- the impacts of cash flow hedges are recorded in line with cash flow hedge accounting rules.

As well as currency risk arising on offshore production centers, Capgemini is exposed to the risk of changes in exchange rates linked to:

- intragroup financing transactions, as intercompany lending and borrowing is systematically hedged (using currency swaps), the impact of changes in exchange rates on consolidated earnings and equity is minimal;
- fees paid to the Group by subsidiaries whose functional currency is not the euro. Although Capgemini does not systematically hedge this risk, the impact of changes in exchange rates on earnings is not material due to the short average period separating the date of invoicing and the date payment is received.

### 7.2.6 Employee-related liabilities

The present value of pension obligations under funded defined benefit plans calculated on the basis of actuarial assumptions, is subject to a risk of volatility. A 0.5% change in the discount rate used could trigger a corresponding change in the present value of the liability of approximately 10%. If trends concerning longer life expectancy at retirement – which are gradually being reflected in actuarial mortality tables – are confirmed in the future, the Group's post-employment benefit obligation may increase. Plan assets, 64% of which are invested in equities, are managed by the trustees of each fund and are subject to market risk. Any deficits resulting from positive or negative changes in assets and/or liabilities are eminently volatile and are likely to impact the Group's consolidated financial statements.

### 7.3 Legal risks

The Group's activities are not regulated and consequently do not require any specific legal, administrative or regulatory authorization.

In the case of some services, such as outsourcing or specific projects carried out for clients whose activities are regulated, the Group itself may be required to comply with contractual obligations related to such regulations.

These services may also expose the Group to civil liability risk with respect to its clients or any third party that may have

suffered damage as a result of the negligent performance of Group subsidiaries.

The sheer diversity of local legislation and regulations exposes the Group to a risk of infringement of such legislation and regulations by under-informed employees especially those working in countries that have a different culture to their own – and to the risk of indiscretion or fraud committed by employees

As rigorous as they may be, the legal precautions taken by the Group both at a contractual and an operational level to protect its activities or to ensure adherence by employees to internal rules can only provide reasonable assurance and never an absolute guarantee against such risks.

The Group is not aware of any litigation that is liable to have, or has recently had, a material impact on its operations, financial position or future prospects, other than those recognized in the consolidated financial statements or disclosed in the notes thereto.

#### **7.4 Risks related to operations**

Capgemini is a service provider, and as such, the main risks to which the Group is exposed are (i) failure to deliver the services to which it has committed; (ii) failure to deliver services within the contractual time-frame and to the required level of quality; or (iii) to infringe, notably through human error, obligations liable to affect the operations of a client or third party.

##### ***Risks concerning project execution***

Contracts are subject to a formal approval procedure prior to signature, involving a legal review and an assessment of the risks relating to the project and to the terms of execution. The authority level at which the contract is approved depends on the size, complexity and risk profile of the project. The Group Review Board examines the projects with the most substantial commercial opportunities or specific risk exposures, as well as proposals for strategic alliances.

Capgemini has developed a unified set of methods known as the “Deliver” methodology to ensure that all client projects are executed to the highest standards. Project managers are given specific training to develop their skills and acquire the appropriate level of certification for the complexity of projects under their charge. The Group also has a pro-active policy of seeking external certification (CCM, ISO, etc.) for its production sites.

Contract execution is monitored using Group-defined management and control procedures, and complex projects are subject to dedicated control processes. The internal audit function checks

that project management and control procedures are being properly applied. Expert teams may also intervene at the request of the Group’s Production and Quality department to investigate projects that have a high risk profile or that are experiencing difficulties.

In spite of the formal approval procedure for all client project commitments undertaken by the Group, in some cases, difficulties with respect to project execution or project costs may have been underestimated at the outset. This may result in cost overruns not covered by additional revenues, especially in the case of fixed-price contracts, or reduced revenues without any corresponding reduction in expense in the case of certain outsourcing contracts where there is a commitment to provide a certain level of service. The Group may provide a performance and/or a financial guarantee for certain large contracts.

In spite of the rigorous control procedures that the Group applies in the project execution phase, it is impossible to guarantee that all risks have been contained and eliminated. In particular, human error, omissions, and infringement of internal or external regulations or legislation that is not or could not be identified in time, may cause damage for which the Company is held liable and/or may tarnish its reputation.

##### ***Reputation***

Intense media coverage of any difficulties encountered, especially on large-scale or sensitive projects, could negatively impact the Group’s image and credibility in the eyes of its clients, and by extension, its ability to maintain or develop certain activities.

##### ***Employees***

Capgemini’s production capacity is mainly driven by the people it employs, and the Group attaches great importance to developing and maintaining its human capital. The inability to recruit, train or retain employees with the technical skills required to execute its client project commitments could impact the Group’s financial results.

The Group pays close attention to internal communication, diversity, equality of opportunity and good working conditions. Group Senior Management has published a code of ethics and oversees its application. Nevertheless, in the event of an industrial dispute or non-compliance with local laws, regulations or ethical standards, the Group’s reputation and results could be adversely affected.

##### ***Information systems***

Capgemini’s operations have little dependency on its own information systems, which are managed via a predominantly

decentralized structure. The systems used to publish the Group's consolidated financial statements comprise a specific risk in view of the strict filing deadlines. The Group is sensitized to the security of internal communication networks, and protects them via security rules and firewalls. It also has an established IT security policy. For some projects or clients, enhanced systems and network protection is provided on a contractually-agreed basis.

### **Offshoring**

Capgemini's evolving production model, Rightshore™, involves transferring a portion of the Group's production of services to sites in countries other than those in which the services are used or in which the Group's clients are located, particularly in India, Poland and China. The development of this model has made the Group more dependent on telecommunications networks, which may increase the risk of business interruption at a given production site due to an incident or a natural disaster, in so far as several operational units could be affected simultaneously. The use of a greater number of production sites provides the Group with a wider range of options in the event of a contingency.

### **Environment**

As an intellectual service provider, Capgemini's activities have a moderate impact on the environment. Nevertheless, the Group strives to limit the environmental impact of its activities, as described in Corporate Social responsibility, sustainability and social stewardship chapter – "The Group and the environment". The risks in this respect are not deemed material.

### **Clients**

Capgemini serves a large client base, in a wide variety of sectors and countries. The Group's biggest clients are multinationals and public bodies. The Group's largest client, a company from the public sector, contributes 13% of Group revenues, while the second-largest client accounts for less than 3%. The top 10 clients collectively account for 29% of Group revenues, and the top 30 a little under 42%. The creditworthiness of these major clients and the sheer diversity of the other smaller customers help limit credit risk.

### **Suppliers and sub-contractors**

Capgemini is dependent upon certain suppliers, especially in its Technology Services businesses. While alternative solutions exist for most software and networks, certain projects may be adversely affected by the failure of a supplier with specific technologies or skills.

### **Country risks**

Capgemini has permanent operations in approximately 30 countries. The bulk of its revenues is generated in Europe and North America, which are economically and politically stable.

An increasing portion of its production is based in emerging countries, and notably in India, which now represents more than 20% of the Group's total headcount. Consequently, Capgemini is now more exposed to the risk of natural disasters in South East Asia, political instability in certain regions of India and adjoining countries, and even terrorist attacks. From an economic standpoint, the Group is also exposed to risk stemming from the negative effects of insufficiently controlled growth (wage inflation, particularly in the

IT sector, inadequate domestic infrastructure and higher taxes). Strict approval criteria must be met before employees are sent to work in countries where there are no existing Group operations, and even stricter criteria apply in the event that employees are sent to countries considered "at risk".

### **External growth**

External growth operations, one of the cornerstones of Group development strategy, also contain a large element of risk. Integrating any newly-acquired company or activity, particularly in the service sector, may prove to be a longer and more difficult process than predicted. The success of an external growth operation largely depends on the extent to which the Group is able to retain key managers and employees, maintain the client base intact, coordinate development strategy effectively, especially from an operating and commercial perspective, and dovetail and/or integrate information systems and internal procedures. Unforeseen problems can generate higher additional integration costs and/or lower savings or synergies than initially forecast. If material unidentified liabilities subsequently come to light, the value of the assets acquired may turn out to be lower than their acquisition cost.

### **Economic conditions**

The Group's growth and financial results may be adversely affected by a general downturn in the IT service sector or in one of the business segments in which Capgemini has significant exposure. A shake-up resulting in a change of ownership at one of Capgemini's clients or a decision not to renew a long-term contract may have a negative effect on revenue streams and require cost cutting or headcount reduction measures in the operational units affected.

## **7.5 Insurance**

The Group Insurance Manager, who reports to the Chief Financial Officer, is responsible for all non-life insurance issues. Life insurance issues, which are closely related to employee compensation packages, are managed by the human resources function in each country.

Group policy is to adjust insurance coverage to the replacement value of insured assets, or in the case of liability insurance, to an estimate of specific, reasonably envisageable risks in the sector in which it operates. Deductibles are set so as to encourage operational unit managers to commit to risk prevention and out-of-court settlement of claims, without exposing the Group as a whole to significant financial risk.

### **Commercial general liability and professional indemnity**

This type of coverage, which is very important to clients, is taken out and managed centrally at Group level. Cap Gemini S.A. and all subsidiaries over which it exercises direct or indirect control of more than 50% are insured against the financial consequences of commercial general liability or professional indemnity arising from their activities, under an integrated global program involving a range of lines contracted with a number of highly reputable, solvent insurers. The terms and conditions of this program, including limits of coverage, are periodically reviewed and adjusted to reflect trends in revenues and changes in the Group's activities and risk exposures.

The primary layer of this program, totaling €30 million, is reinsured through a consolidated captive reinsurance company which has been in operation for several years.

***Property damage and business interruption***

The Group has implemented a worldwide integrated property damage and business interruption insurance program covering all of its subsidiaries worldwide. Its policy is to rent rather than to buy its business premises, and consequently it owns little property. Capgemini's business premises are located in a wide variety of countries, and the Group operates at multiple sites in most of them. There are approximately 450 of these sites in total with an average floorspace of slightly less than 2,200 m<sup>2</sup>. Some of the Group's consultants work off-site at client premises. This geographical dispersion limits risk, in particular the risk of loss due to business interruption, arising from an incident at a site. The biggest outsourcing site, which has disaster recovery plans in place to ensure continuity of service, represents less than 4% of Group revenues. The Group's largest site, which is located in India, employs some 5,000 people in a number of different buildings. No building at any of the Group's sites houses more than 1,800 employees.

***Other risks***

Travel assistance and repatriation coverage for employees working away, and crime and fidelity coverage (especially for information systems) are managed centrally at Group level via global insurance policies. All other risks – including motor, transport and employer liability – are insured locally using policies that reflect local regulations.

The Group has decided not to insure against employment practices liability risks, given its preventive approach in this area. Pollution risks are low in an intellectual services business, and Capgemini is not insured against these risks in all countries in which it operates. The Group has also decided that, unless coverage is compulsory and readily available, it is not worth systematically insuring against terrorism-related risks. Certain risks are excluded from coverage under the general conditions imposed by the insurance market.

## VIII – CAP GEMINI S.A. AND THE STOCK MARKET

At December 31, 2007, the capital of Cap Gemini S.A. was made up of 145,425,510 shares (ISIN code: FR0000125338). Cap Gemini shares are listed on the “Euronext Paris” market (compartment A) and are eligible for the SRD deferred settlement system of the Paris Stock Exchange.

The number of issued and outstanding shares of Cap Gemini S.A. increased year-on-year by 1,343,702 as a result of:

- the issue of 1,343,701 new shares upon the exercise of stock options granted in prior years by Group employees;

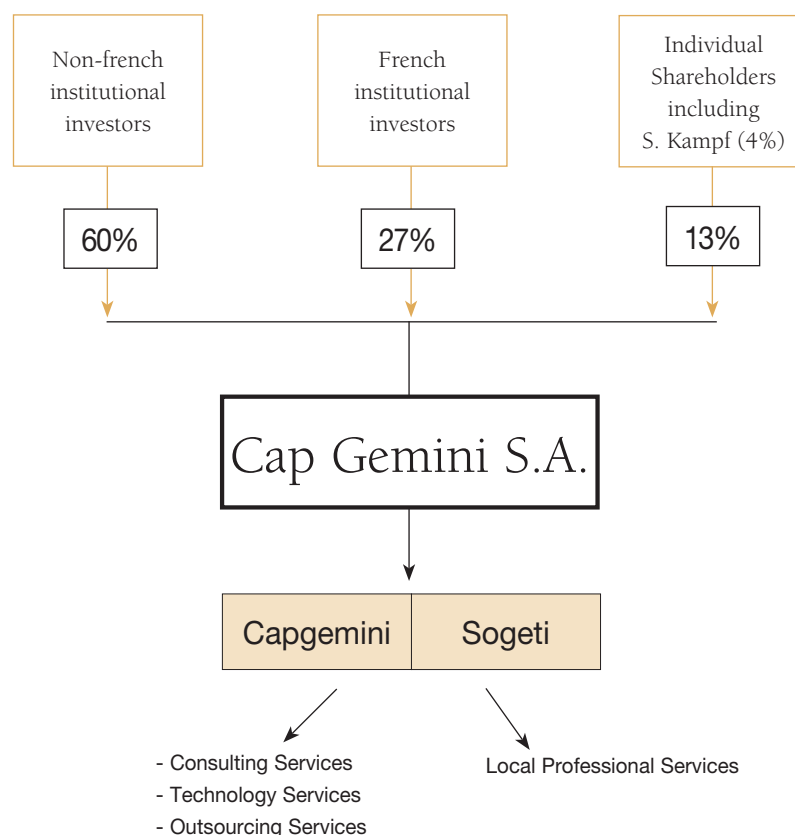
- the issue of one share further to the presentation of one convertible and/or exchangeable bond (the June 2005 OCEANE bond issue) for subscription to a new share.

Cap Gemini shares are included in the CAC40 and the Euronext 100 indexes and the Dow Jones STOXX and Euro STOXX European indexes. Between January 1 and December 31, 2007, the Cap Gemini share price on “Euronext Paris” decreased from €48.17 to €43.

In 2007, the average daily trading volume in relation to Cap Gemini shares was around 1.51% of the total volume of shares traded on the Paris market.

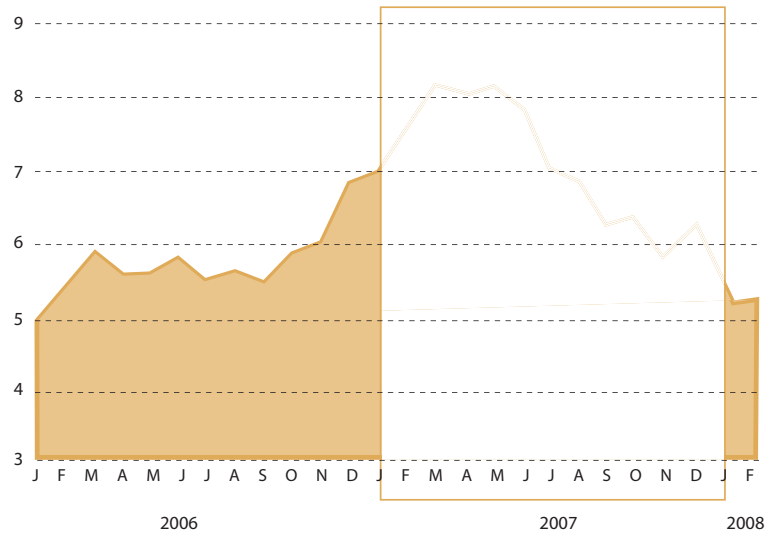
### Cap Gemini S.A. ownership structure at December 31, 2007

(on the basis of a shareholder survey)



### STOCK MARKET CAPITALIZATION

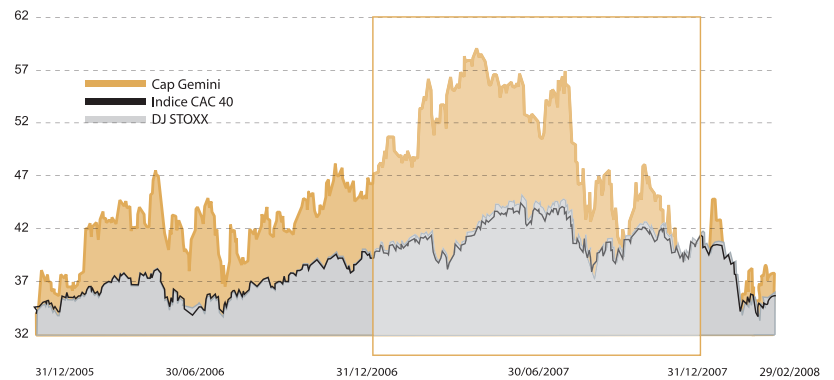
From January 2006 to February 2008  
In billions of euros



source : Euronext

### SHARE PERFORMANCE

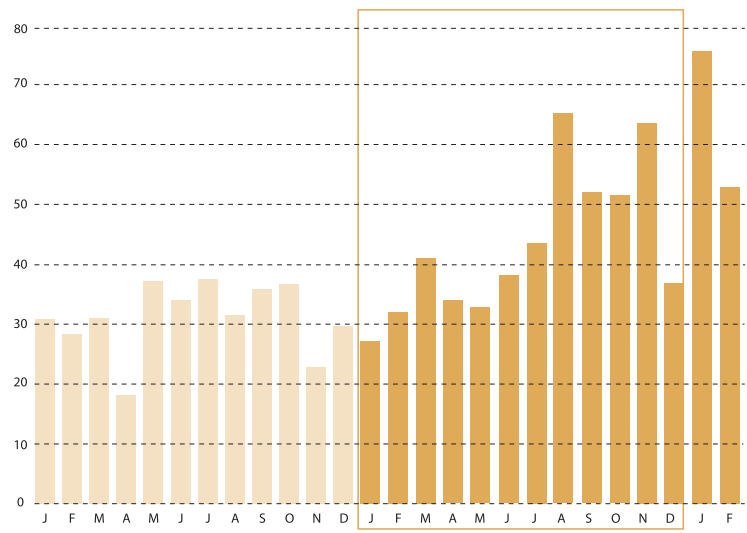
From December 31, 2005 to February 29, 2008  
In euros



source : Reuters

### NUMBER OF TRADES PER MONTH

From January 2006 to February 2008  
In millions of shares



source : Euronext



## SHARE PRICE AND TRADING VOLUME

The following table presents an analysis of trading in the company's shares over the last 24 months:

Month	Number of trading days	Share price in euros			Trading volume		
		high	average	low	Number of shares		Value (millions of euros)
					total	average (daily)	
March 06	23	45.16	43.05	40.31	30,925,749	1,344,598	1,299.4
April 06	18	45.07	43.55	41.72	18,099,564	1,005,531	782.0
May 06	22	47.90	43.87	40.10	36,974,403	1,680,655	1,634.7
June 06	22	44.99	42.03	37.48	33,942,942	1,542,861	1,413.0
July 06	21	45.24	41.11	36.28	37,412,079	1,781,528	1,503.1
August 06	23	43.70	40.90	38.29	31,359,803	1,363,470	1,276.1
September 06	21	44.20	42.65	40.90	35,711,309	1,700,539	1,497.3
October 06	22	46.20	44.05	41.50	36,510,043	1,659,547	1,607.0
November 06	22	48.50	46.44	43.72	22,817,533	1,037,161	1,058.6
December 06	19	47.74	45.91	44.42	29,569,922	1,556,312	1,341.9
January 07	22	51.10	49.39	47.49	27,222,020	1,237,365	1,343.7
February 07	20	56.59	51.74	48.01	31,972,862	1,598,643	1,672.6
March 07	22	57.65	54.33	50.45	40,940,541	1,860,934	2,175.7
April 07	19	59.87	57.97	55.57	33,916,022	1,785,054	1,954.1
May 07	22	57.28	55.87	53.52	32,719,570	1,487,253	1,825.1
June 07	21	57.00	52.95	50.19	38,180,747	1,818,131	2,021.1
July 07	22	57.39	54.20	48.69	43,399,935	1,972,724	2,344.5
August 07	23	48.88	48.87	42.14	64,949,158	2,823,876	2,975.4
September 07	20	47.80	43.26	39.02	51,796,663	2,589,833	2,199.0
October 07	23	48.68	45.76	42.83	51,278,028	2,229,479	2,357.2
November 07	22	45.72	40.42	36.43	63,227,464	2,873,976	2,566.6
December 07	19	45.00	40.13	37.34	36,727,921	1,933,048	1,475.2
January 08	22	43.58	36.06	31.12	72,975,810	3,317,082	2,594.0
February 08	21	39.5	36.99	33.85	53,174,714	2,532,129	1,969.0

Source : Euronext

## DIVIDENDS PAID BY CAP GEMINI

Year ended December 31	Distribution of dividends		Number of shares	Dividend per share
	In millions	In % of net income		
2002			No dividend paid	
2003			No dividend paid	
2004			No dividend paid	
2005	€66	47%	131,581,978	€0,50
2006	€101	34%	144,081,809	€0,70
2007	€145*	33%	145,425,510	€1,00*

(\*) Recommended dividend submitted to the Annual Shareholders' Meeting of April 17, 2008

# MANAGEMENT REPORT

PRESENTED BY THE BOARD OF DIRECTORS  
TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING  
OF APRIL 17, 2008

## I – GENERAL COMMENTS ON THE GROUP'S ACTIVITY OVER THE PAST YEAR

Demand for consulting and IT services held firm throughout 2007, confirming the trend observed in the previous two years. The banking industry crisis triggered in July 2007 by the sudden dramatic fall in the value of assets linked to the US real estate sector has not, at the date of writing, impacted the rest of the economy. Business remained on track both in the United States and in Europe, with no signs of a potential slowdown on the horizon. Bookings remained vigorous and the upbeat fourth-quarter sales performance helped provide impetus for a strong growth momentum at the beginning of 2008.

### 1.1 Operations by region

In 2007, the Capgemini Group delivered a 13.0% jump in revenues on a reported basis, once again outperforming the market. After adjusting for the effect of changes in Group structure (mainly the acquisitions of Kanbay and Software Architects Inc.) and for currency fluctuations (strong rise in the euro against all major currencies in 2007), revenue growth came in at 9.0%, noticeably higher than that of the market. This strong performance, coupled with the first benefits filtering through from the Group's I<sup>3</sup> transformation program, helped deliver further improvements in its operating margin, which edged up 1.6 point to 7.4% over the full year and 8.6% over the six months to December 31, 2007.

The United Kingdom and Ireland region continues to be the Group's top-performing geographical unit, and alone accounted for 25.6% of total revenues. The region posted 4.9% revenue growth on a reported basis (4.4% like-for-like), with the contribution of Kanbay's activities more than offsetting the fall in the value of sterling. This performance was powered by strong growth in Consulting and Technology services, dented slightly by a slower pace of growth in Outsourcing business. Revenues generated with the British tax authorities (HMRC) reflect services provided for under the core contract signed in 2004, as well as significant add-ons. The planned reduction in services for this client almost fully offset the double-digit growth across the rest of the Outsourcing business. This pattern can also be seen in the region's profitability figures, as the small decrease in HMRC contract's profitability was not entirely offset by advances in other divisions. However, the United Kingdom and Ireland region continues to be a major contributor to Group profit, delivering operating margin of €152 million, or 6.8% of revenues.

In France (22.6% of Group revenues), year-on-year growth came in at 8.6%. Outsourcing Services performed particularly well, posting double-digit growth. Consulting and Technology services

also benefited from a favorable environment, and extended market share. Similarly, Sogeti posted a very satisfactory rise in revenues, but above all focused its efforts on improving operating margin, which nudged up 1.5 point over the full year, spurred by the roll-out of higher value-added solutions such as application testing. Outsourcing Services made the greatest contribution to the improved margin performance, with significant efforts to curb losses on the Schneider Electric contract. Further to negotiations, the schedule, terms, valuation of the services provided and scope of Capgemini's responsibility under the contract have been adjusted. As a result, in 2007 the Group recognized (i) expenses that had been previously deferred; (ii) a provision reflecting the cost of reducing the scope of the new contract; and (iii) a write-back of a provision for losses on completion that had been recorded at end-2006. The write-back of this provision reflects new prospects of operating profit under the contract for the period 2008-2016. Overall, operating margin for operations in France stands at 4.4% of revenues for the full year and 6.2% for the six months to December 31, 2007 and would be above Group average excluding the Schneider contract.

The North America region accounted for 19.8% of total Group revenues. The negative impact on published figures of a stronger euro against the dollar was more than offset by the consolidation of US companies Kanbay and Software Architects Inc. Growth was 28.3% on a reported basis (actual Group structure and exchange rates), and remained a high 9.4% like-for-like. This reflects an excellent performance from Sogeti, which successfully integrated Software Architects Inc. while maintaining double-digit growth, and particularly from Outsourcing Services, which account for one-third of the Group's business in the region and saw the start-up of numerous contracts signed in 2006. Growth for Consulting and Technology services was more subdued, with the year's efforts focused on integrating Kanbay and scoring further profitability gains. Operating margin for the North American business came in at 6.5%, a rise of 1.1 percentage point on the year-earlier figure.

Benelux accounted for 13.4% of total Group revenues and turned in another stellar growth performance in 2007, with revenues up 11.7%. Consulting and Technology services expanded in line with the rest of the Group, while Sogeti reported 14% growth, thanks in particular to the Netherlands, where application testing solutions continued to be rolled out successfully. Whereas the Outsourcing business had tended to weigh on performance in previous years, it contributed significantly to the region's performance in 2007. The signature of a number of major contracts pushed revenues up 20%, and thus helped to boost profitability. Overall, operating margin for the Benelux region came in at a remarkable 15%, or €176 million.

Revenues in the Germany and Central Europe region (Switzerland, Austria and eastern European countries) climbed 8.5% (3.9% after factoring in changes in Group structure and exchange rates further to the 2006 acquisitions of Plecto and FuE), and account for 6.4% of the Group total. This relatively modest performance in 2007 was due mainly to a decline in revenues from application management and infrastructure management, only partially offset by good results from Business Process Outsourcing. Consulting and Technology services reported growth in line with the Group average and a sharp improvement in profitability. As a result, operating margin for the region jumped more than three points to 13.3% of revenues.

The Nordic region enjoyed an exceptional year in 2007, and reported like-for-like revenues surging 22.3% during the year, delivering 6.2% of Group revenues. Consulting Services reported a modest advance, which gathered pace towards the end of 2007. However, growth came in above 20% across all other businesses. Sogeti in particular had a bumper year, expanding its market share on the back of its ability to recruit in an extremely tight labor market. The Group's successful deployment of resources in offshore centers was key to the buoyant performance of Technology and Outsourcing services in the region. On the strength of these achievements, operating margin for the Nordic region surged almost 40% in terms of value, and came in one point higher as a percentage of revenues, at 8.4%.

Southern Europe (Italy, Portugal, Spain as well as Argentina and Brazil – representing 4.5% of Group revenues in 2007) reported a sharp upturn in performance thanks to a robust showing from Consulting, Technology and Outsourcing services. Revenues for Sogeti remained flat, however. Growth for this region came in at 14.9%, or 14.1% adjusted for the acquisition of InQa Test Labs in 2006. In 2007, the Group opened a new development unit in Buenos Aires (Argentina), mainly for Spanish-speaking customers. Although Argentina does not offer all of the cost benefits associated with India, the Group's decision was welcomed by many customers preferring to do business in their own language (this was also the driving force behind the center which opened in Morocco for French-speaking clients). The Group also acquired Network Consulting Group, its long-standing partner in Argentina and Brazil. Italy also reported a strong 16.1% advance, confirming the upturn observed at the end of 2006. Operating margin for the Southern Europe region as a whole came in at 5.5%.

The Asia-Pacific region delivered the Group's best growth performance, at 63.9%. The region continues to spearhead growth even after figures are adjusted for changes in Group structure (acquisition of Kanbay and Indigo) and exchange rates, with like-for-like growth of 30.1%. Kanbay, Australia and China were the main growth drivers: although Asia-Pacific appears to represent a low 1.5% of total Group revenues, the revenue figures for the region only include sales to external customers. In reality, 70% of revenues in the region are generated with Group entities which have opted to transfer a portion of their processes and/or production, mainly to India, which therefore represents a very low proportion of external Group revenues but 20% of its employees at December 31, 2007. Operating margin for the Asia-Pacific region is particularly high, since a portion of the profits are recognized in the offshore centers, while revenues with end customers are recognized in the ordering region.

## 1.2 Operations by business segment

Technology Services remains the Group's powerhouse, representing 38.5% of total Group revenues and recording like-for-like growth of 11.0%, the biggest advance among the Group's four businesses. Understandably, there was an even sharper rise in the volume of hours worked, due to the ramp-up of production at offshore centers, where sales prices are lower than in western countries. Thanks to this offshoring business model, the increase in the average sales price for our services was slightly higher than the average increase in salaries. The utilization rate advanced by more than one point, helping to push up operating margin as a percentage of revenues by the same amount. Operating margin came in at 8.9% for the full year, and more than 10% for the six months to December 31, 2007.

Growth for the Consulting Services business was a modest 4.5%, representing just 8.7% of Group revenues, with overall performance dampened by the downturn in Consulting in North America. These trends can be partly explained by the vigorous performance of Technology Services in the region, which led to an increasing number of consultants being assigned to projects for that business. To prevent these factors distorting resources management, Capgemini decided to group the North American Consulting business within an autonomous entity as from January 1, 2008, in line with the new business organization rolled out across Europe in 2007. This organization has already proved effective, with European Consulting operations accelerating sharply in the second half of the year. Consulting businesses reported a slight rise in profitability in 2007 to 10.5%, bolstered by a shake-up in their skills pyramid resulting from the recruitment of numerous junior consultants. This more than offset the slight fall in utilization rates.

Local Professional Services (Sogeti) posted 9.5% growth and now represent 16.2% of total Group revenues, with the United States, the Netherlands and Sweden representing the most buoyant markets. Thanks to a rise of more than two points in profitability over the year, Sogeti was the Group's most profitable business in 2007, with an operating margin of 12.0%. The upturn reflects a favorable environment as well as the roll-out of high value-added solutions such as testing or Microsoft/IBM technology-based solutions. Sogeti also played a part in the offshoring push, with the launch of its first Indian center in 2007.

Outsourcing Services moved up 7.8% on a like-for-like basis, but accounted for a slightly lower 36.6% of total Group revenues (versus 39% last year). As was the case across most regions, Outsourcing Services enjoyed vigorous growth but the measured decline in HMRC business – accounting for one-third of Outsourcing Services in 2006 – weighed heavily on revenue trends in the second half of 2007. Profitability for the Outsourcing Services segment advanced in line with profitability trends for the Group as a whole, to stand at 4.7% for the full year. The fall in revenues under the HMRC contract held back profits, although this was more than offset by margin improvements across several business units.

## 1.3 Headcount

At December 31, 2007, total Group headcount had risen 23% to 83,508 from 67,889 one year earlier. This 15,619 increase in numbers reflects:

- 32,383 additions resulting from:
  - 24,814 new hires,
  - 7,569 transfers in connection with Group acquisitions (including 6,833 from Kanbay and 555 from Software Architects Inc.) or Outsourcing Services contracts signed with certain clients.
- 16,764 departures resulting from:
  - 14,875 resignations,
  - 115 transfers outside the Group further to the sale of certain business operations,
  - 1,774 layoffs.

Among the 24,814 new hires in 2007, 4,941 were recruited by Sogeti, whose business remains primarily local. Out of the remaining 19,873 recruitments:

- 8,134 were in India,
- 1,305 in Poland,
- 354 in China,
- 95 in Morocco,
- 19 in Argentina.

One half of all new recruits for the year are based at offshore centers. The growth in headcount (excluding Sogeti and Consulting Services) in other regions is only 2.9%, illustrating the gradual transformation of Capgemini's business set-up.

#### 1.4 Order book

In 2007, the Group took €9,958 million in orders, up 17% on a like-for-like basis. Outsourcing Services reported the strongest influx in new orders (up 30%), with a sharp rise in contracts worth between €10 million and €250 million thanks to efforts to expand business in this market segment. Two contracts had a significant and contrasting impact on the €4 billion in new orders taken for the Outsourcing business alone.

- Renegotiations regarding the Schneider contract led to a €692 million reduction in new orders to reflect the reduced scope of obligations under the contract in terms of (i) the Global Core System roll-out; and (ii) "run" activities, which no longer include certain regions such as eastern Europe or certain services such as telecommunications.
- Conversely, the HMRC contract accounted for an additional €1,579 million in new orders. In line with the rest of the United Kingdom authorities, HMRC has embarked on an ambitious and far-ranging cost-cutting program. As IT represents a significant part of HMRC expenditure, the teams at HMRC and Capgemini looked at how to scale back routine costs in order to maintain HMRC's ability to upgrade systems and applications. At the client's request, the Group accepted a plan aimed at cutting annual billed fees by €100 million in 2010/2011, and by approximately €60 million as early as 2008/2009. A redundancy plan was implemented at the end of 2007 to reflect the new cost structure. At the same time, the initial contract due to expire in 2014 has been extended for a further three years, providing the

Group with visibility on the contract for the next 10 years.

New orders for the other three businesses advanced 10% to €5,929 million, and the book to bill ratio came in at 1.07 for the full year and 1.08 over the fourth quarter, thereby confirming the strong growth momentum which emerged at the end of 2007.

#### 1.5 Other significant events

The acquisitions carried out by Capgemini during 2007 did not undermine its financial solidity, and at December 31, 2007, the Group had net cash of €889 million. In light of the Group's cash position, and given its selective investment of surplus cash, the impact of the subprime crisis on net finance expense was neutral if not positive for the Group.

On January 21, 2008, Capgemini's credit rating was upgraded from BB+ to BBB- (stable outlook) by Standard & Poor's thus moving back to the investment grade category.

Within the scope of the authorization to repurchase treasury shares granted under the seventh resolution of the Shareholders' Meeting on April 26, 2007, Capgemini bought back 2,000,000 of its own shares in January 2008 at an average price of €34.48, representing 1.4% of total share capital. The share buy-backs are aimed at neutralizing part of the potential dilution relating to financial instruments giving access to the company's share capital, in particular of employee share-based incentive instruments.

On February 8, 2008, Schneider Electric and Capgemini entered into an agreement providing for a number of amendments to the outsourcing and global ERP contract signed in November 2004. In particular, this new agreement redefined the scope of the contract, indexed pricing to actual consumption volumes, and made a number of adjustments to service management conditions aimed at generating additional savings over and above the original plan and consequently, an acceptable economic basis for both parties. Accordingly, the contract will continue to have a slightly negative impact in 2008, but will allow the Group to generate a decent operating margin as of 2009.

## II – COMMENTS ON CAPGEMINI GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

#### 2.1 Consolidated statement of income

**Consolidated revenues** amounted to €8,703 million for the year ended December 31, 2007, a rise of 13.0% based on published figures and 9.0% like-for-like.

**Operating expenses** advanced 11.2% to €8,063 million, compared

to €7,253 million in 2006.

An analysis of costs by type reveals:

- Personnel costs amounting to €5,299 million, up by €623 million or 13.3%, slightly above the rate of growth in revenues but below the increase in average headcount (23.7%). This reflects the preferred use of Group resources over sub-contracting solutions, as well as the growing proportion of Group headcount employed in offshore centers. Personnel costs represented 60.9% of consolidated revenues against 60.7% one year ago. In 2007, travel expenses rose 15.6% and accounted for 4.5% of revenues, versus 4.4% in 2006.
- A rise of 9.7% in purchases and sub-contracting expenses to €2,268 million, but which now represent only 26.1% of revenues compared to 26.9% in 2006. This reduction reflects concerted efforts to scale back purchasing and sub-contracting expenditure.
- A rise of 6.3% in rental expenses, representing 3.3% of revenues (3.5% in 2006). The moderate rise in rent is attributable to the programs set up to streamline the Group's real estate assets.

An analytical breakdown of expenses reveals that:

- The rise in the cost of services rendered was held in check at 10.1%, representing 74.9% of 2007 revenues (76.9% in 2006). This improvement comes on the back of ongoing cost-cutting efforts and also reflects the growing use of offshore resources. Despite lower sales prices in offshore centers, the Group is able to generate a higher margin thanks to a unique range of solutions that few suppliers can offer.
- Gross margin therefore edged up two points to 25.1%.
- Administrative costs remained stable in proportion to revenues (10.7%), despite investments in sales teams, particularly in the Outsourcing business (selling expenses accounted for 7.0% of revenues).

**Operating margin** yielded €640 million compared with €447 million in 2006, and represented 7.4% of revenues in 2007 versus 5.8% in 2006.

By geographic area, operating margin improved across all regions except the United Kingdom, where the decrease in volumes on the HMRC contract saw its margin narrow slightly, offset only in part by advances from other business units.

**Net other operating expense** came in at €147 million in 2007 versus €113 million in 2006. The €34 million rise in this item is mainly due to the costs of integrating companies recently acquired by the Group (€27 million). This chiefly concerns Kanbay for €25 million and breaks down as:

- €8 million in costs related to workforce reduction measures and site closures;
- €13 million in consultancy costs incurred during the integration process, and other costs directly attributable to the integration of personnel from acquirees;
- €6 million in costs linked to the stock option and restricted share plans granted by Kanbay and maintained by Capgemini within the scope of the acquisition.

In 2007, restructuring costs include mainly:

- costs incurred in implementing the MAP program for the

Outsourcing businesses;

- costs related to reducing the workforce assigned to the HMRC contract in the United Kingdom in line with the expected fall in business under the contract.

Restructuring costs by nature represent:

- €64 million in costs related to workforce reduction measures in Europe (including €35 million concerning the HMRC contract);
- €13 million in expenses related to measures taken to streamline the Group's real estate assets, principally in the United Kingdom;
- €13 million in industrialization and migration costs incurred in connection with rightshoring solutions.

**Operating profit** thus came in at €493 million in 2007, up 47.6% on the year-earlier figure (€334 million).

**Net finance expense** for 2007 amounted to €7 million, compared with €28 million in 2006. This €21 million reduction was attributable to (i) a €6 million decline in net finance costs; and (ii) a €15 million improvement in net other financial income and expense.

The €6 million improvement in net finance costs stems from a €9 million increase in income from cash and cash equivalents (despite the year-on-year reduction in the average amount of cash available), which was offset in an amount of €3 million by a increase in notional interest related to finance leases, financial debt recorded against carry-back tax credits sold in 2003 and 2004, and OCEANE bonds.

The €15 improvement in net other financial income and expense is largely due to:

- a €6 million increase in the market value of the "OCEANE 2003" bond interest rate swap (financial income of €2 million in 2007 compared with financial expense of €4 million in 2006);
- the market value of currency hedges, which generated financial income of €5 million in 2007 compared with insignificant gains in 2006.

**Income tax expense** was €48 million in 2007. This includes €78 million in current tax expense, breaking down as €68 million in income taxes on profits, chiefly relating to the Netherlands, the United Kingdom and Germany; and €10 million in taxes not based on taxable income and other taxes, mainly related to North America and Italy. Net deferred tax income for 2007 (€30 million), primarily reflects:

- in France, the utilization of taxable profits against tax loss carry-forwards (€58 million), which was more than offset by the reassessment of deferred tax assets in an amount of €81 million;
- the recognition of deferred tax assets on tax loss carry-forwards arising in the current period and in prior periods (€19 million, including €17 million in Sweden), reflecting the improved profitability outlook for a number of regions over the past two years coupled with positive growth prospects;
- and the utilization against taxable profits of previously recognized tax loss carry-forwards (€17 million), mainly in Germany and the United Kingdom.

After taking account of the share in profit of equity-accounted



companies (€2 million), **profit for 2007** came in at €440 million – up 50% on the year-earlier figure (€293 million). Basic earnings per share amount to €3.03 for the year, compared to €2.21 in 2006. Diluted earnings per share came to €2.84 based on a total of 159,292,070 shares, versus €2.07 based on a total of 147,241,326 shares in 2006.

## 2.2 Consolidated balance sheet

**Consolidated shareholders' equity** totaled €3,851 million at December 31, 2007, an increase of €154 million compared with end-2006, chiefly reflecting:

- profit for the year of €440 million;
- capital increases carried out in connection with the exercise of stock options for €34 million (including issuance premiums) and the corresponding stock option expense amounting to €19 million;
- a decrease in translation reserves amounting to €171 million;
- a dividend paid to shareholders for an amount of €101 million;
- and actuarial losses recognized on provisions for pensions and other post-employment benefits for €69 million, net of deferred taxes.

**Fixed assets** totaled €3,190 million at December 31, 2007, up €844 million compared with December 31, 2006. The increase results primarily from:

- a €728 million increase in goodwill, mainly attributable to the acquisition of Kanbay International Inc. (€831 million) and Software Architects Inc. (€44 million), partially offset by translation losses of €149 million on goodwill denominated in foreign currencies;
- an increase of €49 million in other intangible assets, reflecting primarily the recognition of customer relationships in connection with the acquisition of Kanbay International Inc. (€52 million) and Software Architects Inc. (€5 million);
- a €67 million increase in property, plant and equipment, mainly reflecting changes in Group structure (€59 million). Acquisitions and sales carried out in the period (€169 million and €107 million, respectively) were offset by net depreciation and amortization charges (€40 million), as well as translation losses (€14 million).

**Other non-current assets** decreased €180 million, due chiefly to a fall in investments in non-consolidated companies (namely 14.7% of Kanbay International, Inc. – “Kanbay” – which was acquired by the Group on November 21, 2006 and included in “Investments in non-consolidated companies” at end-2006) following the completion of the acquisition on February 8, 2007 and Kanbay's full consolidation in the year.

**Accounts and notes receivable** amounted to €2,318 million at December 31, 2007 compared with €2,063 million at

December 31, 2006. At end-2007, accounts and notes receivable net of advances received from customers (and excluding work-in-progress) amounted to €1,479 million (€1,281 million at end-2006), representing 61 days' revenues (60 days at end-2006).

**Accounts and notes payable**, consisting mainly of trade payables, amounts due to personnel and accrued taxes, stood at €2,120 million at December 31, 2007, compared with €2,019 million at December 31, 2006.

**Provisions for pensions and other post-employment benefits** amounted to €621 million at end-2007 versus €591 million one year earlier. The increase mainly reflects an actuarial loss of €84 million in 2007 arising on changes in actuarial assumptions, principally in the United Kingdom, partially offset by a translation impact of €42 million.

In the United Kingdom, the accrual of pensionable service will cease from March 31, 2008 for approximately 2,600 current active members of the defined benefit section of the Capgemini UK Plc pension plan. These individuals will be offered membership of the defined contribution section as an alternative. The defined benefit section of the Capgemini UK pension plan will continue to be fully operational after that date for the 160 protected active members, the 2,600 former active members who will become In Service Deferred members of the defined benefit section, approximately 5,000 deferred members and the 1,000 existing pensioners. Following the UK Pension regulator's recommendations, Capgemini UK has committed to fund the deficit assessed as of March 31, 2006 over a 10-year period.

**Net consolidated cash and cash equivalents** totaled €889 million at December 31, 2007 versus €1,632 million at end-2006. The €743 million decrease mainly reflects payments for acquisitions (€828 million net of cash acquired), in particular Kanbay International Inc. (€754 million net of cash acquired). Excluding net payments for acquisitions, cash and cash equivalents improved over the year, with net cash from operating activities (€497 million) more than offsetting cash payments made during 2007 in connection with:

- acquisitions of property, plant and equipment and intangible assets (€149 million);
- dividends (€101 million);
- repayments of financial debt, net of increases in borrowings (€95 million).

## III – OUTLOOK FOR 2008

The demand for consulting and IT services was sustained throughout 2007 and into the beginning of 2008. The crisis in the banking sector, triggered a few months ago by the massive



devaluation of assets, which it had to carry out, has up until now not had any repercussions on our sector of activity. No more so in the US than in Europe, has the Group seen a break in its rhythm nor any sign of a slowdown. Bookings are in line with forecasts and sales results for the 4<sup>th</sup> quarter have meant that the Group has started 2008 in good shape for growth. Having said this, it is not inconceivable that the difficulties of the banking sector will end up spreading to the whole economy and reach our own disciplines, in which case the Group would accelerate the implementation of a certain number of measures planned in its P transformation plan (*Industrialization, Innovation and Intimacy*). In this context the Capgemini Group today estimates that it will be able to record growth for 2008 (at constant rate and perimeter) of between 2% and 5%. The Group is in any case, confident in its ability to record a new improvement in its operating margin, bringing it to 8.5% (against 7.4% in 2007).

## IV – COMMENTS ON THE CAP GEMINI S.A. FINANCIAL STATEMENTS

### 4.1 Statement of income

The Company's operating revenue for the year ended December 31, 2007 amounted to €204 million (including €203 million in royalties received from subsidiaries), compared with €183 million for 2006 (including €182 million in royalties). This increase was attributable to the growth in Group revenues.

Operating income came in at €165 million in 2007 compared to the year-earlier figure of €148 million. This improved performance stems chiefly from a rise in royalties, offset in part by a €4 million rise in operating expenses mainly attributable to advertising.

Net interest income amounted to €331 million compared to €21 million in 2006, reflecting:

- €436 million in income corresponding mainly to dividends received from subsidiaries (€77 million), interest income on cash and cash equivalents (€48 million), and releases of provisions on investments in subsidiaries in the Netherlands, Poland, Romania, Spain, Germany, Italy and France (€281 million);
- €105 million in expenses relating primarily to €35 million in provisions for the impairment of investments in certain subsidiaries (in Italy and France), as well as to interest expense on "OCEANE 2003" and "OCEANE 2005" bonds, and interest expense on loans granted to the Company by certain subsidiaries.

Net other expense came to €31 million in 2007, compared to net other income of €3 million in 2006. This reflects mainly a €25 million capital loss on the intragroup disposal of equity investments (sale of Cap Gemini Telecom Media & Networks Deutschland GmbH to Sogeti, the capital loss being entirely offset by the reversal of a corresponding write-down which was recorded in net financial expense), and withholding taxes of around €3 million.

After accounting for a tax income of €32 million, the Company posted a profit of €497 million in 2007, compared with a €195 million profit in 2006.

### 4.2 Balance sheet

Net investments rose from €6,530 million at December 31, 2006 to €7,709 million at December 31, 2007. This €1,179 million increase is mainly attributable to:

- various capital increases totaling €1,175 million, essentially relating to US, French, German, Italian and Asia-Pacific subsidiaries, in particular €1,103 million for Capgemini North America Inc. in connection with its acquisition of Kanbay;
- a decrease in loans granted by the Company to certain subsidiaries in an amount of €170 million, in particular a €129 million loan granted to Capgemini North America Inc. in view of its acquisition of a 14.70% interest in Kanbay in November 2006;
- a net release of provisions on investments in certain subsidiaries for a total of €231 million;
- the sale of equity investments for €59 million concerning German, Polish, Romanian and French subsidiaries;
- the acquisition of treasury shares for €1 million in connection with a liquidity contract.

Shareholders' equity stood at €7,699 million, representing an increase of €431 million on the previous year-end. This increase essentially corresponds to the difference between (i) net income for 2007 (€497 million) in addition to the exercise of 1,343,701 stock options by Group employees (resulting in cash inflows of €34 million), and (ii) the payment of a dividend on April 30, 2007 amounting to €0.70 per share on the 144,081,809 shares comprising the Company's share capital at December 31, 2006, representing a total amount of €101 million.

Financial debt came to €1,534 million at December 31, 2007, up €262 million compared to end-2006, due in particular to the increase in intragroup debt resulting from the implementation of the cash pooling arrangement in respect of which the Company acts as the centralizing entity.

Cash and cash equivalents net of financial debt came to a negative €102 million at December 31, 2007, versus a positive balance of €621 million a year earlier. Changes in cash and cash equivalents net of finance debt are mainly attributable to the €1,103 million capital increase carried out in 2007 by Cap Gemini S.A. in favor of its subsidiary Capgemini North America Inc. in order to finance its acquisition of Kanbay.

### 4.3 Results appropriation

At the Annual Shareholders' Meeting of April 26, 2007, the Board of Directors recommended a return to its policy of distributing one-third of consolidated profit for the year. In 2006, the Board distributed around half of consolidated profit to mark Cap Gemini's return to profitability and its confidence in the Group going forward. Following approval of the shareholders, the Company paid a €0.70 dividend on each of the 144,081,809 shares making up the share capital at December 31, 2006.

This year, the Board of Directors recommends maintaining its policy of distributing one-third of consolidated profit. Based on consolidated profit of €440 million in 2007 (i.e., €3.03 per share outstanding at December 31, 2007), this recommendation – if accepted – would result in the payment of a €1 dividend on each share carrying dividend rights at January 1, 2007, representing a

total dividend of €145,425,510, or 33% of consolidated profit. As profit distributable by the parent company amounts to €496,620,020.93, the balance would be allocated to (i) the legal reserve in an amount of €1,074,961.60, bringing the total legal reserve to €116,340,408 and thereby entirely funded; and (ii) retained earnings for the remaining amount (€350,119,549.33).

The Board of Directors recommends setting the first date for payment of the dividend on Thursday, April 24, 2008. This dividend will be fully eligible for the 40% tax rebate referred to in sub-paragraph 2, paragraph 3 of article 158 of the French Tax Code for individuals subject to personal income tax in France.

Pursuant to article 243 bis of the French Tax Code, the Shareholders' Meeting is also reminded that a dividend of €0.70 per share was distributed for the 2006 financial year, a dividend of €0.50 per share for the 2005 financial year (entirely eligible for the 40% tax rebate), and that no dividend was distributed for 2004.

#### **4.4 Share capital and ownership structure**

In the course of 2007, the Company's share capital increased from €1,152,654,464 to €1,163,404,080 following:

- the issue of 1,343,701 shares upon the exercise of stock options granted in prior years to Group employees;
- the issue of a share further to a request for the conversion of an OCEANE bond issued in 2005.

Pursuant to article L. 233-13 of the French Commercial Code (*Code de commerce*), the Board of Directors informs shareholders that based on notifications received during the year, no shareholder directly or indirectly holds at the balance sheet date more than 5% of the Company's share capital and voting rights.

Furthermore, during the year:

- Goldman Sachs Asset Management LP reduced its interest to below the legal disclosure threshold of 5% of the Company's share capital and voting rights;
- Morgan Stanley & Co International Plc increased its interest to above and reduced its interest to below the legal disclosure threshold of 5% of the Company's share capital and voting rights;
- Groupe Société Générale successively, directly and indirectly, exceeded then fell below, then once again exceeded and once again fell below the legal disclosure threshold of 5%;
- As its shareholdings are no longer aggregated with the shares held by the Barclays Group management companies, Barclays Bank Plc fell below the legal disclosure threshold of 5%;
- The Barclays Group management companies, which act independently of the parent company but are assumed to act in concert with each other, successively exceeded then fell below the legal disclosure threshold of 5% of the Company's share capital and voting rights.

#### **4.5 Stock options**

The Extraordinary Shareholders' Meeting of May 12, 2005 authorized the Board of Directors to grant stock options to certain employees of the Company and its subsidiaries in France and other countries. The authorization was given for a period of 38 months commencing May 12, 2005 and the number of shares to be subscribed on exercise of the options was limited to six million. The Board of Directors used this authorization, which set up the Sixth Stock Option plan, and during 2007 granted options on 2,332,500 shares to 893 Group employees. For 400,000 shares (options granted on April 1, 2007), the option exercise price was set at €55 per share and for the remaining 1,932,500 shares (option granted on October 1, 2007), it was set at €44 per share. In both cases the price represented the average of the prices quoted for the Company's shares over the 20 trading days preceding the date of grant.

It should be noted that, at the proposal of the Selection & Compensation Committee, the Board of Directors decided to apply a restrictive provision with respect to the options granted to beneficiaries who are members of the Group Management Board, namely that shares issued on exercise of 20% of the options granted on October 1, 2007 must be held in registered form until October 1, 2015, irrespective of the date on which said options are exercised. This decision was made despite the fact that it is not required under French law, which only refers to corporate officers.

In the event of a notice of authorization of a tender offer or public exchange offer for the Company's shares published by the Eurolist market of Euronext Paris S.A., option holders would be entitled to exercise all of their remaining unexercised options immediately without waiting for the end of the vesting period specified at the time of grant.

During 2007, 1,296,776 shares were subscribed on exercise of options granted under the Fifth Plan and 46,925 shares were subscribed on exercise of options granted under the Sixth Plan, representing a total of 1,343,701 shares (equal to 0.92% of the share capital at December 31, 2007). No further shares could be subscribed under the first four plans, for which the exercise periods expired on November 1, 1995, April 1, 1999, April 1, 2002, and December 1, 2006 respectively.

#### **4.6 Employee shareholdings**

Pursuant to article L. 225-102 of the French Commercial Code, the Board of Directors informs the shareholders that as of December 31, 2007, the Capgemini – Sogeti investment fund (formerly the Transiciel investment fund) held 0.05 % of the Company's share capital following the contribution of all of its shares to the public exchange offer launched by Cap Gemini on Transiciel's shares in December 2003.

#### 4.7 Authorization to buy back the Company's shares

The shareholders are reminded that the 2006 Ordinary Shareholders' Meeting renewed the authorization granted to the Company to buy back its shares under certain conditions. This authorization was used in 2007 in connection with the ongoing liquidity contract set up with Crédit Agricole Cheuvreux (CA Cheuvreux) on September 30, 2005 with a view to improving the liquidity of the Cap Gemini share and the regularity of its quotation. In 2007, CA Cheuvreux acquired 1,388,282 Cap Gemini shares on behalf of Cap Gemini S.A., at an average price of €47.10 per share. These shares represented 0.95% of Cap Gemini S.A.'s capital at December 31, 2007. During the same period, CA Cheuvreux also sold 1,341,522 Cap Gemini shares at an average price of €47.95 per share. Negotiation fees relating to the acquisition and sale of Cap Gemini shares over the period amounted to €149,624, excluding fees paid to CA Cheuvreux. At December 31, 2007, the position of the liquidity contract showed 127,040 treasury shares, representing 0.09% of Cap Gemini's capital at that date and approximately €8,273,900 of cash available (out of a total liquidity line of €10 million allocated to the contract). These shares were worth €5,027,327 on the basis of their acquisition price and €5,462,720 on the basis of the closing price for Cap Gemini shares on December 31, 2007.

The shareholders are informed that Cap Gemini also purchased 2,000,000 of its own shares through CA Cheuvreux between January 17 and January 25, 2008, at an average price of €34.48 per share. These share buy-backs, representing 1.4% of the Company's capital at December 31, 2007, are aimed at neutralizing part of the potential dilution relating to financial instruments giving access to the company's share capital, in particular of employee share-based incentive instruments.

As this authorization is only valid for 18 months, we are asking

shareholders to replace the 2006 authorization with a similar authorization to allow the Company to:

- provide liquidity for the Cap Gemini share within the scope of a liquidity contract;
- award shares to employees and corporate officers (on the terms and by the methods provided for by law), in particular in connection with the allocation of shares free of consideration, the company savings plan or an international employee stock ownership plan;
- remit the shares thus purchased to holders of securities convertible, redeemable, exchangeable or otherwise exercisable for Cap Gemini S.A. shares upon exercise of the rights attached thereto in accordance with the applicable regulations (including the possibility of exercising the call options purchased on June 27, 2005, for the purpose of neutralizing the potential dilutive impact of the "OCEANE 2003" bonds);
- purchase shares to be retained with a view to remitting them in future in exchange or payment for potential external growth transactions;
- cancel the shares thus purchased subject to adoption of the twelfth resolution of the Extraordinary Shareholders' Meeting included in the agenda of the Shareholders' Meeting of April 17, 2008.

To this end, the Board of Directors is seeking a maximum 18-month authorization for the Company to buy back shares representing up to 10% of its capital, at a maximum price of €70 per share, these purchases taking place within the scope of:

- articles L. 225-209 et seq. of the French Commercial Code which also allow an authorization to be granted to the Board of Directors to cancel some or all of the shares purchased, up to 10% of its capital by 24-month period;
- European Regulation No. 2273 of December 22, 2003 that came into effect on October 13, 2004.

#### 4.8 Compensation of directors

##### • Compensation of managing directors

The total gross remuneration (fixed + variable) paid to the two managing directors in and for 2007 breaks down as follows:

<i>(in euros)</i>	<b>Amount paid in 2007 and 2008 for 2007</b>	<b>Amount paid in 2007 (2007 fixed and 2006 variable)</b>
<b>Serge KAMPF</b>		
Fixed	780,000	780,000
Variable	620,100	562,000
<b>Total</b>	<b>1,400,100</b>	<b>1,342,000</b>
<b>Paul HERMELIN</b>		
Fixed	1,200,000	1,200,000
Variable	966,000	830,500
<b>Total</b>	<b>2,166,000</b>	<b>2,030,500</b>

As is the case for all the Group's managers and in accordance with a formula that has been applied in Cap Gemini for more than 30 years, the variable portion of the two managing directors' compensation consists of two halves, V1 calculated on the basis of the Group's consolidated results and V2 calculated on the basis of the attainment of several personal objectives that have been set for them for the fiscal year in question.

##### For 2007 (variable part paid in March 2008)

1) for Serge Kampf, each of these two portions (V1 and V2) were for €260,000 in the event that the objectives set were fully attained.

- for the V1 portion, the calculation of the percentage of attainment of the Group's main consolidated financial objectives (revenues, gross operating margin, costs of shared services) resulted in a combined total of 122%, representing a V1 portion for Serge Kampf of €260,000 x 1.22 = €317,200;
- for the V2 portion, the calculation of the degree of attainment of each of the seven personal objectives that had been set for him for the fiscal year resulted in a total of 116.5/100, corresponding to a V2 portion of €260,000 x 1.165 = €302,900.

His total actual variable compensation was therefore €620,100, representing 119.25% of his theoretical variable compensation (€520,000), and his total compensation was €1,400,100 or 107.7% of his theoretical total compensation.

2) for Paul Hermelin, each of these portions (V1 and V2) were for €400,000 in the event that the objectives set were fully attained.

- for the V1 portion, the calculation of the percentage of attainment of the Group's main consolidated financial objectives (revenues, gross operating margin, costs of shared services) resulted in a combined total of 122%, representing a V1 portion for Paul Hermelin of €400,000 x 1.22= €488,000;
- for the V2 portion, the calculation of the degree of attainment of each of the seven personal objectives that had been set for him for the fiscal year resulted in a total of 119.5/100, corresponding to a V2 portion of €400,000 x 1.195 = €478,000.

His total actual variable compensation was therefore €966,000, representing 120.75% of his theoretical variable compensation (€800,000), and his total compensation was €2,166,000, or 108.3% of his theoretical total compensation.

It should also be noted that:

- as in previous years, Serge Kampf and Paul Hermelin's performance appraisals for 2007 were discussed at the Selection & Compensation Committee, which submitted its recommendations to the Board of Directors where they were debated, approved and adopted;
- Serge Kampf and Paul Hermelin are on the list of beneficiaries of a supplementary collective pension scheme implemented by the Company in favor of senior executives regarded as having made a significant and lasting contribution to the Group's development.
- Serge Kampf and Paul Hermelin did not receive any fringe benefits (medical assistance, housing, company car, cell phone, products or services free of charge, etc.) during 2007, as was already the case in previous years, nor did they benefit from any specific provision related to indemnities for termination for any reason whatsoever (removal from office, retirement, etc.);
- for the 19<sup>th</sup> consecutive year, Serge Kampf decided not to ask the Company to reimburse the expenses he incurred in the performance of his duties (business travel, entertainment, etc.), with the exception of the high-speed TGV train travel between Paris and Grenoble, the historical headquarters of Cap Gemini, where he has kept his main office and where a part of Group corporate functions is still located.

• Attendance fees paid to directors for 2007:

(in euros)	Amounts paid for 2007	Amounts paid for 2006
Daniel BERNARD	33,000	42,000
Christian BLANC	0	12,000
Yann DELABRIERE	56,000	40,000
Jean-René FOURTOU	47,000	44,000
Paul HERMELIN	36,000	42,000
Michel JALABERT	54,000	42,000
Serge KAMPF	67,000	50,000
Phil LASKAWY*	36,000	49,000
Thierry de MONTBRIAL	39,000	33,000
Ruud van OMMEREN*	59,000	62,000
Terry OZAN*	39,000	39,000
Bruno ROGER	27,000	30,000
Ernest-Antoine SEILLIERE	0	16,000
<b>TOTAL</b>	<b>493,000</b>	<b>501,000</b>

\* as required by law, the Company deducted withholding tax on the amounts paid to these three non-resident beneficiaries.

• **Attendance fees paid to non-voting directors for 2007:**

<i>(in euros)</i>	<b>Amount paid for 2007</b>	<b>Amount paid for 2006</b>
Pierre HESSLER	39,000	39,000
Marcel ROULET	33,000	39,000
Geoff UNWIN*	27,000	30,000
<b>TOTAL</b>	<b>99,000</b>	<b>108,000</b>

\* as required by law, the Company deducted withholding tax on the amounts paid to this non-resident beneficiary.

The total amount of attendance fees paid to directors and non-voting directors for 2007 represents €493,000 + €99,000, i.e., €592,000 (or €551,750 after deduction of withholding tax for non-resident beneficiaries).

**Stock options**

The Board of Directors decided to grant a tranche of stock options on October 1, 2007, with an exercise price of €44. Paul Hermelin did not receive any of these options. Four of the nine members of the Group Executive Committee and four of the other six members of the Group Management Board received 2.3% and 4.5% of the total number of options granted, respectively.

The shareholders are reminded that the Board of Directors imposed a restriction for members of the Executive Committee and Group Management Board benefitting from the stock option grant. Pursuant to this restriction they are obliged to hold 20% of the shares issued on the exercise of said options in registered form until October 1, 2015, irrespective of the exercise date.

During 2007, Paul Hermelin exercised 80,000 options that had been granted to him in October 2002 at a price of €24 and which vested in October 2007.

Serge Kampf has never requested and has never been granted any stock options.

**4.9 Directorships and other functions held by directors**

The Board of Directors draws shareholders' attention to the fact that the "Registration Document" attached to the Annual Report given to each shareholder upon entering the meeting specifies the list of directorships and other functions held by each of the directors in other companies.

**4.10 Transactions carried out by members of the Board of Directors (including non-voting directors) and other senior managers involving the Company's securities**

The table below presents a summary of transactions carried out by directors involving the Company's securities, based on AMF disclosures and on article 223-26 of the AMF's General Regulations:

<b>Number of shares</b>	
<b>Purchased</b>	<b>Sold</b>
<b>84,493</b>	<b>268,000</b>

**4.11 Renewal of the terms of office of two non-voting directors**

The Board of Directors is asking you to renew for a two-year period the terms of office of the non-voting directors Pierre Hessler and Geoff Unwin, who were appointed by the General Shareholders' Meeting of May 11, 2006 and whose terms of office expire at the close of this Meeting. A separate resolution is submitted for each renewal. You are reminded that the General Shareholders' Meeting of May 11, 2006 decided to reduce the term of office of non-voting directors from six to two years.

**4.12 Statutory Auditors**

The Board of Directors draws shareholders' attention to the fact that the terms of office of the Company's two principal Statutory Auditors, PricewaterhouseCoopers Audit and KPMG, expire at the close of this Meeting and is seeking to renew the appointment of these two firms for a six-year period. A separate resolution is submitted for each renewal.

The terms of office of the two substitute Statutory Auditors also expire at the close of this Meeting. The Board of Directors is asking you to appoint Etienne Boris as substitute Statutory Auditor for PricewaterhouseCoopers Audit (to replace Philippe Gueguen), and to appoint Bertrand Vialatte as substitute Statutory Auditor for KPMG SA (to replace Guillaume Livet).

**V – ENVIRONMENTAL AND SOCIAL IMPACT OF THE GROUP'S OPERATIONS**

A specific section of the Registration Document (see pages 47 and seq.), entitled "Corporate social responsibility, sustainability and social stewardship", explains the Group's policy with regard to human resources (changes in headcount, career development, role of the Capgemini University), the environment, and its relations with external business partners, namely customers, suppliers and the general public at large.

**VI – FINANCING POLICY AND MARKET RISKS**

Detailed information relating to (i) Capgemini's cash and cash equivalents and financial debt; and (ii) the Group's use of derivatives to manage its interest and currency risks is provided in Note 16 to Capgemini's consolidated financial statements for the year ended December 31, 2007.



## 6.1 Financing policy

Cap Gemini's financing policy is intended to provide the Group with adequate financial flexibility and is based on the following main criteria:

- A moderate use of debt leveraging: over the last ten years Capgemini has strived to maintain a limited level of net debt (and even a positive net cash position), including with respect to financing external growth. By paying for the bulk of its acquisitions in shares, the Group has pursued the dual aim of maintaining a solid financial structure and implicating as far as possible the employees transferred to the Group as a result of these acquisitions in their success.
- A high degree of financial flexibility: Capgemini aims to ensure a good level of liquidity as well as durable financial resources, which means maintaining:
  - a high level of available funds (€2,151 million at December 31, 2007), which could be expanded further by a €500 million undrawn multi currency syndicated line of credit (expiring on November 14, 2011) which is backing a €550 million commercial paper program;
  - durable financial resources: at December 31, 2007, 69% of the Group's financial liabilities (excluding accounts payable) fall due beyond two years (see Note 23.III.C.).
- Diversified financing sources adapted to the Group's financial profile: Capgemini seeks to maintain a balance between bank financing (including the above-mentioned syndicated credit line, use of leasing to finance property and IT equipment in particular) and market financing (issue of OCEANE bonds convertible and/or exchangeable for new or existing shares for €460 million in June 2003 and €437 million in June 2005 (see Note 16.II)). Lastly, the appropriate balance between the cash cost of financing and the return on cash investments, including the corresponding tax treatment, as well as the potential dilutive impact for Cap Gemini shareholders, are determining factors for the Group in its choice of financing sources. In this regard, with the issue of the OCEANE 2005 bonds Cap Gemini decided to neutralize the potential dilutive impact of the OCEANE bonds issued in June 2003 via the purchase of call options on 9,019,607 of its own shares (see section 4.7 above).

## 6.2. Market risks

- **Currency risk:** The Group is exposed to two types of currency risk that could impact earnings and equity: risks arising on translation of the foreign currency accounts of consolidated subsidiaries whose functional currency is not the euro, and operational risks arising on operating and financial cash flows which are not denominated in the entities' functional currency.

Capgemini does not hedge risks arising on the translation of the foreign currency accounts of consolidated subsidiaries whose functional currency is not the euro.

Furthermore, the Group has limited exposure to currency risks on operating items due to the fact that the bulk of its revenue is generated in countries where operating expenses are also incurred. However, the growing use of offshore production centers in Poland, India and China exposes Capgemini to currency risk with respect to some of its production costs.

The Group has implemented a policy aimed at minimizing and managing currency risks, resulting in particular from the growing share of Group operations in India, its main offshore production center. Where customer contracts exceeding two years do not contain a price adjustment clause in the event of exchange rate fluctuations, the Group sets up hedges based on the following principles:

- the hedging strategy is defined by the Group's Chief Financial Officer based on a quarterly reporting tool which analyzes exposure to currency risks arising on intragroup operations involving India over two-year rolling periods;
- hedges mainly take the form of forward foreign exchange contracts which are implemented and monitored locally;
- the impacts of hedges are recorded in accordance with hedge accounting rules.

In 2007, the Group hedged almost 75% of its foreign exchange risk (US dollar, euro and pound sterling) against the Indian rupee, representing a total hedged amount of the equivalent of approximately €180 million (euro-equivalent). These transactions enabled the Group to partly palliate the slide of over ten percent in the US dollar against the Indian rupee during 2007. The impact of cash flow hedges is described in Note 24 – "Hedge accounting".

In addition to currency risk arising on offshore production centers, Capgemini is exposed to the risk of changes in exchange rates in respect of:

- intragroup financing transactions: as intercompany lending and borrowing is systematically hedged (using currency swaps), the impact of changes in exchange rates on consolidated earnings and equity is negligible.
- fees paid to the Group by subsidiaries whose functional currency is not the euro. Although the Group does not systematically hedge this risk, the impact of changes in exchange rates on earnings and equity is not material due to the short average period separating the date of invoicing and the date payment is received.

The Group's exposure to currency risks arising from transactions recognized at December 31, 2007 by Group subsidiaries and denominated in currencies other than their respective functional currencies, is as follows:



<i>in millions of euros</i>	December 31, 2007				
	Euro	US dollar	Pound sterling	Swedish krona	Other (1)
Total assets	72	115	118	4	24
Total liabilities	(54)	(72)	(405)	(2)	(15)
Exposure to currency risks before hedging	18	43	(287)	2	9
Amounts hedged	(16)	(18)	278	-	(6)
Exposure to currency risks after hedging	2	25	(9)	2	3

(1) Other currencies essentially include Swiss francs, Canadian dollars, Polish zlotys and Norwegian krona.

At December 31, 2007, amounts hedged mainly concern Cap Gemini S.A. for intercompany financing transactions, and Group subsidiary Capgemini Consulting India Private Ltd. for its subcontracting activities realized for other Group regions.

• **Interest rate risk:** Capgemini's exposure to interest rate risk should be analyzed in light of:

- the Group's cash position: at December 31, 2007: Capgemini had €2,151 million in cash and cash equivalents (including €1,594 million invested at market rates), versus €1,245 million in gross financial debt;
- the Group's conservative policy with respect to management of interest rate risk: only 38% of gross financial debt was at variable rates, of which the large majority (35%) was at capped variable rates (see Note 16 – “Net cash and cash equivalents”, section II).

Consequently, based on the average level of cash and cash equivalents and of financial debt in 2007, a 100-basis point rise in interest rates would have a positive impact of around €17 million on Capgemini's net finance costs. Conversely, a 100-basis point fall in interest rates would have an estimated €17 million negative impact. The main exposure to interest rate risk is at the level of Cap Gemini S.A., which represented around 78% of Group financing and 54% of Group cash and cash equivalents at December 31, 2007.

• **Equity risk:** The Group does not hold any shares for financial investment purposes, and does not have significant interests in listed companies. However, it holds treasury shares resulting from the implementation of a liquidity contract under its share buyback program (the associated liquidity line amounts to €10 million). At December 31, 2007, 127,040 treasury shares were held in connection with this contract. The impact on profit and equity of a change in the price of the Cap Gemini share is therefore negligible.

• **Liquidity risk:** Financial liabilities comprise mainly borrowings as well as certain accounts and notes payable (see Note 23 – “Financial instruments”). A detailed analysis of financial debt is presented in Note 16 – “Net cash and cash equivalents”, while Note 24 – “Financial Instruments”, section c), indicates the timing and future cash payments associated with financial liabilities.

The financial liabilities whose early repayment could expose the Group to liquidity risk are mainly the two convertible bonds (OCEANE 2003 and OCEANE 2005).

To manage the liquidity risk that may arise on either early or contractual repayments of financial liabilities, the Group has set up a conservative financing policy (see section 6.1 above) mainly based on:

- prudent use of debt leveraging, coupled with limited use of any clauses that could lead to early repayment of financial debt;
- maintaining a high level of available funds at all times (€2,151 million at December 31, 2007), which could be increased by the multi-currency syndicated line of credit for €500 million (undrawn to this date);
- active management of the due dates of financial liabilities, in order to limit the concentration of debt maturities;
- use of diverse sources of financing, allowing the Group to reduce its reliance on certain categories of lenders.

• **Credit risk:** Financial assets which could expose the Group to a credit or counterparty risk mainly relate to:

- accounts and notes receivable: at December 31, 2007, accounts receivable less totaled €1,528 million (see Note 14 – “Accounts and notes receivable”). The Group's largest client, a major British public body, contributes 13% of Group revenues, while the second-largest client accounts for just 3%. The top 10 clients collectively account for 29% of Group revenues, and the top 30 a little under 42%. The creditworthiness of these major clients and the sheer diversity of the other smaller customers help limit credit risk. The economic environment could impact the business activities of the Group's clients, and consequently the amounts receivable from these clients. However, the Group does not consider that any of its clients, business sectors or geographic areas present a material risk of non-collection. At December 31, 2007, provisions for doubtful accounts amounted to €14 million.
- financial investments: in accordance with Group policy, cash balances are not invested in equity-linked products, but in negotiable debt securities (certificates of deposit and commercial paper) or short-term money-market funds, generally maturing in less than one year. Minimum credit rating and diversification rules also apply. At December 31, 2007, short-term investments totaled €1,594 million (see Note 16 – “Net cash and cash equivalents”) and comprise mainly negotiable debt securities (certificates of deposit and commercial paper) maturing within three months, issued by highly rated companies or financial institutions (minimum rating of A2/P2 or equivalent). Consequently, these short-term investments do not expose the Group to any material credit risk.

In line with its policy for managing currency and interest rate risks, Capgemini also enters into hedging agreements with leading financial institutions. As a result, counterparty risk can be deemed negligible.

At December 31, 2007, Capgemini had not granted material loans to any individuals or external legal entities, employees or non-consolidated entities.

## VII – FINANCIAL AUTHORIZATIONS

### 7.1 Authorization to cancel shares acquired under the buyback program

As stated above, the Board of Directors is seeking shareholders' authorization to cancel some or all of the shares purchased pursuant to articles L. 225-209 et seq. of the French Commercial Code (the authorization to buy back shares is described in section 4.7 of this report), for up to 10% of its capital by 24-month period.

### 7.2 Delegations of authority to increase the share capital

Pursuant to the delegations of authority given to the Board of Directors by the Extraordinary Shareholders' Meeting of May 11, 2006, the Board was granted a 26-month authorization to:

- increase the share capital by capitalizing reserves;
- issue new shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company or granting a right to allocation of debt instruments, with or without pre-emptive subscription rights;
- increase the amount of the issues if the requests for shares exceed the number of shares on offer, up to 15% of the initial issue at the same price as for the initial issue ("Greenshoe" options);
- issue shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company, or granting a right to allocation of debt instruments, as payment for shares tendered to a public exchange offer made by the Company or contributions in kind to the Company of shares or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company.

The overall limits on the amounts of the issues that could be decided pursuant to the delegations of authority given to the Board were set at:

- a maximum nominal amount of €1.5 billion for capital increases paid up by capitalizing reserves;
- a maximum nominal amount of €450 million for capital increases with pre-emptive subscription rights, enabling the share capital to be increased to a maximum nominal amount of approximately €1.5 billion, and a maximum of €3 billion in total issuance amounts;

- a maximum nominal amount of €200 million for capital increases without pre-emptive subscription rights, enabling the share capital to be increased to a maximum nominal amount of approximately €1.25 billion, and a maximum of €1.5 billion in total issuance amounts;
- a maximum aggregate nominal amount of €450 million and an aggregate issuance amount of €3 billion for securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company, or granting a right to allocation of debt instruments.

In 2007, the Board of Directors did not use any of these delegations of authority, which expire on July 11, 2008.

In order to ensure that the Board of Directors is always in a position to launch the issues that are considered best suited to the Company's needs as and when it deems appropriate, depending on market conditions, shareholders are asked to replace the existing delegations of authority with new delegations of authority of a similar nature, with updated validity dates.

The overall limits on the amounts of the issues that may be decided pursuant to the new delegations of authority given to the Board would increase slightly (except for the authorization to implement capital increases paid up by capitalizing reserves and the authorization to issue new shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company or granting a right to allocation of debt instruments, without pre-emptive subscription rights) in order to take into account growth over the last two years and the current level of equity within the Group. The new limits would be as follows:

- a maximum nominal amount of €465 million (approximately 40% of the share capital as of December 31, 2007) for capital increases with pre-emptive subscription rights (instead of €450 million under the previous delegation), enabling the share capital to be increased to a maximum nominal amount of approximately €1.6 billion, and a maximum of €3.5 billion in total issuance amounts (instead of €3 billion under the previous delegation);
  - a maximum nominal amount of €200 million for capital increases without pre-emptive subscription rights (the same amount as under the previous delegation), enabling the share capital to be increased to a maximum nominal amount of approximately €1.4 billion, and a maximum of €1.5 billion in total issuance amounts (the same amount as under the previous delegation);
- In other words, in the event of the elimination of pre-emptive subscription rights, the total nominal amount of capital increases (unchanged from the previous delegation) would be capped at approximately 17% of the share capital as of December 31, 2007;

- a maximum aggregate nominal amount of €465 million (instead of €450 million under the previous delegation) and an aggregate issuance amount of €3.5 billion (instead of €3 billion under the previous delegation) for securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company, or granting a right to allocation of debt instruments. The “Greenshoe» option will naturally be included in this maximum amount.

In the event that the Board of Directors uses any of these delegations of authority, the Statutory Auditors will draw up a special report for the attention of the General Shareholders’ Meeting. Where these share issues are carried out without existing shareholders having pre-emptive subscription rights, the price of the shares issued, either directly or via securities convertible, exchangeable, redeemable or otherwise exercisable for shares, shall be at least equal to the weighted average price for the Company’s shares during the three trading days prior to the date on which the price is set. This price may be reduced by a discount of up to 5%. The Board of Directors retains the possibility of providing a non-transferable priority right for the shareholders with respect to such shares.

A table summarizing the delegations of authority and powers granted by the General Shareholders’ Meeting to the Board of Directors with regard to share issues is provided on pages 149 to 152 of the Registration Document.

### **7.3 Issue of equity warrants (“Breton” warrants) within the framework of a public offer**

Pursuant to the French law of March 31, 2006 transposing the Directive on takeover bids, within the framework of a public offer to acquire the shares of the Company, warrants may be issued to all shareholders to enable them to subscribe for shares of the Company under preferential conditions.

The Board of Directors considers that the issue of such warrants is a way of ensuring that the value of the Company is enhanced within the framework of a public offer in the interests of all shareholders. Such issues are strictly governed by French law and the AMF’s General Regulations, in order to ensure compliance with the principles of good governance, equality between shareholders and equal treatment of potential initiators.

Accordingly, the Board of Directors is asking for authorization to issue warrants and to allocate them, without consideration, to all the shareholders, as provided by the law of March 31, 2006. These warrants would enable the shareholders to subscribe for shares of the Company under preferential conditions, it being specified that such warrants would lapse in the event that the offer, and any competing offer, should fail, be withdrawn or lapse. The number of warrants to be issued would be limited to the number of shares comprising the Company’s capital at the time of issue and the nominal amount of the capital increase that could result from the exercise of these equity warrants would be capped at 25% of the share capital.

The resolution expressly provides that the Board of Directors should, at the time the warrants are issued, justify said issue in a report drawn up by a bank having no common interests with the Company. The report must explain the circumstances and the reasons why the offer is contrary to the shareholders’ interests as

well as the criteria and methods chosen to determine the exercise price of the warrants.

The Board of Directors may use this authorization within 18 months of the date on which the corresponding resolution is adopted by the shareholders, under the conditions provided for by law.

## **VIII – COMMENTS REGARDING EMPLOYEE SHARE OWNERSHIP**

Shareholders are reminded that the Sixth Stock Option Plan authorized by the Extraordinary Shareholders’ Meeting of May 12, 2005 will expire on July 12, 2008. The Board of Directors is not seeking the renewal of this Plan. However, it wishes to have at its disposal employee share-based incentive instruments, which are key to motivating Group employees and aligning their interests with those of the shareholders. Accordingly, the Board recommends an approach consisting of diversified instruments targeted to certain categories of beneficiaries. Shareholders are therefore asked to approve resolutions that will enable the Board of Directors to issue to Group employees and corporate officers (i) performance shares, (ii) redeemable share warrants (BSAAR) and (iii) shares in the context of an international employee stock ownership plan, it being specified that the performance shares that may be allocated to the Company’s corporate officers would be limited to 5% of the total number of shares allocated to employees and corporate officers.

### **8.1 Allocation of performance shares**

The Board of Directors is asking for authorization to allocate performance shares to employees of the Company and its French and non-French subsidiaries. The number of existing or new shares to be issued pursuant to this authorization may not exceed 1% of the share capital as of the date of the Board of Directors’ decision. Up to 5% of this total number of performance shares may also be allocated to corporate officers of the Company or its subsidiaries, it being specified that in this case, the shares may not be sold by their beneficiary until the end of their term of office within the Company, or on the Board of Directors of the Company or one of its subsidiaries. These performance shares will only vest at the end of:

- a) a period of two years, in which case the beneficiary will be required to hold the shares for an additional period of at least two years from the date on which they vest, or
- b) a period of four years, in which case there will be no minimum holding requirement.

The Board of Directors may decide between the above two options and apply them alternately or concurrently, depending on regulatory provisions in force in the country of residence of the beneficiaries.

The exact number of shares vesting at the end of the two- or four-year period (depending on whether option a) or option b) is chosen) following the date of notification of the allocation, will be equal to the number of shares indicated on the allocation notice, multiplied by the percentage of achievement of the chosen performance measurement criteria, it being specified that:

- unless the Board of Directors subsequently makes a duly reasoned decision to the contrary, the performance of the Cap

Gemini share (measured over the year preceding the date on which the shares vest) compared to the average performance, measured over the same period, of a basket of ten securities of listed companies operating in the same sector as the Group in at least five countries in which the Group is firmly established (France, the United States, India, etc.) will ultimately condition the vesting of the shares;

- this performance will be measured by comparing the market capitalization of Cap Gemini with the average market capitalization (expressed in euros and based on constant exchange rates) of the ten companies composing the basket;
- no shares will vest if, during the year preceding the date on which the shares should have vested, the performance of the Cap Gemini share is less than 90% of said average performance;
- the number of shares to vest shall ultimately be equal to:
  - 60% of the number of shares initially allocated if the performance of the Cap Gemini share is at least equal to 90% of said average performance;
  - 100% of the number of shares initially allocated if the performance of the Cap Gemini share is higher than or equal to 110% of said average performance;

and where the performance of Cap Gemini is in between 90% and 110% of said average performance, the percentage of shares to vest will be increased by 2% for each tenth of a percentage point within said range.

These two factors - progressive allocation and relative performance – should ensure that the system satisfies the interests of both shareholders (minimum performance threshold to be attained, progressive allocation) and beneficiaries (performance measured on a relative basis and not on the basis of the intrinsic stock price evolution, which is highly dependent on external factors).

By derogation, shares not subject to performance conditions may be allocated to certain employees, excluding members of the Group Management Board, subject to a maximum of 15% of the total number of shares allocated and to 1,000 shares per beneficiary.

Full powers would be granted to the Board of Directors to set the share allocation date and to decide on the list(s) of beneficiaries.

This authorization would be given for a period of 12 months.

## 8.2 Issue of redeemable share warrants (BSAAR)

The Board of Directors is asking for authorization to issue redeemable share warrants (BSAAR) to Group employees and corporate officers, to enable its key executives to share in the Group's success. The implementation of this authorization, which is granted for a period of 18 months from the date of the General Shareholders' Meeting, could ultimately lead to the issue, without

pre-emptive subscription rights for the shareholders, of up to 3 million shares (approximately 2.06% of the capital as of December 31, 2007), representing a maximum nominal amount of €24 million. The Board of Directors will, at the appropriate time, draw up a list of persons authorized to subscribe to the redeemable share warrants, the number of warrants that may be granted to each of them. It will also set the exercise price(s) for the warrants to be issued (said price(s) will be at least equal to 120% of the reference share price) and the terms and conditions of the issue. The Board of Directors will set the subscription price of the warrants, after having taken into account the opinion of an independent expert, in accordance with the usual parameters affecting their value.

It should be noted that this scheme does not fall within the framework of a company savings plan.

## 8.3 International employee stock ownership plan

The Board of Directors reminds shareholders that, in order to comply with the requirements of French law on employee shareholdings, the Extraordinary Shareholders' Meeting of May 11, 2006 authorized the Board of Directors, in the event that it uses one of the authorizations enabling it to increase the share capital, to decide if it is necessary to perform a cash capital increase via a share issue reserved for members of a company savings plan (PEE) to be set up at that time, within the limit of 3,500,000 new shares.

The Board of Directors did not make use of this authorization, which was given for a period of 26 months.

However, the Board commissioned a study of the tax and legal feasibility of an international employee stock ownership plan, accessible to the majority of the Group's employees and compatible with legislation in all countries where the Group is established.

In view of the complexity and cost of implementing such a plan, it would be available to all employees in countries having a sufficient workforce. As a rough idea, the plan could be implemented in around fifteen countries, representing nearly 95% of the Group's employees.

The plan could either take the form of (i) a traditional employee share plan, enabling employees to subscribe for shares at a discounted price, (ii) a leveraged plan embedding a bank financing arrangement aimed at making it more accessible to all employees or (iii) a combination of both types of plan, in which case Group employees could opt for one type of plan or a mixture of the two. The amount invested by employees in the plan would be capped at 25% of their gross annual salary or any lower amount set by the Board of Directors.

The Board is therefore asking shareholders to grant it a specific authorization, taking into account legal provisions regarding employee savings. Shareholders' are asked to approve two resolutions regarding this authorization. Under the first of these resolutions, the Board of Directors would be authorized to issue not only shares, but also other securities convertible, redeemable, exchangeable or otherwise exercisable for new shares and, where appropriate, to allocate shares free of consideration or other securities convertible, redeemable, exchangeable or otherwise exercisable for new shares in total or partial substitution for the discount. The purpose of such arrangements would be to make it possible to adapt the terms and conditions of the plan in certain countries where it would be difficult or costly to implement due to legal or tax constraints. The objective is to enable employees in all countries to participate in the plan under similar financial conditions, insofar as possible.

The specific authorization addressed by the twenty-second resolution would enable the Board of Directors to increase the capital by issuing new shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares. The number of new shares that could be issued under this authorization, which would expire on the day of the General Shareholders' Meeting to be called to approve the 2009 financial statements, would be capped at six million. Subscriptions would be reserved for employees of the Company and its French and non-French subsidiaries, provided that they participate in a Capgemini Group company savings plan. The issue price of the new shares would not be lower than 80% of the average price quoted for the Company's shares over the 20 trading days preceding the decision setting the start date of the subscription period. Full powers would be granted to the Board of Directors to define the other terms and conditions of subscription.

The Board of Directors is asking for a second authorization, to supplement this specific authorization, under the twenty-third resolution. The purpose of this second authorization is to enable the employees of certain non-French Group companies, having their registered office in countries where it would be difficult to implement the type of employee stock ownership plan described above due to local legal and tax constraints (such as the USA and certain North European countries), to participate in an employee savings plan under similar financial conditions to those available to other Group employees.

Accordingly, and in order to take into account local legal and tax constraints, shareholders are asked to approve the twenty-third resolution, which concerns the issue of up to two million new shares reserved for a Group company – Capgemini Employees Worldwide S.A.S. - designated for this purpose. The employees of the countries in question would be able to participate, through this company, in a leveraged employee stock ownership plan, supported by a credit institution which would become the owner of the subscribed shares. If there are more subscription requests than anticipated and the number of shares to be issued exceeds the maximum authorized number, the number of subscriptions would be reduced in accordance with principles defined by the Board of Directors.

The issue price of the new shares would not be lower than 80% of the average price quoted for the Company's shares over

the 20 trading days preceding the decision setting the start date of the subscription period. Full powers would be granted to the Board of Directors to define the other terms and conditions of subscription.

The total number of shares which may be issued pursuant to the first and second authorizations would be capped at six million (6,000,000) shares (approximately 4.12% of the share capital as of December 31, 2007), in other words the limitation referred to under the resolution relating to the first authorization.

The Law of December 31, 2006 allows companies to sell treasury stock at a discount. The Board of Directors may take advantage of this possibility to reduce, if necessary, the number of new shares to be issued, subject to the limitations imposed by law.

## IX – UPDATING OF THE BYLAWS

The Board of Directors is asking for authorization to bring the time limit for reporting the crossing of the disclosure thresholds specified in article 10 of the bylaws “Disclosure thresholds” into line with the time limit for reporting the crossing of legal disclosure thresholds, in the interests of consistency and simplification. Accordingly, the time limit currently indicated in the bylaws (15 days from the time when shares are recorded in the account of a shareholder, causing that shareholder to cross the threshold of 1% of the capital or the voting rights or any multiple of said percentage) will be reduced to five trading days.



# REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

## A – ORGANIZATION OF THE WORK OF THE BOARD AND THE SPECIALIZED COMMITTEES

Cap Gemini is a French joint-stock corporation (*société anonyme*), whose Board of Directors decided on July 24, 2002, based on a recommendation put forward on the initiative of the then Chairman and Chief Executive Officer, Serge Kampf, to separate the functions of Chairman and Chief Executive Officer further to the authorization granted to the Board by the General Shareholders' Meeting of April 25, 2002 and within the scope of the New Economic Regulations law (NRE).

### A.1 The Board of Directors

The Board of Directors currently comprises 11 members:

- two of these directors, **Daniel Bernard and Thierry de Montbrial**, were appointed at the General Shareholders' Meeting of May 12, 2005,
- nine were reappointed at the General Shareholders' Meeting of May 11, 2006. The directors in question are:

- Yann Delabrière
- Jean-René Fourtou
- Paul Hermelin
- Michel Jalabert
- Serge Kampf
- Phil Laskawy
- Ruud van Ommeren
- Terry Ozan
- Bruno Roger

The Shareholders' Meeting of May 11, 2006 also decided, in response to the proposal of the Board of Directors, to reduce the term of office of directors of the Company from six years to four years (applicable with immediate effect to current terms of office). The terms of office of the two directors appointed in 2005 will expire at the General Shareholders' Meeting called in the first-half of 2009 to approve the 2008 financial statements, and the terms of office of the nine directors reappointed in 2006 will expire at the General Shareholders' Meeting called in the first-half of 2010 to approve the 2009 financial statements. The average age of the 11 directors will then be 68 (it is currently 66) and three directors will be over 75. All outgoing Board members will be eligible for reelection. However, article 11, paragraph 4 of the Company's bylaws stipulates that not more than one-third of directors in office may be over 75 (rounded up to the nearest whole number if appropriate).

The principal role of the Board of Directors is to determine the key strategies of the Company and its subsidiaries, and to

ensure that these strategies are implemented. The Board places particular emphasis on managing the Group's 85,000 employees and thousands of managers, reflecting Cap Gemini's business as a service provider. The Board meets at least six times a year. Meetings are convened by the Chairman in accordance with a timetable decided by the Board at the end of the previous year. However, this timetable may be amended during the year in response to unforeseen circumstances or at the request of more than one director. In 2007, the Board met six times, including one Board meeting convened in India where the Group employed approximately 17,000 people in 2006. This represented a total of 66 theoretical attendances for all directors combined; there were only four absences, giving an overall attendance rate of 94%.

These meetings last on average three hours. Approximately ten days before the meetings, each director is sent:

- a detailed agenda which has been approved by the Chairman in consultation with those directors who have submitted items for inclusion on the agenda and the members of Group Management responsible for preparing documentation concerning the items to be discussed;
- and, if the agenda includes items requiring specific analysis or prior consideration, supporting documentation prepared by members of Group Management, supplying detailed, relevant information to the directors in order that they may prepare their deliberations, provided that the transmission of this documentation carries no risk that sensitive information, or any information that should remain confidential prior to the Board meeting, is disclosed to anyone but the Board members;
- a summary report comparing the performance of the Cap Gemini share to that of various general and sector indexes and that of its main competitors; and
- a table giving a breakdown of the last known consensus.

For a number of years, the Company's Board of Directors has applied the main corporate governance guidelines now recommended as best practice. In particular, the Board has:

- prepared, adopted, amended and applied highly detailed internal rules of operation (see section A.3);
- set up four specialized Board committees – the Audit Committee, the Selection & Compensation Committee, the Ethics & Governance Committee and the Strategy & Investments Committee, each with a clearly defined role (see section A.4);
- indexed all attendance fees payable to directors (including non-voting directors) to attendance at Board and committee meetings (see section A.5);
- periodically reviewed the personal situations of each director in light of the definition of independence provided under French corporate governance guidelines (a director is independent when he/she has no relationship of any sort with the Company,

the Group or its Management, that is likely to impair his or her judgment) and the numerous criteria applied in the different countries in which the Group operates. Based on the aforementioned reviews, seven out of the eleven Board directors (64%) qualify as «independent» under French corporate governance guidelines: Daniel Bernard, Yann Delabrière, Jean-René Fourtou, Michel Jalabert, Phil Laskawy, Thierry de Montbrial and Ruud van Ommeren.

The Board has also implemented a self-assessment procedure. This involved commissioning one of the three non-voting directors (Pierre Hessler) to prepare and send a detailed questionnaire to each director about the composition, operation and efficiency of the Board and its committees. The completed questionnaires were then collated and analyzed and a summary presentation was submitted to the Board of Directors for discussion. The questionnaire was divided into the following three main sections:

- an overall assessment of the 11 directors themselves: competence, availability, contribution to deliberations, complementarity, assiduity, solidarity, independence, prestige, etc.
- individual directors' opinions of Board meetings: number, length and period of notice of meetings, pertinence of the agenda, quality of information, dialogue with Management, discussions between directors, decisions made and strategic options chosen, as well as the quality of the minutes taken; and an assessment of the level of influence that the Board has – or should have – on the decisions taken by Management as well as the impact of committee recommendations on Board decisions, etc.
- finally, a certain number of miscellaneous issues relating, for example, to the conditions for possible changes in the composition of the Board and/or its committees or to changing the terms of reference of the four specialized committees.

A summary of the responses to this questionnaire was discussed at length during one of the Board's meetings and proposed improvements have been implemented. A fresh review of the operation of the Board and its committees and the quality of their work has been scheduled for 2008.

## A.2 Non-voting directors

The Board of Directors is assisted by three non-voting directors:

- two of these non-voting directors are former directors who were appointed as non-voting directors in July 2002: **Pierre Hessler**, who replaced Phil Laskawy after Mr. Laskawy was appointed a director; and **Geoff Unwin**, replacing Chris van Breugel, who resigned as a non-voting director. The terms of office of these two non-voting directors were renewed at the General Shareholders' Meeting of May 11, 2006 which also decided, in response to the proposal of the Board of Directors, to reduce the term of office of non-voting directors of the Company from six years to two years. The terms of office of Pierre Hessler and Geoff Unwin will therefore expire at the forthcoming General Shareholders' Meeting.
- the third non-voting director, **Marcel Roulet**, was appointed as a non-voting director at the General Shareholders' Meeting of May 12, 2005 and his term of office, which was renewed for an additional two-year period by the 2007 General Shareholders' Meeting, will expire at the General Shareholders' Meeting called in the spring of 2009 to approve the 2008 financial statements.

All three non-voting directors attended all of the Board meetings held in 2007 (a combined total of 18 attendances).

## A.3 Internal rules of operation

As provided for in article 16 of the Company's bylaws, internal rules of operation were drafted, discussed and adopted by the Board of Directors on July 24, 2002. This decision followed the resolution approved by the General Shareholders' Meeting of April 25, 2002, which authorized the separation of the functions of Chairman and Chief Executive Officer. On July 26, 2006, the Board made certain modifications and additions to the internal rules of operation, notably:

- the possibility of holding Board meetings using video conference or telecommunications facilities;
- the requirement for directors and non-voting directors to inform the French stock market authority (*Autorité des marchés financiers*), and the Company itself, of any transactions they may have carried out personally involving the Company's shares within five trading days of the execution of such transactions;
- an update to the rules governing share trading: notwithstanding the legal and regulatory provisions concerning insider trading, directors and non-voting directors must abstain from any direct, indirect or derivative transaction involving the Company's shares for a period of 15 trading days prior to the announcement of the Company's interim and full-year results, and for one trading day following such announcements; and
- a number of additional specifications to the general code of ethics.

These amended internal rules of operation:

- set out or provide additional details concerning the bases for exercising the various powers entrusted to the Board of Directors, the four specialized committees created by the Board, the Chairman and the Chief Executive Officer; As regards the role and powers of the Chief Executive Officer, the internal rules of operation stipulate that he must seek and obtain prior approval from the Board of Directors – or from its Chairman acting under delegated powers – for any decision which is of major strategic importance or which is liable to have a material effect on the financial position or commitments of the Company or on one of its principal subsidiaries. This applies in particular to:

- the approval and updating of the three-year plan based on the strategy approved by the Board;
  - the contracting of strategic alliances;
  - significant changes to the structure of the Group or to its range of business activities;
  - significant internal restructuring operations;
  - financial transactions with a material impact – or a potential material impact – on the financial statements of the Company or the Group (in particular the issuance of shares or share equivalents);
  - acquisitions or disposals of assets individually worth more than €50 million;
  - increases or reductions in the capital of a major subsidiary;
  - specific authorizations concerning the granting of pledges, security and guarantees.
- list the main obligations under the code of ethics with which directors and non-voting directors of Cap Gemini S.A. undertake to comply throughout their term of office concerning, inter alia, the rules governing securities transactions.



#### **A.4 Board committees**

Almost eight years ago, following a recommendation by its Chairman, the Board of Directors decided on May 23, 2000 to set up three specialized committees (an Audit Committee, a Selection & Compensation Committee and a Strategy & Investments Committee). Each committee is tasked with studying in depth certain specific matters as well as reviewing and preparing the corresponding Board discussions, submitting proposals to the Board, and providing advice and recommendations to the Board on decisions taken. The initial appointment of directors and non-voting directors to these committees was decided by the Board of Directors at its meeting of September 13, 2000. Each committee elected its own chairman and has specific internal rules of operation that define its roles and responsibilities.

Following the appointment on May 12, 2005 of two new directors (Daniel Bernard and Thierry de Montbrial) and a new non-voting director (Marcel Roulet), on July 27, 2005 the Board of Directors decided, again on the initiative of the Chairman, to appoint a non-voting director and three or four directors to each of the three committees. The Chairman of the Board of Directors did not wish to be appointed to any of the three committees and allowed the committee Chairman to invite him to attend their various committee meetings at their discretion. At its meeting of July 26, 2006, the Board decided to set up a fourth committee called the Ethics & Governance Committee, whose terms of reference include Group corporate governance – previously included in the brief of the Selection & Compensation Committee. Serge Kampf was appointed to chair this new committee. The Board consequently adopted the new composition of the four committees as presented below. Lastly, at its meeting of February 14, 2007, the Board of Directors approved the internal rules of operation for each of the four committees. This consisted of an update to the rules already applying to the existing committees as well as a new set of internal rules of operation for the Ethics & Governance Committee.

These committees are tasked with reviewing and preparing Board discussions on specific matters that are subsequently discussed at full Board meetings in line with the Board's principle of collegiate responsibility. The committees should under no circumstances usurp the power of the Board which has sole decision-making power, nor undermine the collegiate solidarity of the Board of Directors which remains collectively responsible for the duties entrusted to them by law and by the General Shareholders' Meeting.

##### **4.a Audit Committee**

This committee assesses the appropriateness and the consistency of the accounting policies and methods used in the preparation of the full-year and interim financial statements, and checks the internal reporting and control procedures used to ensure the accuracy of financial information. The committee also assesses the various

engagements conducted by the Statutory Auditors and gives its opinion on whether they should be reappointed.

The composition of this committee is currently as follows:

- Three directors: **Yann Delabrière** (Chairman), **Michel Jalabert** and **Phil Laskawy**
- One non-voting director: **Marcel Roulet**

This committee met six times in 2007, with an attendance rate of 92% (22 out of 24 attendances). At the beginning of 2007, it reviewed the financial statements of the Group and the parent company for the year ended December 31, 2006 as well as the accounting treatment of significant events that took place during that year. In the middle of the year, the Committee reviewed the Group's interim financial statements at June 30, 2007 and also focused on provisions set aside on certain major accounts and the process of integrating Kanbay into the Group. It also interviewed:

- Philippe Christelle, Internal Audit Director, on working methods, terms of reference and the findings of work carried out;
- François Hucher, Production and Quality Director, on operations and developments at production centers and the role of the «flying squads» who perform audits on risk-sensitive projects;
- Lucia Sinapi-Thomas, Corporate Finance and Risk Management Director, on risk management in the pre-sale phase of major commercial proposals, potential strategic partnership arrangements, framework client or supplier contracts with certain specific characteristics, etc. The Committee also held a special meeting at which it interviewed the Statutory Auditors and was briefed on a number of technical accounting issues that require improvement, and on recommendations for further enhancing the efficiency of the Group's control procedures. Finally, the Committee reviewed the conditions for renewing the terms of office of the two Statutory Auditors (PricewaterhouseCoopers and KPMG) which expire on April 17, 2008 and submitted recommendations to the Board on this matter.

##### **4.b Selection & Compensation Committee**

This Committee is tasked with monitoring the human resources policies applied by Group companies to executive managerial posts (executive selection, changes in theoretical and actual compensation policy, setting objectives to determine the variable portion of compensation, stock option allocation criteria, career and succession planning, etc.) and making sure that these policies are both consistent – while complying with particular local requirements – and closely aligned with individual and collective performances in the Business Unit to which the manager concerned belongs. It is consulted prior to any decisions concerning the appointment or replacement of Executive Committee members and strategic Business Unit managers. The committee drafts and presents recommendations to the Board concerning the proposals made by the Chief Executive Officer in relation to the fixed and

variable compensation of executive managers, the Chairman's proposals on the compensation and performance assessment of the Chief Executive Officer, and its own proposals on the compensation and performance assessment of the Chairman. The committee also reviews the various types of employee incentive schemes (stock options, Group savings schemes, etc.) and submits proposals on this issue to the Board of Directors.

The composition of this committee is currently as follows:

- Four directors: **Ruud van Ommeren** (Chairman), **Michel Jalabert**, **Thierry de Montbrial** and **Terry Ozan**
- One non-voting director: **Pierre Hessler**

This committee met seven times in 2007, with an attendance rate of 91% (32 out of 35 attendances).

Besides matters relating to the general compensation policy applied by the Group in 2007, the committee reviewed compensation paid in 2006 (setting the variable portion) and 2007 (revising the fixed portion and setting individual objectives used at year-end to calculate the variable portion) to the Chairman of the Board of Directors, the Chief Executive Officer and the Group's key senior executives, for whom half of the variable portion of executive compensation is based on the percentage of attainment of quantified objectives set out in the Group budgets (consolidated revenues, operating income, cost of corporate functions, etc.), and the other half on the degree to which a certain number of personal objectives have been achieved.

The committee reviewed, and occasionally modified or completed, and submitted for final approval by the Board of Directors, the list of the beneficiaries of the 2,332,500 stock options granted on April 1, 2007 and October 1, 2007 to 893 Group employees. It recommended to the Board, above and beyond regulatory requirements, that the granting of stock options at October 1, 2007 to members of the Group Management Board be accompanied by a requirement that the grantees retain in their possession 20% of the share options exercised in registered form for a four-year period beginning on October 1, 2011. The Board of Directors accepted this proposal.

As in previous years, the committee interviewed the directors of the Group's strategic Business Units, who presented the key members of their management teams and their three-year business plans as well as programmed and emergency succession plan options.

Lastly, the committee reviewed the various share-based compensation plans that might be made accessible to all Capgemini Group employees (stock options exercisable on the basis of collective or individual performance, performance-based bonus share issues, regular equity warrants and equity warrants reserved for certain categories of employees or managers, multinational share-based compensation schemes, etc.). It presented its findings and recommendations on this matter at the first meeting of the Board of Directors held in 2008.

#### **4.c Ethics & Governance Committee**

This committee is tasked with verifying that the Group's seven core values are correctly applied and adhered to, defended and promoted by the Group's corporate officers, senior management and employees in all of its activities and in all subsidiaries under its control, in all internal and external communications – including advertising – and in all other acts undertaken in the Group's name.

It is also briefed with overseeing the application of best corporate governance practice within Cap Gemini S.A.. The Ethics & Governance Committee is responsible for all matters relating to the selection, evaluation, independence and compensation of directors and non-voting directors, validating and updating succession plans put forward for the Group's senior management – including the Chairman and the Chief Executive Officer – and proposing to the Board of Directors any changes it considers relevant to its operations and composition (co-opting new directors, limiting their number, etc.) or to the corporate governance rules currently in force within the Group (for example, switching back to a traditional legal form combining the functions of Chairman and Chief Executive Officer, etc.).

The Ethics & Governance Committee currently comprises five directors: **Serge Kampf** (Chairman), **Daniel Bernard**, **Paul Hermelin**, **Phil Laskawy** and **Bruno Roger** (no non-voting directors currently sit on this committee). The committee met three times in 2007, with an attendance rate of 87% (13 out of 15 attendances): It reviewed the various corporate governance scenarios open to the Group without issuing any specific recommendations, and proposed that in the second half of 2007 the Board should discard the formula for allocating attendance fees adopted on July 26, 2006. This proposal was not accepted by the Board (see section A.5 below). It also debated several matters concerning the ethical considerations that guide all actions undertaken by the Group and interviewed Philippe Christelle, the Internal Audit Director, who presented a special report dealing with the ethical framework in which the Group operates, incentive and control procedures as well as the scope of the Internal Audit Department in this area. The committee also heard a presentation from the Group's General Secretary, Alain Donzeaud, on Corporate Social Responsibility which covers the following areas: measuring and enhancing employee relations throughout the Company; procedures implemented to check on compliance with ethical rules and behavior by Group managers (with suggestions concerning whistleblowing measures that have been partially adopted by the committee); and the impact that Corporate Social Responsibility has – or could have – on the Group's businesses, on the current chain of command and on its medium- and long-term development prospects, etc.

#### **4.d Strategy & Investments Committee**

This committee reviews and recommends or prioritizes the various strategic options that the Group may adopt to ensure its continued growth, profitability and independence; calibrates the investment required to implement each of these possible strategies; ensures that it has the necessary resources to oversee the subsequent implementation by Management of the strategy decided by the Board of Directors; assesses potential or strategically important alliances or acquisitions; and more generally, deliberates on any issue considered relevant to the Group's future and to guaranteeing operating and financial stability. The composition of this committee is currently as follows:

- Five directors: **Jean-René Fourtou** (Chairman), **Daniel Bernard**, **Paul Hermelin**, **Thierry de Montbrial** and **Bruno Roger**
- One non-voting director: **Geoff Unwin**

This committee met three times in 2007, with an attendance rate of 94% (17 out of 18 attendances). It devoted the bulk of its time to preparing, analyzing and following up on a summary document

sent to each director which:

- recaps the six major strategic decisions taken between 2002 and 2006: organizing the Group around four disciplines (Consulting Services, Technology Services, Outsourcing Services and Local Professional Services); boosting the share of Outsourcing Services in the business mix; expanding market share in the Business Process Outsourcing sector; strengthening Local Professional Services (reflected in the acquisition of Transiciel); continuing as a worldwide player and resisting any temptation to pull out of the North American market; and developing and rolling out an offshore industrial production model;
- provides information on short- and long-term trends in our markets and changes in our competitors' positions;
- analyzes the key challenges facing our Group: these are split into structural challenges affecting the Group's operational organization and cyclical challenges that need to be dealt with by means of objectives and action plans; and
- offers a series of pointers concerning acquisition-led growth.

The committee sought out the opinion and reservations of each director individually concerning the aforementioned document. Based on an analysis of this feedback it was able to update and flesh out the original document and report back to the Board with a number of suggestions.

During 2007, the committee also carried out in-depth analyses of a number of potential acquisitions and defined the Group's bargaining position in the event that it enters into negotiations.

### A.5 Compensation of directors

In partial consideration of the directors' increasing workload and responsibilities, and for the time spent preparing for and actively participating in Board and committee meetings, the Company was authorized by the General Shareholders' Meeting of May 11, 2006 to pay attendance fees to directors within an overall ceiling of €700,000 per year. In July 2006, further to the Selection & Compensation Committee's proposal, the Board of Directors decided to implement a new formula for allocating attendance fees based on the following principles:

- the elimination of the fixed portion that was attributed based on position as director, non-voting director or committee member (except for the chairmen of the specialized committees and the Chairman of the Board of Directors, who continue to receive a fixed fee of €20,000 per annum in view of their special responsibilities and the heavy workload required to discharge their duties);
- the payment of a standard fee of €3,000 per attendance at official meetings of the Board or one of the four specialized committees. This fixed fee may be adjusted downwards in the event that as a result of circumstances, an exceptional number of meetings leads aggregate attendance fees to exceed the €700,000 threshold;

- the payment of attendance fees twice yearly on June 30 and December 31, as opposed to once per annum as was previously the case.

A number of ideas were put forward at the Board of Directors' meeting of February 14, 2007. As compensation for directors and non-voting directors now lies within the remit of the Ethics & Governance Committee, the Board tasked that committee with analyzing the appropriateness of this formula for allocating attendance fees. At its meeting of June 13, 2007, the committee debated this issue at length and considered a number of possible amendments to the basis of allocation. Finally, it proposed an alternative formula that (i) reintroduced an annual fixed portion calculated differently for voting and non-voting directors; (ii) limited the number of meetings of each specialized committee to four per year (barring exceptional circumstances); and (iii) provided for a per meeting fee – uprated by 50% for members of the Audit Committee. The Board of Directors considered this proposal at its meeting of July 26, 2007 and opted to stick with the formula it had approved in July 2006. In accordance with said formula, the total amount of attendance fees paid to directors and non-voting directors in respect of 2007 amounted to €592,000 (€323,000 for the first half of the year, and €269,000 for the second half), i.e., 85% of the maximum authorized ceiling.

## B – INTERNAL CONTROL PROCEDURES IMPLEMENTED

The main events in 2007 were the rolling out of the Group's global strategic plan, known as «I<sup>3</sup>» (Industrialization, Innovation, Intimacy), and the ongoing implementation of the program to transform the finance function (the "Green Project").

Within the scope of the "Industrialization" phase of the I<sup>3</sup> strategic plan, which is aimed at improving the management of the increasing proportion of our services delivered from delocalized production centers (mainly in India), the Group has devised and begun to implement a new operating structure. Production center teams are now fully integrated into the same structure as our "onshore" teams, particularly as regards performance measurement. By providing global project coordination, this new operating model delivers better estimates of business development budgets, and more effective resource allocation, project tracking procedures and risk assessment.

As regards the Green Project, the following actions were implemented in 2007:

- the Group's main accounting principles and methods, as well as key requirements with regard to internal control were set out in a manual entitled "TransFORM" and sent to all operating managers, project leaders, sales staff and other non-financial managers to ensure that the Group's accounting rules and obligations are known and understood right across the Group.

This information forms the basis for one of the modules taught at Capgemini University, and may also be consulted on the intranet via e-learning tools.

- transfer of part of the accounting function of our US subsidiary to a shared service center located in India, mirroring similar steps taken for the UK accounting function in 2006, and part of the French and Dutch accounting functions which were transferred to another shared services center in Krakow, Poland in 2005 and 2006;
- roll out of the single integrated management system in several Group subsidiaries (notably, Sogeti in Spain, Belgium and Luxembourg). The system has gradually been deployed across the Group on a country-by-country basis since 2005 and comprises key functional components, including procurement management;
- completion of the program aimed at shortening accounts closing deadlines launched at the end of 2005 and successfully implemented for the June 30, 2007, and the full-year 2007 accounts closing.

### **B.1 Objectives and principles of Group internal control procedures**

Cap Gemini's internal control procedures are designed to create a general internal control environment that is tailored to the Group's specific business activities.

As defined by the committee set up by the French stock market authority to devise a blueprint for internal control in French companies subject to the requirements of the Financial Security law, internal control is a process that is developed and implemented by the Group with a view to ensuring:

- compliance with relevant laws and regulations;
- respect for the Group's core values and guidelines set out by Group Management;
- the correct application of instructions;
- the smooth functioning of the Group's internal control processes (particularly asset safeguarding procedures); and
- the reliability of the Group's financial information.

Internal control enhances operating effectiveness, the efficient use of resources and risk management, and plays a key role in the day-to-day management of the Group's different businesses. Irrespective of their quality and the success of their application by Group employees, internal control procedures cannot provide an absolute guarantee against risk, any more than they can guarantee that the Group's performance objectives are met.

Internal control procedures concern two levels of the Group's organization:

- Group Management has prepared, drafted, approved and distributed a set of rules and procedures known as the Blue Book which are binding throughout Cap Gemini S.A. and its subsidiaries. A copy of the Blue Book has been issued to each Group employee and compliance is mandatory irrespective of function, position or Business Unit. It outlines the overall security framework within which the Group's activities must be conducted, and describes the tools and methods to be deployed in order to exercise the necessary degree of control and reduce the risks identified in each of the Group's main functions.

- Individual Business Units supplement the Blue Book with specific instructions designed to bring Group internal control procedures into line with the relevant laws, regulations and customary practices in their country of operation, and to provide more effective control over specific local risks.

The Capgemini Group has had a central Internal Audit function for over 30 years. This department currently comprises a multidisciplinary team of 18 auditors reporting directly to both the Group's Chairman and its Chief Executive Officer. Internal Audit is tasked with reviewing the internal control procedures set up in the Strategic Business Units (SBU) and in the Business Units to ensure that they comply with the principles and rules laid down by the Group, and with the procedures devised by the individual Business Units to avoid or mitigate the risks to which they are exposed locally. Each Strategic Business Unit is audited in line with a bi-annual program that the Chairman and/or the Chief Executive have the power to modify in the event of a contingency (delays, major divergence from budgetary commitments, etc.). In 2007, the Internal Audit team performed 43 engagements in entities belonging to all of the Strategic Business Units and representing more than half of the Group's revenues. Each engagement represented an average of 32 field audit days and gave rise to a compulsory action plan to be implemented by the entity's management without delay in order to resolve the issues raised in the course of the audit. At the request of Group Management, in 2007 the Internal Audit Department also performed four special engagements to review specific situations.

At least once a year, the Internal Audit Director must report to the Audit Committee on the Department's work (particularly the preparation and processing of financial and accounting information) and to the Ethics & Governance Committee on compliance with the Group's ethical guidelines. However, the Internal Audit Director may at any moment draw up a special report for the Chairman or the Chief Executive Officer on any matter that he considers should be brought to their attention.

### **B.2 General organization of internal control**

Internal control is the responsibility of Group Management and the central functions that report directly to it. It is based on a decentralized operating structure and a series of specific procedures.

#### **2.a Central bodies involved in internal control**

The respective roles of central bodies involved in internal control are as follows:

The Executive Committee, composed of nine members (see page 162 of the Registration Document), assists the Chief Executive Officer with the day-to-day management of the Group. It implements the broad strategies decided on by the Board of Directors, determines annual and rolling three-year budgetary targets and oversees their implementation, and, if necessary, takes corrective action to remedy any failures to deliver those objectives. In addition, it monitors the appropriateness of the Group's organization in light of changes in its business environment.

- The Group Management Board is composed of the nine members of the Executive Committee plus a variable number of other senior Group managers – currently six (see page 162 and 163

of the Registration Document). Its main brief is to contribute to the deliberations of the Executive Committee on any matter of general interest submitted to it, assist in the implementation of decisions taken and act as the Steering Committee for the P<sup>3</sup> program launched in October 2006.

- The Group Finance Department is tasked with preparing budgets and monitoring performance, management control, operational reporting, accounting, consolidation and accounting standards, treasury management, taxation, mergers and acquisitions and financial communications, etc.

The department is currently headed up by the Deputy Chief Executive Officer (also Chief Financial Officer), and also handles procurement, internal information systems and risk management during the upstream phase of commercial propositions. It also exercises control over the Production and Quality Department which is tasked with designing and disseminating in-house production methodologies, providing certification for certain categories of employees (project leaders and architects, etc.) and performing audits of risk-sensitive projects conducted by specialized teams known as “flying squads” (103 audits of this type were carried out in 2007).

- The General Secretariat has responsibility for:
  - Legal affairs, covering two departments: one dealing with problems encountered in international operations and all legal matters related to the Group’s operating activities; and the other concerned with the functioning of the Group’s governing bodies (the Board of Directors, specialized committees, Shareholders’ Meetings, etc.) and any changes made to the Group’s general legal structure.
  - The Human Resources Department, which is tasked with coordinating policies implemented in its sphere of competence by the Group’s subsidiaries and monitoring the performance of managers with high potential.
  - Capgemini University, which provides Group managers and employees with the additional training they require (in new technologies, assuming commercial functions, enhancing ability to handle large-scale projects, personal leadership development, etc.) and also forms a natural and convivial meeting point.
- The Strategy Department, whose main role is to provide input and documentation for the deliberations on strategic issues by Group Management, the Board of Directors and its Strategy & Investments Committee.
- The Marketing and Communications Department, which is responsible for defining the guiding principles of the Group’s internal and external marketing and communications strategies and ensuring they are applied by the operating subsidiaries.
- The Sales and Alliances Department, which is in charge of coordinating the Groups’ sales policy, monitoring the

management of major accounts and relations with the Group’s key partners.

These bodies are supplemented by two ad hoc committees composed of the Chief Executive Officer, the Chief Financial Officer, the Director for International Legal Affairs and the General Secretary. Their task is to review and approve – within the scope of the restrictions placed on the powers of the Chief Executive Officer:

- together with the Director of Risk Management and the Director of Sales and Alliances: major business proposals to be prepared or up for discussion, offers of strategic alliances and master contracts with clients or suppliers with certain specific criteria (Group Review Board);
- together with the Strategy Director, the M&A Director and the appropriate Business Unit director: plans for acquisitions and divestments up for discussion, selection or negotiation (M&A Committee).

## **2.b Control within a decentralized operating structure**

The Group’s operations are based on a decentralized model consisting of basic operating entities (Business Units or BUs) grouped together into Strategic Business Units (SBUs). The BUs are deliberately kept small enough to allow their managers to form strong relationships with their staff. Each BU has management and performance measurement tools that allow the BU manager to remain in close contact with staff and clients and to contribute fully to the Group’s results and development. BU managers are fully responsible for meeting quantifiable targets relating to financial performance (growth, profitability, etc.), business development, management quality and client satisfaction.

The seven main SBUs each have substantial management autonomy. Two of these units are each responsible for the worldwide management of one of the Group’s four disciplines: one for Outsourcing Services and the other for Local Professional Services (Sogeti). The Group’s other two disciplines (Consulting Services and Technology Services) are organized into three major geographic SBUs: North America, Western Europe (the UK, France, Spain and Portugal – but also Morocco, Argentina and Brazil) and Continental Europe (the Nordic countries, Benelux, Germany, Switzerland, Austria, Italy and the other central and eastern European countries) within which Asia-Pacific (excluding India) has been provisionally classified. The sixth SBU comprises the Group’s Indian staff (excluding those working in financial services) while the seventh, which was set up in 2007, has worldwide responsibility for Group financial services.

## **2.c Specific procedures:**

The aim of specific procedures is to ensure efficient and traceable decision-making. The key processes mainly concern:

- **the delegation of decision-making powers and authorization:** the decision-making process applied within the Group is based



on rules concerning the delegation of powers. These rules are regularly updated, comply with the principle of subsidiarity and define three levels of decision-making depending on the issues involved, corresponding to the three levels of Capgemini's organization:

- the BU, for everything within its scope of responsibility;
- the SBU, for everything that concerns the BUs under its authority;
- finally, the Group (Group Management, Executive Committee, etc.), for everything outside the scope of responsibility of a single SBU, for decisions which, by their nature, must be taken at Group level (acquisitions, divestments, etc.) or for other major operations whose financial impacts exceed well-defined materiality thresholds.

This process has been formalized in an authorization matrix which requires both prior consultation and the provision of sufficient information to the parties involved. Recommendations submitted to the final decision-maker must include the views of all interested parties as well as a balanced assessment of the advantages and drawbacks of each of the possible solutions.

- **a framework of general policies and procedures:** the Blue Book sets out the main principles and basic guidelines underpinning the Group's internal control procedures, and covers specific issues relating to the following areas:
  - the internal organizational structure;
  - human resources management;
  - finance function organization and procedures;
  - procurement organization and controls;
  - the Group's information and communication systems;
  - business knowledge management, sharing and protection;
  - production of services in a multinational context;
  - project management (sales, technical and financial aspects).
- **the project risk control process:** the Group has finalized a formal process designed to identify and control risks associated with the delivery of information systems projects ordered by clients, from pre-sale to acceptance and payment by the client of the last invoice for the project. This process differentiates between:
  - pre-sale controls;
  - technical controls during the project execution phase; and
  - business control.
- **pre-sale controls:** projects are increasingly complex, both in terms of size and technical specifications, especially in outsourcing (long-term commitments, sometimes involving transfers of assets, staff and the related obligations). As a result, identifying and measuring the risks involved is essential at all stages of the selling process, not only for new contracts but also for extensions or renewals of existing contracts. This risk analysis is based in particular on:
  - a reporting tool consolidating all commercial opportunities at Group level. Data concerning commercial opportunities are entered as and when identified, and are kept up to date throughout the sale process;
  - the validation, at the various organizational levels of the Group's operational structure and at the different stages of the selling

process (from qualification of an opportunity as investment-worthy from a Group perspective to the contract signing, via the submission of service proposals, often in several stages), of the main characteristics of the opportunity, in particular as regards technical, financial and legal matters. As described above, the decision to commit the Group to commercial opportunities meeting pre-defined criteria concerning size and complexity, is the sole prerogative of the Group Review Board.

- **production quality and control:** the Group has approved policies for monitoring contract performance that are applied throughout the life of the project to ensure that it runs smoothly. Key features of these policies include:
  - clear definition of the roles and responsibilities of each person regarding execution and supervision throughout the entire production process, in particular as regards the choice of project leader, client relationship management, billing, estimation of costs to completion, joint oversight arrangements with the client, etc.;
  - use of proprietary production methodologies in all of the Business Units;
  - global access to the expertise available through Capgemini's Applications Development Centers;
  - the monthly Group-wide identification of all risk-sensitive projects in the execution phase, and the implementation of action plans aimed at eliminating or containing such risks;
  - commissioning of "quality audits" carried out independently of the teams in charge of a given project to identify additional risks in cases where actual performance appears to diverge from forecasts or from commitments undertaken;
  - measurement of client satisfaction via OTACE (On Time Above Client Expectations) surveys.
- **business control:** depending on its size, each Business Unit has one or more business controllers, whose tasks include:
  - financial oversight for each project, and primarily monitoring budgeted against actual project production costs. Progress reports and management indicators are built into the monitoring process, which relies mainly on the periodic analysis of the estimated costs to completion and their accounting impact;
  - ongoing control over compliance with contractual commitments – particularly billing and payment milestones.
- **oversight of compliance with the rules governing share trading:** the Group instructs all employees to refrain from carrying out any transactions involving the Company's shares during certain periods of the year. Employees are reminded of these restrictions in writing before the start of each such period.

### **B.3 Procedures concerning the preparation and processing of financial and accounting information**

These procedures are used to ensure the application of and compliance with Group accounting rules relating to the preparation of budgets and forecasts, financial reporting, consolidation, management control and financial communications. At the end of 2007, the Group Finance Department sent out a

questionnaire to all subsidiaries dealing with the application of general internal control principles and procedures concerning the processing of reported financial and accounting information. The feedback from this questionnaire – which was prepared in line with recommended AMF guidelines – will be used to make improvements in areas deemed most risk-sensitive.

### **3.a Financial and accounting structure**

The operational control aspects of the Group's financial functions are decentralized, with a structure that parallels that of its Business Units. However, in order to safeguard the impartiality required in determining accounting results, the financial controllers of the Strategic Business Units (SBUs) report to the Chief Financial Officer. They are responsible for ensuring that high quality financial and accounting information for the SBU is reported to the parent company on a timely basis.

Each Business Unit has one dedicated financial controller (reporting to the corresponding SBU's financial controller) who is responsible for ensuring that the results of the BU's activities are accurately reported in the accounts in accordance with Group accounting rules and methods. To this effect, the financial controller makes sure that services are billed and paid for, checks profit estimates for ongoing projects and assesses their accounting impact, and ensures the quality of the information contained in the financial reports and accounting packages used as the basis for preparing the Group's consolidated financial statements. For disciplines organized on a geographical basis, the major regions have a Legal Financial Director whose duties and responsibilities include the following: ensuring that all financial staff in the region are well-versed in the Group's accounting policies and methods; checking for compliance with local taxation and statutory reporting requirements; maintaining an effective internal control environment; liaising with shared service centers and the Statutory Auditors; setting accounts closing and financial reporting timetables; signing off on the consolidation packages of the subsidiaries with lines of reporting to him or her, signing the representation letter and; bringing any and all matters that he or she sees fit to the attention of the Chief Financial Officer.

All financial staff are required to apply the Group's accounting procedures and policies contained in the TransFORM manual, which sets out:

- the essential rules of internal control;
- what information must be reported, when, and how often;
- management rules and procedures;
- accounting policies, rules and methods;
- performance indicators.

### **3.b Budgets, forecasting, financial reporting and consolidation:**

In order to exercise effective control over their operations, the Group requires Business Units to submit weekly, monthly,

quarterly, half-yearly and annual reports of all budget, forecast, operational and accounting information required for the general management of the Group.

- **budget and forecasting process:** budgets form the basic building blocks in the management control process. They are debated back and forth between the different Group managers and their superiors and are drawn up based on these discussions, past performance, the Group's chosen strategic priorities and available information concerning expected market trends. They set quantified targets for the SBUs and their component BUs. The budget preparing process is a key moment in the relationship between the different levels of the Group's management and makes it possible to create a substantial link between the variable portion of the compensation paid to BU managers to the attainment of BU and corresponding SBU budget targets. Finally, a forecast income statement (for a rolling 7-month period, i.e., for the current month and following six months) is prepared by all of the managers concerned. Variances from budget are analyzed so that any corrective action plans that may be needed can be drawn up as quickly as possible.

- **operational reporting process:** reporting of information is organized by Business Unit forming an SBU and by discipline. It allows revenues and costs to be analyzed on a monthly basis either by type or function, and performance indicators to be updated and measured against budget, the latest forecasts and prior-year figures. Balance sheet items are analyzed on a quarterly basis. A monthly management report is prepared for each SBU jointly by the manager and financial controller. This report gives a detailed breakdown of actual performance, forecasts for the following six months and actions taken in the event of material variances between actual and budget figures. It is escalated to Group Management.

Reconciliations are performed systematically to ensure that financial information derived from the operational reporting system is perfectly consistent with the consolidated financial information provided by the legal entities within the Group.

- **consolidation process:** at each yearly or half-yearly closing, the scope of consolidation is updated at Group level by the Finance Department and validated by the Legal Affairs Department. Written instructions are issued providing the schedule for period-end tasks (particularly the reconciliation of intragroup transaction balances), highlighting current accounting issues requiring specific attention, and describing the control procedures applied during the preparation of the consolidated financial statements. The consolidation process is based on accounting packages, which must be signed off by the person responsible for preparing them. Income statements, balance sheets and other key management indicators required for subsequent analysis are



stored in a single database maintained at Group level. Access to this information system is strictly controlled.

### **3.c Financial information**

- **controlling financial information:** the interim and annual financial statements are subject to specific controls regarding financial information and its presentation. These include:
  - a systematic review carried out with the assistance of the Legal Affairs Department of all material operations and transactions occurring during the period;
  - a procedure to identify, collate and report off-balance sheet commitments and any other information liable to have significant repercussions on the financial position of the Group or one of its subsidiaries at the period-end;
  - a review of the tax position of each of the Group's legal entities;
  - a review of the value of intangible assets;
  - a detailed analysis of the statement of cash flows.

The controls described above carried out by the Group Finance Department are supplemented by the work of two independent bodies tasked with carrying out checks on the internal control environment and verifying the quality of the financial statements: the Internal Audit function and the Statutory Auditors.

- Internal Audit: based on its program covering the Group's Business Units, drawn up in agreement with the Chairman and its Chief Executive Officer (as it reports to both directly), the Internal Audit function is responsible for carrying out controls to ensure that procedures relating to the safeguarding of assets, the valuation of work in-progress, the actual amount of trade accounts receivable, and the proper recognition of liabilities, are applied in each Business Unit in accordance with the rules and methods established by the Group. In particular, the Internal Audit function is required to pay special attention to revenue recognition methods and to controlling the percentage-of-completion of projects, so as to ensure that projects are accounted for on the basis of rigorous, up-to-date technical assessments. The Internal Audit brief also includes a review of the procedures and controls in place within the BU concerned to ensure the security and validity of transactions and accounting entries.
  - the Statutory Auditors, whose attest engagements involve performing an ongoing review of internal control procedures with an impact on the preparation and quality of the financial statements.
- **communicating financial information:** this is subject to rigorous internal control, with a particular focus on three key media used to report financial information:
    - the Annual Report (and the appended Registration Document);
    - financial press releases;
    - meetings with analysts and investors.

- The Annual Report: this has been the cornerstone in the Group's financial communications strategy for the past 33 years (the first edition contained the 1975 financial statements). The preparation of the report, its content, illustrations, design and distribution are therefore subject to particular attention on the part of Group Management and, above all, the Chairman. All

the sections of the Group's Annual Report are written internally by staff and managers of the Group: they are each responsible for designing and setting out a chapter of the Annual Report on their own specific area of competence, within the general framework proposed by the Communications Department. The Registration Document, which is appended to the Annual Report, combines all the information that must be provided pursuant to legal and regulatory requirements and is drawn up under the responsibility of the Finance Department.

- Financial press releases are only published further to the formal approval of the Board of Directors or the Chairman, and they must therefore be submitted sufficiently in advance to allow time for such approval. Financial press releases are published outside the trading hours of the Paris stock exchange, except in exceptional circumstances.

- Meetings with analysts and investors are subject to specific preparation, and their content is presented to the Board of Directors or the Chairman prior to such meetings. This preparatory work is then used as a framework for comments and explanations provided by the Chief Executive Officer and/or the Chief Financial Officer during the meetings.

**STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF CAP GEMINI S.A., ON INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION**

YEAR ENDED DECEMBER 31, 2007

*This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Cap Gemini S.A., and in accordance with article L.225 235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with article L.225-37 of the French Commercial Code for the year ended December 31, 2007.

It is the Chairman's responsibility to describe in his report the preparation and organization of the Board's work and the internal control procedures implemented by the company. It is our responsibility to report to you on the information set out in the Chairman's report on internal control procedures relating to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with French professional standards. These standards require that we perform procedures to assess the fairness of the information set out in the Chairman's report on internal control procedures relating to the preparation and processing of financial and accounting

information. These procedures mainly consisted of:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report and existing documentation are based;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in internal control relating to the preparation and processing of financial and accounting information that we may have identified the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Commercial Code.

The Statutory Auditors

Neuilly-sur-Seine, March 14, 2008

**PricewaterhouseCoopers Audit**

Serge Villepelet      Edouard Sattler

Paris La Défense, March 14, 2008

**KPMG Audit**

*Division of KPMG S.A.*

Frédéric Quélin

# CORPORATE SOCIAL RESPONSIBILITY, SUSTAINABILITY AND SOCIAL STEWARDSHIP

The principles of corporate social responsibility (CSR) and sustainability are reflected throughout Capgemini's long-standing business practices. These principles, including our shared values and ethics, guide our relationships with clients, employees, business partners and the communities and environment in which we operate.

Since 2003, the Group has formalized its CSR & Sustainability strategy under the responsibility of Senior Management and in coordination with the Group's General Secretary. In 2007 this strategy was added to the remit of the Ethics and Governance Committee of the Board of Cap Gemini S.A.

## I – CORPORATE SOCIAL RESPONSIBILITY, SUSTAINABILITY AND SOCIAL STEWARDSHIP

### 1.1 Our commitment and vision

Capgemini is committed to responsible and sustainable business practices which delivers value to stakeholders, including customers, shareholders, investors, business partners, suppliers, employees, the community, and the environment. CSR & Sustainability priorities are based around our six pillars:

- Leadership, Values & Ethics
- Our People
- Clients
- Community
- Suppliers and Business Partners
- Environment.

Our vision is to build and maintain practices within our business that embrace:

**Leadership, values & ethics: We say what we do and do what we say.** We embrace our core values of honesty, boldness, trust, freedom, team spirit, modesty and fun. Capgemini has a strong code of ethics underpinning all of its business practices.

**Employees and the workplace: We are committed to being a responsible employer** whom people choose to work for. We strive to ensure that both the physical working environment and our business practices are safe and allow our people to develop and deliver their best. We have a culture where we respect and make the best use of the diversity of our people as individuals. Underpinning our *Rightshore*<sup>TM</sup> approach is a strong commitment to our employees and their communities.

**Collaborating with our clients: We commit to understanding our clients' real business needs** and delivering lasting value with tangible benefits. We take customer dialogue and feedback very seriously.

We also look to embed CSR & Sustainability considerations into our service offers where appropriate.

**In the community: We acknowledge our impact on the wider community**, both as a major employer around the world and as a socially responsible organization. We work nationally and globally with our clients and local communities in areas which have local importance and issues. Capgemini encourages and celebrates the community involvement of its employees.

**Working with business partners and suppliers: We are committed to sound and sustainable procurement procedures** and take steps to ensure that our suppliers and business partners adhere to the same principles as we do.

**Environmental impact: We strive to reduce our environmental impact** in the areas most relevant to our business, such as energy consumption, business travel, IT asset management and waste management. Long-term sustainability is key, and we strive to increase employee awareness, reduce our impact and increase our positive contribution.

In 2004, as a natural step in the evolution of our focus on CSR & Sustainability, we joined the UN *Global Compact*. The member companies of this program support and respect ten principles relating to human rights, the environment, labor rights, and anti-corruption. The Group respects local laws and customs while supporting international laws and regulations, in particular the *International Labor Organization* fundamental conventions on labor standards. In December 2007, Capgemini continued to advance in this area by signing up to the *Global Compact's* 'Caring for Climate' initiative.

### 1.2 Our values

Capgemini's culture and business practices are guided by its seven core values – Honesty, Boldness, Trust, Freedom, Team Spirit, Modesty and Fun. These values have existed as long as the Group. They are second nature to us now, and remain at the heart of our approach to being a responsible business.

- The first value is **Honesty**, denoting loyalty, integrity, uprightness, and a complete refusal to use any underhanded method to help win business or gain any kind of advantage. Growth, profit and independence have no real worth unless won through complete honesty and probity. Everyone in the Group should know that any lack of openness and integrity in business dealings will be penalized immediately once proven.
- **Boldness** implies a flair for entrepreneurship and a desire to take considered risks and show commitment (naturally linked to a firm determination to uphold one's commitments). This is the very soul of competitiveness: making firm decisions and seeing them through to implementation, and accepting to periodically challenge

one's direction and the status quo. Boldness needs to be combined with a certain level of prudence and a particular clear-sightedness, without which a bold manager could become reckless.

- **Trust** means the willingness to empower both individuals and teams and to make decisions as close as possible to the point where they will be put into practice. Trust also means favoring open-mindedness as well as wide-spread idea and information sharing.
- **Freedom** indicates independence in thought, judgment and deeds, entrepreneurial spirit and creativity. It also means tolerance, respect for others, and for different cultures and customs – essential qualities in an international group.
- **Solidarity/team spirit** designates friendship, loyalty, generosity, fairness in sharing the benefits of group work; accepting responsibilities and an instinctive willingness to espouse joint efforts when the storm is raging.
- **Modesty** signifies simplicity, the very opposite of affectation, pretension, pomposity, arrogance and boastfulness. Simplicity does not imply naivety; but is rather about being discreet, showing natural modesty and common sense, being attentive to others and taking the trouble to be understood by them. It is about being frank in work relationships, loosening up, and having a sense of humor.
- **Finally, Fun**, means feeling good about being part of the Group or of one's team, being proud of what one does, experiencing a sense of accomplishment in the search for better quality and greater efficiency, and feeling part of a challenging project.

### 1.3 Group fundamentals, guidelines and policies – the Blue Book

In our largely decentralized and entrepreneurial organization, it is essential to have a set of common guidelines, procedures and policies which govern our fundamental operation as a Group. The Group "Blue Book", so called because it is blue in color, was originally created in 1989 as a managers' rulebook and provides the overarching common framework for every employee and every part of the business to work effectively as one Group.

The *Blue Book* contains:

- Group Fundamentals
  - Group Mission & Expertise, Fundamental Objectives, Values, Code of Ethics, and Guiding Behavior
- Group Governance and Organization
- Authorization Processes
- Sales and Delivery rules and guidelines
- Business risk management, pricing, contracting and legal requirements
- Finance, mergers, acquisitions, disposals and insurance rules and guidelines
- Human resources policies
- Communications, knowledge management and Group IT
- Procurement policies
- Environmental policies.

All parts of the business in every country must embed these

policies, procedures and guidelines as a minimum in their local policies, procedures and guidelines while at the same time adhering to any local legal requirements or specificities. Compliance with these guidelines forms a part of our Internal Audit Process. Every year the Group *Blue Book* is reviewed and updated to reflect our increased focus on CSR & Sustainability. The *Blue Book* is accessible online to all Group employees and our ethical policies, procurement policies, environmental policies and commitments to our people are all available on our website.

### 1.4 Our code of ethics

Capgemini is committed to ethical conduct and to the principles embedded in its seven values. Our code of ethics, set out in the Group's *Blue Book*, guides all of our business practices:

- We respect human rights in all dealings with Capgemini stakeholders, including team members, clients, suppliers, shareholders, and local communities.
- We recognize that local customs, traditions and practices may differ and, as a global organization, we comply with local laws and customs while supporting international laws and regulations. In particular, we support the *International Labor Organization* fundamental conventions on labor standards.
- We refuse the use of forced labor.
- We refuse the use of child labor and ensure that our processes reflect this.
- We refuse unlawful discrimination of any kind, and promote diversity.
- We develop flexible working conditions to promote a healthy work-life balance.
- We promote the training and personal development of our team members.
- We respect freedom of association.
- We respect health and safety regulations in our working environment and in dealings with stakeholders.
- We require our team members to maintain confidentiality with regard to all information to which they have access, in accordance with applicable laws.
- We refuse bribery and corruption in business practices.
- We are sensitive to environmental impact and promote environmentally friendly policies.

### 1.5 Our ethics in practice

More than a collection of abstract ideas, our code of ethics is a formalization of Capgemini's longstanding commitment to ethical behavior. Our ethics policy shapes our business practices at every level of the company.

**Bribery and corruption:** We have zero tolerance for any form of bribery and corruption in Capgemini.

**Conflict of interest:** Each employee owes a duty to the Group to act with integrity and good faith. It is essential that the Group employees

do nothing which conflicts with the Group's interests or which could potentially be construed as being in conflict with such interests.

**Sales activities:** No Capgemini employee may accept commission from or pay commission to third parties unless expressly authorized to do so by top Group Management in strictly limited cases.

**Funding of activities and organizations:** All funding of activities and organizations outside of Capgemini must be authorized by top Group Management to ensure that we support only activities and organizations whose ethical rules are aligned with our own. Capgemini does not finance political parties.

**Business gifts and entertainment:** Group employees may give and receive appropriate, lawful business gifts in connection with their work with the Group's clients, suppliers or business partners, provided that all such gifts are nominal in value and are not given or received with the intent or prospect of influencing the recipient's business decision.

## 1.6 How we measure up?

### Participation in financial indexes

#### FTSE4GOOD

Capgemini has once again been included in the FTSE4GOOD Index for 2007. It is included in the FTSE4Good Index Series, the ASPI Eurozone® and the Ethibel Excellence Index®.

#### VIGEO

Capgemini has received its 2007 ratings report from Vigeo. On the whole, Capgemini demonstrates proactive behavior regarding sustainability issues, linked to a high level of overall reporting on CSR for the sector.

- Among the top 3 performers in our sector with regard to human rights
- Among the top 3 performers in our sector for environmental issues

#### CARBON DISCLOSURE PROJECT

Capgemini once again participated in the *Carbon Disclosure Project* (CDP) in 2007.

Capgemini (UK&I) took part in Business in the *Community's fifth Corporate Responsibility Index*. We were congratulated for our participation, which reinforces our commitment to and transparency in managing, measuring and reporting on business practices.

#### Employer awards

- In 2007, Capgemini UK was listed in the Times "*Top 50 Places Where Women Want to Work*" for the second year running.
- Capgemini Netherlands won the *Effactory Employer of 2006 Award* for fastest growth in motivation in large organizations.
- Capgemini UK is listed among the Times "*Top 100 Graduate Employers*" for 2007.
- Capgemini Poland received the silver medal for *Employer of the Year 2006*.
- Capgemini was recently named "*Top Employer 2008 in Belgium*". This is the fourth consecutive year it has received such an award.
- Capgemini India was ranked sixth-best employer among the top ten IT employers in India. In the survey's other areas, the company ranked as follows:
  - Employee Satisfaction: fifth place

- The Dream Company: seventh place
- This is my Dream, I love it here: fifth place
- Company Image: fifth place
- Organizational Culture: eighth place

- Capgemini India was honored as the "*Organization that Creates Fun and Joy at Work*" by the *Hindustan Times Human Resources Excellence Awards*.
- Capgemini Portugal was recognized as the 15th *Best Company in Portugal to work in*, in a national study promoted by the country's leading management magazine and by Heidrick & Struggles.
- In 2006, Capgemini Germany was awarded *Top Employer* for the second year running.
- CRF chose Capgemini Spain as one of the *top companies to work for* in 2007. Companies were chosen on the basis of working conditions, work environment and culture, engagement with society, talent development and commitment to innovation.
- *Best Employer* in Sweden, position number 11, all segments.
- *Best Employer Award* in Sweden for young IT people (1-5 years of work life experience after university), position number 8.
- Capgemini UK was awarded a gold rating in the *Opportunity Now* annual benchmark.

#### Community awards

- Capgemini China received "*The Best Corporate Citizenship in China*" award at the third *General Assembly of the China Corporate Citizenship Committee (CCCC)* and *China's Corporate Citizenship Forum*.
- Capgemini UK CSR Lead was recognized as "*Volunteer of the Year*" at the *Prince's Trust & Royal Bank of Scotland Celebrate Success Awards 2007*. Capgemini UK supports the Prince's Trust in various projects.
- Capgemini Australia received the "*Blue Gum Award 2007*" in recognition of their services following a long-term, highly successful pro-bono project with *Good Beginnings Australia (GBA)*.
- Capgemini Australia was recognized for sponsoring employee Tania Quest, who raised over €10,000 for the *Royal Society for the Blind* and was selected as *South Australia's Young Business Leader of the Year* and *Fundraiser of the Year*.

#### Supplier diversity awards in North America

- SCMBDC *Corporate Leadership Award*
- *Women's Business Council Southwest Corporate Challenge Award Winner*
- *TXU Gold Star Award (Multi-Year)*
- *North Texas Commission Mentor/ Entrepreneur Outstanding Match Award Recipient (Multi-Year)*
- *Minority Enterprise Development Dollar Roundtable Winner (Multi-Year)*

#### Capgemini's Award winning University

- *Annual Corporate University Best in Class Awards 2007* (CUBIC awards presented by the *International Quality and Productivity Centre (IQPC)*):
  - Best Mature Corporate University
  - Best Innovative Corporate University.

#### Outsourcing awards

- Capgemini was included in the *2007 Global Services 100*, a listing of the World's Top IT Outsourcing and BPO Service Providers.
- Capgemini has been ranked second leading Outsourcing

Provider worldwide by the *International Association of Outsourcing Professionals* (IAOP).

- In June 2007, Capgemini was ranked the number one Global Outsourcing Vendor according to the “*Black Book of Outsourcing*” average survey position 2004-2007. Capgemini also ranked number one for F&A Outsourcing for the third consecutive year, and number two among the “*Top 50 Best Managed Outsourcing Vendors*,” up 13 places from 2006.

## II – PEOPLE

### 2.1 HR priorities

Our HR priorities across the Group focus on the following main areas:

- Career Development:
  - Offering the right professional challenges
  - Reflecting the changeover to new industrialized business models in the skills management approach
  - Leveraging our learning management system to increase the link between the competency model and the training curricula
- Leadership Development
  - Increasing the focus on talent pool management and succession management
  - Strengthening our Group common leadership framework
  - Increasing the opportunities for mobility within the leadership pool
- Increasing the use of training and the Group University to aid the transformation of the Group
- Recruitment and Retention
- CSR and Sustainability.

In light of this robust recruitment activity, headcount advanced by 23% (including acquisitions) to a record 83,508 employees by December 31, 2007.

Year	Average headcount		End of year headcount	
	Number	Evolution	Number	Evolution
1996	23,934		25,950	
1997	28,059	17.2%	31,094	19.8%
1998	34,606	23.3%	38,341	23.3%
1999	39,210	13.3%	39,626	3.4%
2000	50,249	28.2%	59,549	50.3%
2001	59,906	19.2%	57,760	- 3.0%
2002	54,882	- 8.4%	52,683	- 8.8%
2003	49,805	- 9.3%	55,576*	5.5%
2004	57,387	15.2%	59,324	6.7%
2005	59,734	4.1%	61,036	2.9%
2006	64,013	7.2%	67,889	11.2%
2007	79,213	23.7%	83,508	23.0%

\*48,304 excluding the Transiciel contribution, which was only incorporated at 31 December.

### 2.2 Sustainable growth in employee headcount

Changes in Group headcount over the last ten years reflect the various economic cycles which have affected the consulting and IT services sectors. Brisk organic growth in the late 1990s and the takeover of Ernst & Young Consulting in 2000 resulted in a 2.5-fold increase in headcount over a five-year period. This period was characterized by sustained demand for pre-Y2K consulting and IT services, the changeover to the euro and more widespread use of internet.

In the three years that followed, a slump in IT investment led to a retrenchment in recruitment. This was the result of a general decline in the economic climate due, firstly, to major international crises, culminating in the 9/11 attacks and the war in Iraq and, secondly, to the burst of the internet bubble.

2004 saw renewed growth for Capgemini, with the transfer of over 5,300 employees from TXU in the US and Aspire in the UK further to the signature of two major outsourcing contracts.

This growth was consolidated in 2005 and, in a flourishing market, 2006 was marked by an upturn in employment, double-digit growth and ongoing recruitment.

A spike in employee numbers was again registered in 2007, thanks to the dual impact of:

- acquisitions, in particular the purchase of Kanbay, at the start of the year which is firmly established in India and the United States, and
- sustained organic growth, in particular in India, Poland, China and Morocco.



The geographic breakdown of the Group's employees, particularly in countries experiencing a recent economic boom, has changed significantly as a result of the Kanbay acquisition and large-scale recruitment over the last three years. This breakdown can be summarized as follows:

Regions	December 31, 2005		December 31, 2006		December 31, 2007	
	Headcount	%	Headcount	%	Headcount	%
North America	6,351	10.4%	6,441	9.5%	8,857	10.6%
UK/Ireland	8,826	14.5%	8,785	12.9%	8,482	10.2%
Nordic Countries	3,429	5.6%	3,608	5.3%	3,942	4.7%
Benelux	8,613	14.1%	9,014	13.3%	9,492	11.4%
Germany and Central Europe	3,732	6.1%	5,137	7.6%	6,274	7.5%
France	19,866	32.5%	20,438	30.1%	21,138	25.3%
Southern Europe	5,591	9.2%	6,235	9.2%	6,836	8.2%
Asia-Pacific	4,628	7.6%	8,231	12.1%	18,487	22.1%
<b>Total</b>	<b>61,036</b>	<b>100%</b>	<b>67,889</b>	<b>100%</b>	<b>83,508</b>	<b>100%</b>

The changes in breakdown reflect:

- The ongoing adaptation of production capacity in line with our "Rightshore™" strategy, which combines client-centric local resources with resources located in specialized production centers, depending on the technology or offer concerned. This explains the upsurge in employee numbers in the Asia-Pacific region (especially in India), where 22% of Group employees are now concentrated, as well as in Central Europe. Healthy organic growth was enhanced by acquisitions such as Kanbay.
- The acquisition of Kanbay also enabled the Group to hold firm in North America.
- The continued development of the Local Professional Services activity, with strong representation in France and in Benelux, and growth in North America.
- The fact that we have a local production workforce in all our geographic zones, with headcount increasing in all countries except the UK.

In 2007, the Group powered ahead with recruitment and 24,800 new employees came onboard, compared with 18,600 in 2006 and 14,500 in 2005. This tendency, although prevalent in all countries, was particularly pronounced in India, which accounted for one third off all new recruitment and where overall headcount surged by some 10,000, a significant percentage of which through the Kanbay acquisition. Sogeti and OS recorded upbeat recruitment

rates – with 4,900 and 3,900 new employees respectively – buoyed by expanding markets in Central Europe, China and India.

Staff turnover (i.e., the percentage of voluntary departures) continued to rise, coming in at 18.6% in 2007 compared with 16.6% in 2006, 15.4% in 2005 and 14.1% in 2004. This meant almost 14,900 voluntary departures during the year, reflecting a common phenomenon in the consulting and IT services sector, namely increased staff mobility when the market is flourishing. The Group carefully monitors this departure rate to keep within sector norms, through specific actions implemented in accordance with the disciplines and geographic areas involved. Turnover rates in India, where the IT market has been booming for several years, was on a par with 2006 at 20%, compared with 30% two years previously. The change in geographic breakdown can be partly explained by the heightened staff turnover, which is usually higher in countries witnessing the highest increase in headcount.

The utilization rate of resources – which measures the share of hours worked by productive salaried employees (excluding statutory leave) that are directly recorded under billable services – was up slightly on last year's figure, particularly in Technology Services. Activity rates in Consulting and Local Professional Services were in step with 2006. The quarterly breakdown per business segment was as follows:

Quarterly utilization rate	2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Consulting Services	67	70	67	69	66	69	66	68
Technology Services	78	80	79	80	80	81	81	80
Local Professional Services	84	85	86	86	85	84	85	84

Utilization rates for Outsourcing Services are not monitored, and the indicator does not therefore reflect changes in performance.

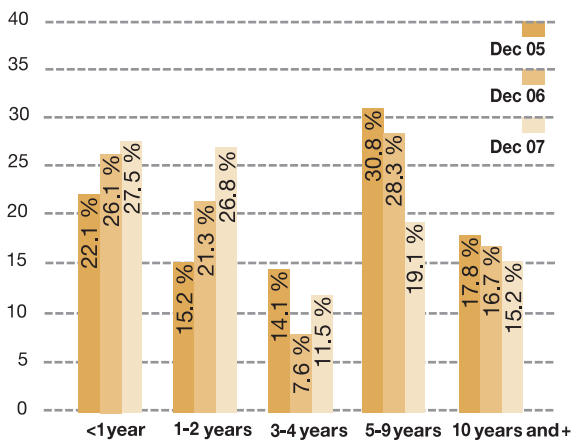
Since 2003, the Group has been measuring and monitoring indicators to gain a clearer understanding of the average seniority, average age and male/female breakdown of its employees.

Changes in average seniority reflect the Group's recruitment policy over the last few years. 2007 was a record year for new hires, as revealed by the number of staff with less than one year of seniority. And with heavy recruitment also in 2006, the proportion of

staff with low seniority has spiraled over the last two years. The Group hired prudently in 2002 and 2003, with things recovering gradually in 2004 and finally picking up considerable speed in 2005. The knock-on effect has been a drop in the number of employees with between three and ten years of seniority. The increased popularity of outsourcing, from companies such as TXU and Aspire, which integrated large numbers of Capgemini staff, also explains the relative stability in staff with five or more years' seniority. The quantity of new hires over the last two years, however, has meant that this bracket of employees has been steadily declining since 2003.

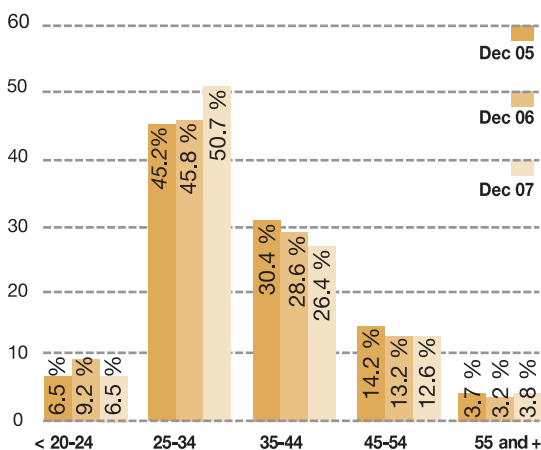
**BREAKDOWN OF WORKFORCE BY SENIORITY: EVOLUTION 2005-2007**

Evolution of average seniority reflects the Group's recruitment policy over the last few years and explains the low percentage of people with 3 and 4 years' seniority within the Group. On the other hand, the recovery recorded - slow in taking off in 2004, then becoming gradually stronger in 2005 and 2006 - explains the growing, albeit now preponderant share of people with less than 2 years' seniority.



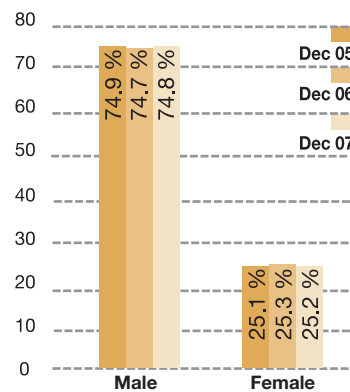
**BREAKDOWN OF WORKFORCE BY AGE: EVOLUTION 2005-2007**

The average age fell again in 2007, to 35.4 years. Furthermore, due to regained momentum in the recruitment of young graduates over the last few years, and the strong growth of the workforce in India, where the average age is much lower, the percentage of staff in the 25-35 age bracket exceeded 50% during the year. The recruitment of under-25s decreased and the share of employees aged 55 and over rose.



**BREAKDOWN OF WORKFORCE BY GENDER: EVOLUTION 2005-2007**

Following a downward trend, the percentage of the women in the workforce has been stable for the last three years. This stability reflects a variety of trends, including salient growth in certain countries (notably India) and business segments (Outsourcing and Local Professional Services) where the percentage of working women is not so high. However, in many countries, the overall percentage of women in the workplace is rising on a like-for-like basis. Similarly, the expansion of BPO has enabled a large number of women to be taken onboard.



**III – FUNDAMENTAL PRINCIPLES OF HUMAN RESOURCE MANAGEMENT**

**Our commitment to our people**

The success of our business is grounded in the diverse work and life experiences of our professionals, who enable us to both grow our business and deliver outstanding results to our clients. Key elements of our approach as an employer include:

- Fostering a culture of collaboration.
- Providing career flexibility through clearly defined career paths that focus on a combination of experience, industry expertise, technical, business and interpersonal skills.
- Providing learning and development opportunities to offer the tools needed to excel in delivering to our clients and to develop our own capabilities to grow and maintain our careers.
- Providing an annual performance appraisal process with the opportunity to discuss content at an individual interview.
- Entitlement to a personalized development plan which includes recommendations on learning and development options.
- A performance management process that considers our professionals for what they do and how they do it.
- A team-focused environment where professionals can enhance their skills, share knowledge and enjoy a rewarding career.

- Allowing employees access to a mentor, if they wish, with whom they can discuss their career path.
- The ability for employees to regularly voice their opinion through surveys on the Group, employment conditions, working conditions, professional development, and relationships with management and colleagues.
- Ensuring that employees receive regular information updates from their managers and are able to engage in dialogue concerning their assignments and work environment.
- Respecting the Group's corporate social responsibility and sustainable development positions on diversity, social stewardship and ethical code of conduct.

We believe that every professional has a key role to play in the success and sustainability of the Group. As a result, the company offers an environment where all employees can progress and develop their skills, collaborate with diverse professionals, contribute to the Group's business goals through varied assignments, share knowledge, and enjoy a rewarding career.

### 3.1 Personalized career management

#### The competency model

Employees' professional development is supported by a competency model which forms the basis for performance appraisals and personal career advancement. The model, rooted in shared values, is tailored to take into account the specific needs of each of the Group's businesses, for example, specific knowledge or expertise for each discipline.

#### Personal development and appraisals

One of the key challenges for a services company is to guarantee a consistent and transparent process of individual performance assessment, based on clearly defined and explained criteria. It is only with such a framework that it is possible to ensure the professional development and promotion of all employees, as skills assessment is the best way of respecting equal opportunities.

To allow this, the Group has a performance appraisal system based on regular evaluations generally conducted in relation to client projects and involving personal interviews with the employees.

Mentoring systems have been set up to allow employees to benefit, throughout their career, from an outside view and from career management advice from more experienced colleagues.

#### Mobility

Geographical mobility, whether at country level or internationally, is supported by the Group and often corresponds to employee requests. To facilitate mobility within each country, intranet sites list available positions. This allows every one the opportunity for roles to be filled by existing employees prior to being advertised externally. Likewise, for professionals involved in overseas assignments or considering an international career, useful information can be found on company intranet sites together with relevant rules and procedures.

At the same time, in order to ensure the physical safety of its employees, travel to potentially high-risk countries is subject to strict rules and must be approved in advance. If trouble breaks out in a country where the Group's employees are present, Capgemini

has set up a repatriation procedure with specific insurance cover to limit the risks faced by its people as far as possible.

### 3.2 Investing in learning and development

#### General Learning Policy

The value of a consulting and IT services company lies in the quality of its intellectual capital. In an industry characterized by rapid technological change and changing patterns of work it is essential for employees to keep their knowledge and skills up-to-date in line with client and market needs. Likewise, recruits joining the Group are keen to leverage and build on their knowledge and to gain rewarding professional experience. Personalized development plans are therefore designed during annual performance interviews and reviewed at least once a year. Furthermore, operating units undertake a systematic and iterative review of both the capabilities required for their businesses and their portfolios of training offerings in order to keep pace with current and future market needs.

The fundamental strategy of competency development draws on various approaches:

- Standard training programs
- Mentoring systems
- E-learning
- On-line books
- On-the job training
- Easily accessible databases for knowledge sharing
- Management of professional interest communities
- Forums and team rooms
- Blogs and wikis.

A culture of sharing and networking is vital if knowledge is to be used and transmitted. Innovation and collaboration are also required.

#### Increased focus on training and competency development

In 2007, 80,000 training courses were followed either in-house or online training, 25% more than in 2006. This meant an increase in the volume of training hours provided, to almost three million, compared with two million in 2006, partly due to the high levels of recruitment.

Resources are devoted to providing training both at Group level and locally. The Group's on-line learning management system 'MyLearning', which is open to all employees, was used by over 41,000 employees in 2007, and overall usage of e-courses and online books saw another big jump. Employees use *MyLearning* for informal and just-in-time learning as well as for registering for more formal, structured learning events.

*MyLearning* contains all Group programs and, for many regions, local curricula. The catalog of courses includes a range of training options to suit different learning styles, including over 3,000 e-learning courses and 13,000 books, on-line mentoring, test-preps, online examinations, language courses, live virtual training and meeting sessions, and classroom teaching. Classroom instruction is provided either at local training centers, through external suppliers, or at the Group University. 2007 saw another increase in the development of our own e-content, and with the acquisition of Kanbay we acquired over 30 e-learning specialists to enable us to have our own in-house e-learning development capability.

### The Group University

The Group University continues to play a major role both as a learning centre and as a conduit for the Group's strategy and evolution.

The University is the connection point for the Disciplines, the Businesses and the Group to deliver learning experiences that align our people to the Group's strategy and our clients' needs. It is also where the Group «*Feeling and Spirit*» comes to life for our people. Its aim is to:

- Develop the professional competencies and capabilities of our people
- Drive consistent learning to ensure the successful performance of our business
- Design, host and drive the global curriculum
- Innovate and ensure the principle of "design once, build once, deliver many"
- Deliver high quality Capgemini tailored program content and methods
- Animate and incubate networking within and across the disciplines and communities.

In 2007, the Group University grew by almost 29%, with over 8,941 participants in 2007 compared to 6,940 in 2006. This growth was due to increases in both central and regional delivery. Central delivery grew at Les Fontaines, France, as well as with the launch of the new facilities in Hyderabad, India. Regional delivery grew mainly in India and Europe through the Consulting, Technology and Outsourcing Schools. The University is now equivalent in size to the executive education activities of many leading business schools. Overall satisfaction with the courses remains high with an average of 4.3 out of 5.

In November 2007, the Group University won awards for Best Mature Corporate University and Best Innovative Corporate University at the International Quality and Productivity Center's ninth Annual Corporate University Week.

Continuously innovating, in addition to its normal program schedules the University continued to deliver specially focused *Business Priority Weeks* (BPW) to over 1,200 participants. All the BPWs were focused on supporting the Group's *P* transformation program. BPW is a unique learning event where over 300 individuals attending specialized training programs come together at certain points during the week to hear key messages from senior executives and clients on top priority topics, and to discuss the implications for them and their communities of practice. These events enable them to be ambassadors and to convey key ideas and messages when they return to their home business units.

The main home of the Group University is *Les Fontaines*, a specialized Business Learning forum. *Les Fontaines* was opened

in 2003 after an investment of €96 million by the Group. While *Les Fontaines* remains the hub for the Group University, the new training facility opened in Hyderabad, India in 2007, with focus on the Technology School, will help to drive our growth in India and reflects the importance of the region to the Capgemini strategy. The University is structured into a number of schools aligned to the various businesses. The Leadership Development School, Business Development School and Engagement Management School are cross-disciplinary and are open to all discipline members. The Consulting School, the Technology School, the OS School and, new in 2007, the Professional Services School (Sogeti) are aligned to their respective disciplines. At the end of 2007 the Professional Services School for Sogeti opened at the University with the first Sogeti week, where over 100 participants worked together on the topic of SOA. With the acquisition of Kanbay, the Financial Sector (FS) School was opened to support the FS SBU.

The role of the **Leadership Development School** is to create a common leadership culture and to strengthen our leadership community. At the heart of this school are learning programs that help our up and coming and existing leadership drive change, results and passion. Through action-orientated sessions with many opportunities to interact with top management and practitioners, participants come away with a renewed understanding of the Group and its priorities and individual plans to achieve both short- and long-term business results. '*Collaborative Coaching*' continues to increase in attendance and popularity as the focus on leadership and coaching increases in the Group. The new *Emerging Leadership* program targeting early career professionals with high potential proved very successful in 2007.

The **Business Development School** supports the development of our business development community and is a strong channel for motivating our sales force. The school focuses heavily on Collaborative Selling and ensures a fast roll out of priority content training such as *Rightshore™*, SOA or *P*. 2007 saw the pilot run of the ACES (*Achieving Consistent Excellence in Sales*) summer school, which provides a combination of both recognition and learning for our top-achieving sales community.

The **Consulting School** trains our newly hired consultants in Group Consulting Skills and methodologies. It provides training on the main consulting practices of Customer Relationship Management (CRM), Supply Chain, Finance and Employee Transformation (FET) and Transformation Consulting as well as on topics such as *Six Sigma*. The Consulting School also provides sector specific training to support our key sectors.

The **Technology School** equips our technology professionals with the technologies, skills, tools and processes necessary for delivery excellence. This school has been mostly targeted at our

four communities eligible for Group certification: Engagement Managers, Architects, Software Engineers, and Infrastructure Engineers. In 2008 ERP/SAP will be added as an additional focus for the TS School. The programs are designed to support these communities from apprentice to master level, and to allow our professionals to select their learning solutions in line with their current business priorities, personal objectives and career paths. Participants have the opportunity to connect with colleagues from across the Group. Specialized learning programs have been designed in partnership with each community to bring participants up to standard with all phases of the certification process, and with current technology trends. In 2007, an increased focus on blended learning led to a 52% increase in e-learning courses specifically designed for the TS School.

The **Outsourcing School** supporting our Outsourcing (OS) business focused on the training and assessments required to support Service Delivery Management. The OS School complements the existing University Schools and OS people attend additional programs within the other Schools depending upon the requirements of their roles. In the first year almost 800 professionals attended the OS School, with the highlight being the first full dedicated 'OS week'.

The **Professional Services School for Sogeti** is dedicated to supporting our Local Professional Services businesses across the Group. The newly opened school will initially be focusing on courses and events related to major technology topics such as SOA and Testing.

The **Financial Sector (FS) School** is dedicated to supporting our FS SBU. The objective of this school is to facilitate FS domain competency-building programs based on our corporate and strategic business objectives. The school focuses on the financial services vertical competencies in Banking, Insurance and Capital Market & Investments.

### The Certification process

#### Internal certification

This in-house peer review process encourages employees to appraise the competencies of colleagues based on precise and clearly identified criteria such as experience gained, knowledge sharing, use of in-house tools and methods, mentoring and leadership.

The process has three objectives, namely to:

- Create strong and recognized professional-interest communities by sharing information, knowledge and skills in specific areas.
- Ensure a blended distribution and graduated progression of competencies, both for in-house needs and in relation to client service.
- Thereby create the win-win situation of ensuring a competitive edge for both the Group and the employee as well as increasing his or her "employability".

The Group has six main internal certifications for Engagement Managers, Architects, Software Engineers, Infrastructure Engineers, Enterprise Applications Consultants and People Managers. In 2007, we added a seventh certification for Service Delivery Managers and

our first thirty participants from seven countries were certified at Levels 1, 2 and 3.

At the end of 2007, almost 5,200 people had received internal certification at Group level in technical areas – a 17% increase on 2006. An additional 300 people received People management certification in our Global OS business.

#### External certification

The Group has a long-standing external certification policy enhanced by online learning programs that provide the ability to study for external affiliation, including test preps and online mentoring. Individuals can apply for external certification from companies and institutions such as *Microsoft, IBM, Oracle, Sun Microsystems, Cisco, Linus Professional Institute, Six Sigma Green and Black Belt, Project Management Institute (PMI), and ITIL.*

#### Center certification

Our centers of excellence around the world continue to consolidate and strengthen their capabilities to support our distributed and increasingly global delivery model. Relevant external certification combined with our internal certification programs support these objectives. At least seventy Capgemini centers, including Accelerated Delivery Centers, Application Management Services Centers, Infrastructure Management Service Centers, Business Process Outsourcing Centers, and Technical Excellence Centers now have some form of certification, an increase of over 25% since last year. Centers in North America, France, the United Kingdom, Belgium, the Netherlands, Germany, Spain, Italy, the United States, Canada, the Nordic countries, China and India have ISO certifications including ISO 9001/ISO 9001-2000. Many centers are also working on their CMM/CMMI® (Capability Maturity Model Integration) certification, which is specific to the applications development business. The Mumbai and Bangalore centers in India and the center in Asturias, Spain have obtained the highest CMM and CMMI® certification (Level 5), and at least another eleven centers across France, the Netherlands, Spain, Italy, Canada, the UK and the US have achieved CMM/CMMI® level 2 or 3.

All BPO centers have ISO 9000 certification status with IIP accreditation, providing world class capability, economies of scale and flexible capacity to meet changing demand.

At the end of December 2007, our UK OS AM business was the latest of our centers to achieve CMMI® level 5 certification.

### 3.3 Dialogue and communication at the heart of our relationships

With over 300 offices in more than 34 countries, approximately 83,500 people speaking over 100 different languages, and an extremely diverse client base, communication and dialogue are essential to fostering a spirit of collaboration and a sense of belonging.

Capgemini believes effective communication is a precondition for an open and honest culture and for the involvement and engagement of employees. It is also essential for rolling out knowledge, and for sharing success and creating a sense of belonging with local teams and with the Group in all its dimensions.

In 2007, the Capgemini Group's internal communications team continued to focus on improving and increasing communications across the Group.



- The Group's intranet news and information site, *Talent*, which provides real-time news and information, continued to grow with now over 30,000 monthly unique visitors. *Talent* contains best practices and tools concerning the Group, as well as links to local country-specific intranet sites, training sites and communities. A weekly e-mail edition is sent to all Capgemini employees every Friday. Regular news podcasts are also released. The successful *Talent* experience led to a new approach to intranet site management across the Group: local intranet sites now share the same content management platform, which allows a seamless information flow from one site to another. Over 40,000 employees access *Talent*-powered local intranet sites each month, while others log on sites using another technology but featuring the *Talent* Group news.
- *Talent* also runs themed annual communications and awards programs designed to recognize and reward people from all parts of the Group. In 2007, the theme was the '*Other Face of Capgemini*' and the campaign focused on CSR & Sustainability. The intention was to convey the Group's commitment to CSR, to examine existing global and local best practices and to allow individual employees to illustrate their passion for and involvement in CSR & Sustainability-related initiatives. The aim was to give every single person in the Capgemini Group the opportunity to be involved in some way in a socially responsible initiative. The campaign highlighted Capgemini's commitment to six different pillars of CSR & Sustainability, through numerous articles and interviews with top management and members of the Group Executive Committee. Each month hundreds of employees responded with individual stories from the field or participated in the monthly quizzes and downloaded the promotional posters and brochures for further distribution. The '*Other Face of Capgemini*' was the most successful theme so far, capturing the enthusiasm and support of staff who were proud to see the multitude of actions implemented across the Group.
- Newspapers and rich media (videos, podcasts, blogs, etc.), produced by Group Communications boost communications at special events such as the Group Kick Off meeting and Business Priority Weeks at the University. Known as '*Talent on the Spot*' this capability enables real time capture of key messages that can then be relayed and re-used around the Group.
- A dedicated channel helps foster community spirit and communication between the Group's main operational leaders. "The Executive" series comprises a monthly newsletter (The Executive Summary), ad-hoc communications (The Executive Link), a who's who and a dedicated space on the intranet (The Executive Corner).
- Every quarter, after publication of results, a Communications Pack is put together providing an update on the Group's main achievements (in terms of financial performance, sales, delivery and human resources at both Group and SBU levels) and key events held during the past quarter. This Communications Pack is then enhanced with local information (corresponding to the

same categories) before being shared with team leaders to help them manage local team meetings and ensure that messages are consistent across the Group.

- Electronic community tools such as blogs, 'Community Home Spaces', 'Team Rooms' and other platforms continue to evolve dynamically to allow internal communities to debate technical topics, rapidly share best practice and access Group tools and methodologies.
- The Group University consistently provides a vital platform for international communication and exchange.

Whilst the wealth of global communications initiatives provides cohesion and understanding within the Group, local communications teams also play a vital role in supporting the company's culture. Above all, communication is a daily management task, drawing on various local initiatives developed through newsletters, intranet sites, information meetings and formal or informal person-to-person exchanges.

#### **Communication at the heart of employee transfers**

Maintaining the involvement and satisfaction of existing employees is only part of the communications challenge. Winning the hearts and minds of the many people who join the company each year as part of an outsourcing deal or an acquisition is vital to the success of any deal. In 2007, over 7,500 people joined Capgemini on the back of four acquisitions, with the Kanbay acquisition responsible for the bulk of this number. Communication is at the heart of all stages of employee transfers, whether from an outsourcing deal or an acquisition.

#### **Two-way communication and employee involvement**

At the heart of Capgemini's communications philosophy is a commitment to two-way communication. Whilst informal two-way dialogue is always encouraged, understanding the engagement and satisfaction levels of employees is also formally sought through the annual Group survey process. For many years the employee surveys were locally managed with a core of globally consistent questions.

After a successful 2006 global survey pilot, in 2007 the first ever global employee survey was run across all Capgemini entities worldwide and at the US arm of Sogeti. Some 58,250 employees were invited to participate and 37,595 employees responded, giving a participation rate of 64.5%.

Having the results by country, by business units and by discipline has enabled increased analysis and better targeting of our action plans locally, at country level, at discipline level and at Group level. We are also able to track and monitor progress to promote areas of strength and to make more impact on the areas in which we wish to improve.

#### **Employee representation – a formal voice for employees**

Capgemini also demonstrates its commitment to formal two-way



dialogue through its approach to employee representation. The company upholds the laws of representation and recognizes the importance of constructive dialogue between employees and management in shaping key decisions affecting the running of the Group. In 2001, the *International Works Council (IWC)* was set up as the official representative body in the Group. It enables employee representatives to bring employee interests directly to the attention of Group management and in return to be directly informed by management of plans for the company and the impact of such plans on employees.

Since 2004, Capgemini has gone beyond European legislation on works councils and opened the IWC meetings up to members from non-European countries, including the Americas and India, creating a truly globally representative body. The IWC meets twice a year for two day working sessions with Group management and twice a year as a team.

At local level the company also supports dialogue with unions or other employee representatives, within relevant bodies and through the processes provided for under local legislation, regulations and agreements. The IWC has a dedicated intranet site to give all Group employees open access to IWC information. In France, an information dissemination agreement was signed in 2002 to define the terms and conditions for information to be issued to employees by unions, health and safety committees and other employee representatives via the Group's intranet. Similar practices exist in other countries such as Spain and the United Kingdom.

In 2007, the IWC was regularly updated and involved in our CSR and sustainability actions and worked with us on the development of our whistleblowing policies.

### 3.4 Remuneration policy

The Group's remuneration policy is based on common principles, applied in a decentralized way and tailored to local job market conditions and regulations. This policy aims to:

- Attract and retain top talent
- Reward performance with a remuneration model that is motivating and flexible
- Be consistent with the Group's financial and operational targets.

When local rules permit, employees can select the components of their remuneration package from a predefined menu. This allows employees tremendous flexibility in reconciling their financial needs and personal situations.

Profit-sharing schemes are provided where applicable, pursuant to the local regulations of the country concerned.

The fixed and variable portions of the Vice presidents' and senior executives' remuneration are overseen and authorized at Group level. The remuneration of all other employees is determined and managed at country level, with the overall framework being submitted for Group validation.

### 3.5 Stock options

Stock options are granted on a regular basis in compliance with corporate governance recommendations. These grants are made selectively to reward employees who have made exceptional contributions to sales, production, innovation or management, or who have been recognized for specific initiatives. Any employee

in the Group may be selected to receive stock options, which constitute an exceptional reward and do not form part of the Group's general remuneration policy.

The Board of Directors granted stock options to 6,193 beneficiaries under the Fifth Plan (launched in May 2000 and closed in May 2005) and to 2,235 beneficiaries under the Sixth Plan (launched in May 2005 and closing in July 2008). A detailed breakdown of these grants is provided in the management report, which is presented at each Cap Gemini S.A. annual shareholders' meeting. Directors have received only 1.25% of the total number of options granted under the eight outstanding plans. Such stock option grants have never been made on an automatic and/or annual basis.

Detailed information on the stock options granted by Cap Gemini S.A. to the ten main beneficiaries (non directors), the exercise of said options, and the stock option plans in general, is provided on pages 153 and 162 of the Registration Document.

### 3.6 Diversity, equal opportunities and working conditions

With over 83,500 employees in 34 countries speaking more than 100 languages, Capgemini enjoys a wealth of cultural diversity. This diversity encompasses many dimensions, such as gender, disability, ethnicity, age, and lifestyle and we view our diversity as both a strategic advantage and an ongoing challenge. Our differences are a source of innovation and inspiration, enabling us to generate new ideas, anticipate market trends and be thought leaders in our chosen markets. Having a diverse workforce equips us to understand today's global marketplace, creates an international platform and helps us understand and adapt to the communities in which we operate.

In all countries of operation, the Group complies with local labor legislation and international labor regulations.

In our working practices we are committed to ensuring that:

- We recruit and retain talented individuals from different backgrounds
- Individuals are shown respect and treated fairly
- There is no unlawful discrimination in our working relationships
- Our work environment is free of bullying or harassment
- Employees are encouraged to keep a balance between work and private life
- We support the health and wellbeing of our people
- We provide a sound and fair working environment where staff can grow and develop

We actively promote the principles of diversity in our employment practices. Our aim is to encourage individuals from diverse backgrounds who are innovative, enthusiastic, culturally aware and committed to delivering a truly collaborative experience to our clients, in particular by:

- Selecting employees according to objective, job-related criteria
- Continuously reviewing and improving our HR practices and procedures to encourage diversity
- Identifying barriers or restrictions to diversity and taking action to remove them
- Training and educating line and HR managers on an ongoing basis
- Communicating the spirit of our diversity policy to everyone in the company

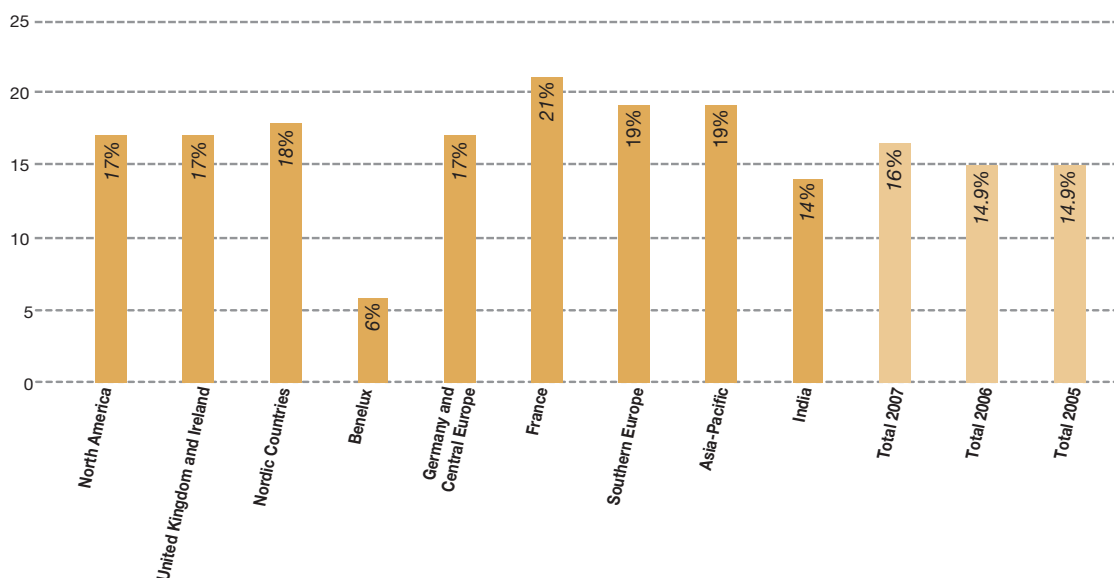
- Setting up ways to measure and monitor our diversity

We make every effort to adapt to different needs and to enable people to work with us under a wide range of personal circumstances. Group level tracking is carried out, in compliance with applicable legislation, to better assess and understand the situation of women

within the Group, i.e., the percentage of women with respect to recruitment, departures, promotions, and at the various levels within the reporting structure. In a number of countries, where allowed, specific populations are tracked, such as cultural groups, age groups and people with disabilities. Diversity performance indicators are also included in the annual HR audit.

The proportion of women occupying positions of high responsibility at December 31, 2007, can be analyzed as follows:

**PROPORTION OF WOMEN IN TOP EXECUTIVE POSITIONS PER OPERATING UNIT**



The proportion of women occupying positions of high responsibility rose 1.5 point year-on-year, bringing it into line with the overall percentage of women in the company irrespective of grade (25.2%). This is particularly illustrative of the importance given to this issue in India, where rates rose from 6% to 14%. The representation of women in the Group’s Indian operations is higher than elsewhere on that market, partly as a result of the Kanbay integration, but also of promotions.

In 2007, 10% of our Vice president promotions were women. While this number was not as high as in 2006, we do have a clear vision of our female talent pipeline. By working in all parts of the business, from the top 100 talent reviews with our Group CEO down to individual business levels, we are challenging the businesses to focus on building the female talent pipeline for our future leadership. We are then leveraging local leadership development courses, senior executive mentoring and visibility to aid us in our determination to have a more gender balanced Vice president community.

All our major countries have women’s councils and networks in place with a focus on recruitment, retention, leadership and networking.

Many countries have specific leadership development programs or initiatives and have been actively working with local management to improve gender diversity.

In March 2007, the Group saw mobilization around *International Women’s Day* (IWD). This provided a catalyst for initiatives in our various worldwide locations. It led to Women’s Councils being set up in the UK, North America and India, and to diverse activities in many other countries.

The *International Women’s Day* event was kicked off with two conference calls, during which senior board members talked about diversity in the Group: CEO Paul Hermelin took part in the morning session and Global Outsourcing lead Paul Spence took the afternoon call. “I was very impressed that Paul Hermelin took the time to address this topic. In my 20-plus years of working for corporations, this was the first company to do so”, said a Capgemini IWD conference call respondent.

Capgemini's commitment to gender diversity has had widespread support across the Group. A survey sent to all participants on the *International Women's Day* conference calls of March 8, 2007 indicated strong support for the initiative, with 79% of respondents reporting increased confidence in the Group's commitment to gender diversity.

#### Health and safety in the workplace

Health and safety in the workplace is an important feature of human resources and facilities management. Fortunately, the Group's businesses do not involve high-risk activities. Health and safety responsibilities are however taken very seriously and the company has specific processes and measures in place. Capgemini also often works in collaboration with clients regarding client buildings and locations where staff may be working. Areas of concern are regularly reviewed and preventative measures put in place.

Our offices around the world have introduced initiatives to promote **employee wellbeing**. These include work-life balance programs, stress management, improvement of employee-manager relations, and better working conditions.

Many of our countries, including India, have Employee Assistance Programs (EAP), which have proven invaluable in helping our employees manage stressful personal situations through an external and entirely confidential service.

Other examples range from health checks focused on prevention of health problems, training for managers and employees on managing work-life balance, and fitness programs.

## IV – THE GROUP AND ITS CLIENTS

### 4.1 The OTACE client satisfaction policy

Our client relationship management process, known as OTACE (*On Time and Above Client Expectations*) is a key factor underpinning our strong client relationships.

Under OTACE Reporting, clients are requested to specify their expectations of our services based on a set of indicators relating to:

- The type of service required
- The nature of the working relationship
- Knowledge sharing.

We document and review these indicators with clients to produce ratings that are reviewed according to an agreed schedule.

OTACE provides an indication of strengths and areas for improvements, as well as a deeper understanding of client satisfaction on individual projects. In 2007 our OTACE scores were 98% delivered on time, 86% delivered above or to customer expectation and average client satisfaction was 4.06 out of 5.

### 4.2 Systematically delivering sustainable value

Capgemini is working to embed CSR & Sustainability principles into its offers and to review the sustainability impacts of projects carried out with clients, by embedding social and environmental considerations into the project assessment processes where appropriate. Some examples are:

- **Capgemini Green IT opportunities:** by reviewing technology options, hardware suppliers, technical architectures, and system management hardware and software options we are able to identify ways to reduce power consumption, heat production, and wastage, to extend the life cycle of equipment or to ensure the ethical disposal of equipment.
  - Client Devices
    - LCD/TFT technology, which reduces space, power, and heat in the workplace
  - Server-Side Computing
    - Solid-state thin client devices, such as SunRay
  - Data Centers
    - High density technology solutions, such as blades
    - Grid-enabled applications
    - Improving use of technologies, such as on-site heat exchangers; using solar and turbine alternative power generation
  - Technology that helps reduce wastage
    - Tracking systems based on RFID
  - Better asset management
    - Better management and control of spares, peripheral devices and accessories
  - Optimizing Server Farms
  - Collaborating on Green IT projects with HP & Intel
  - Developments in Green Datacenters
  - IT Infrastructure
    - Virtualizing and consolidating infrastructure platforms to reduce overall power and cooling requirements by driving up utilization
    - Selecting power efficient infrastructure to reduce the power requirement per unit of capacity
    - Working in conjunction with an ethical disposal service provider to improve asset disposal to both meet the WEEE EC Directive and maximize reuse and recycling
  - Facilities Infrastructure: Reviewing the data centre portfolio to reduce the number of centers, closing those that have inefficient infrastructure, whilst opening new centers that use the latest technology for efficient power and heat management
  - Working with specialized companies to develop state of the art data centers designed to be efficient and sustainable
  - Reusing waste heat from data centers to heat office space
  - Procuring the most energy efficient products when replacing core data center infrastructure e.g., air conditioning
- **Sector specific CSR and sustainability examples**
  - Future Value Chain 2016: by reviewing the changing habits of various demographic age groups and taking an end-to-end view of production and buying habits, we can suggest ways in which technology can reduce environmental impacts, lower production and distribution costs and increase productivity, for example:
    - ASE facilitation for consumer product retailers in order to identify sustainability issues and solutions that will determine the design of the future value chain
  - Energy Conservation Tool: Smart Energy Alliance (SEA), Bell Canada and Capgemini created a tool to empower consumers with the information they need to make the right conservation choices
  - Business Models and Sustainable Energy Capgemini

Offering

- Studying the impact of Green Buildings for a leading elevator company to identify market opportunities.

- **CSR in Consulting Services (CS) product offering**

- Supply Chain Management
- Carbon Footprint Reduction tools
- Corporate Performance Management (for example, integrated in management cycle and reporting)
- Partnering arrangement with a German company on software to manage CSR.

Capgemini has taken part in various research projects for and with clients and in thought leadership groups. Several of these projects include CSR and sustainability themes:

- “*Future Consumer: How Shopper Needs and Behavior Will Impact Tomorrow’s Value Chain*”: Capgemini reveals the growing importance of health, sustainability and other rising customer expectations that will guide future consumer preferences and buying behavior.
- “*Cars Online 07/08*”: Capgemini identifies the changing buying habits driven by growing web sophistication, emerging online tools and “green” issues.
- “*European Energy Markets Observatory (EEMO) Report*”: Capgemini launches the ninth EEMO Report, the result of which highlights the security of supply issues impacting the European Energy markets, including the security of future electricity supply in relation to Europe’s CO<sub>2</sub> emission targets.

All publications can be downloaded from <http://www.capgemini.com>.

## V – IN THE COMMUNITY

Joining forces to help others strengthens team spirit, improves communication skills and gives us a better understanding of the communities around us. Capgemini actively encourages employees at all levels to get involved in the communities in which they live and work, and to donate time, energy and creativity. Our community activities range from partnerships with various foundations to fundraising drives and direct financial contributions to a wide range of volunteer projects. Our focus on community projects is very much aligned with our corporate purpose and values. Our main community projects are currently based around three core themes:

- Education: “*Skills for the Future*”
- Diversity
- Our growth in India

Examples include our involvement with large foundations such as the Prince’s Trust in the UK, the Naandi Foundation in India, and, more recently, the Naandi Foundation in Norway, the United Way in North America and Sogeti’s involvement with PlaNet Finance.

More details on the extensive range of actions across the Group can

be found in our CSR and Sustainability report and on our website at <http://www.capgemini.com/about/corporateresponsibility/community/>.

## VI – SUPPLIERS AND BUSINESS PARTNERS

Capgemini’s business of providing intellectual services means that personnel costs account for almost 61% of its expenses, while external purchases are mostly made up of rent, IT and telecommunications costs, as well as purchases of outside services (training, legal and audit fees, recruitment or IT services).

Our commitment to ethical supplier relations is reflected in our comprehensive set of guidelines on the ethics of purchasing and the selection of suppliers.

### 6.1 Purchasing activities

In our purchasing activities, we pay attention to:

- Social impacts and human rights
- Environmental impacts
- Anti-bribery and corruption.

The ten key principles of the United Nations *Global Compact* guide our activities throughout our business. This means that we are committed to ensuring that we work only with suppliers who respect appropriate ethical policies and human rights.

### 6.2 Principles

Our suppliers must comply at least with the following principles:

- No use of forced labor or child labor
- No discriminatory practices
- Freedom of association
- Compliance with applicable local laws, particularly relating to working conditions, health and safety.

### 6.3 Procurement procedures

Our procurement procedures involve:

- Treating suppliers fairly
- Selecting vendors based on value, performance and price
- Providing justifiable and transparent selection decisions
- Ensuring confidentiality of supplier information
- Maintaining an “arm’s-length” relationship with suppliers
- Not taking advantage of mistakes made by suppliers.

We are collaborating with our clients and partners to develop common approaches to corporate responsibility in supply chains.

### 6.4 Pilot program kicked off at Capgemini UK

Capgemini UK is currently undertaking an 18-month Sustainable and Ethical Procurement review to further embed its CSR & Sustainability practices into its supply chain. This involves a period

of supplier assessment and evaluation, and, where necessary, potential cooperation on action should any major risks or concerns be identified. Capgemini UK will also be reassessing its supplier diversity during this program.

[http://www.capgemini.com/about/corporateresponsibility/supplier\\_relations/](http://www.capgemini.com/about/corporateresponsibility/supplier_relations/)

This program is now being rolled out to additional entities with the objective of implementing supplier assessment and evaluation with respect to all our major suppliers.

As far as possible, Capgemini also aims to undertake all procurement (real estate, equipment, business travel) in line with its environmental policies and guidelines and in 2007 embedded this into its contracts with the option to terminate contracts if environmental practices did not match up.

## VII – THE GROUP AND THE ENVIRONMENT

### **Environmental policy**

Capgemini is recognized as having a moderate impact on the environment due to the nature of its operations. However, the Group is committed to ensuring that its services are delivered in a manner that is not detrimental to the environment or to the health, safety and welfare of Capgemini employees, clients, customers and partners, or of the general public with whom the company comes into contact. Environmental protection is an ongoing process and the Group expects its employees, suppliers and contractors to ensure that the environmental impact of any activity, building or equipment is taken into consideration.

At the end of each year the Group surveys its subsidiaries with regard to environmental policies, programs and indicators in place in each region, specific actions taken and staff training and awareness.

The key features of the current Group environmental policy are:

- Compliance with local and international environmental legislation
- Taking environmental impacts into account in corporate social responsibility training programs and raising employee awareness of these issues
- Using the best practices available in this area
- Setting up indicators to monitor progress.

The Group's environmental focus is on four key areas:

- Energy Consumption
- Business Travel
- IT Asset Management
- Waste Management.

### **Energy consumption**

We take action throughout the Group to ensure that our facilities have a low impact on the environment. We do this by actively monitoring power consumption with a view to reduction, and through advanced energy saving systems such as automatic switch-off lights, energy saving computer monitors, use of materials from renewable resources, non-toxic materials and recyclable items. We also provide training in environmental compliance for facilities managers.

Within the context of local legislation and real estate conditions,

all parts of the business are increasingly expected to:

- Streamline existing office space to the optimum required for headcount
- Monitor and, where possible, optimize/reduce power consumption (e.g., by effective servicing, appropriate temperature controls, identification of emissions/leaks, water-saving devices, use of energy-saving monitors, etc.)
- Adopt advanced energy-saving systems when opening new office buildings, e.g., where possible, by:
  - using advanced heating and environmental controls to regulate the working environment;
  - using material from renewable resources, non-toxic materials and recyclable items;
  - installing internal noise suppression devices;
  - utilizing low energy and low water consumption planning;
- Ensure that all buildings comply with appropriate local/international health and safety regulations
- Ensure that no toxic or hazardous materials are introduced into the workplace without workplace controls being in place
- Provide appropriate training in environmental compliance for facilities managers.

### **Business travel**

The Group aims to reduce the environmental impact of business travel as far as possible by only traveling to meetings when essential. This is achieved by supporting and improving:

- Video/telephone conferencing and other collaborative working tools
- Tele-work and flextime
- Employees' diary management with a view to minimizing travel
- Employees' ability to consider various aspects when selecting their mode of transport. This includes work-balance, cost, and environmental impact.

Where possible, employees are expected to use public transport or, for example, special company bus services, in preference to private transport. Where company car schemes are the norm as part of an overall employment package, the Group encourages the choice of hybrid cars and provides training on energy efficient car usage.

### **IT Asset management**

In terms of the purchasing and management of equipment, where possible, and in accordance with local legislation, the business is expected to:

- Take into account the environmental aspects of any new equipment purchased
- Use low energy equipment
- Regularly maintain and clean equipment
- Ensure that equipment in the working environment does not give rise to unreasonable noise, dust or fumes or constitute a hazard for employees
- Undertake appropriate testing of electrical equipment.

### **Waste management**

Capgemini aims to recycle waste materials as far as possible, for example by:

- Providing recycling facilities for paper, aluminum, printer toners etc.

- Environmentally disposing of or recycling IT and electronic equipment in accordance with local laws
- Using appropriately certified/licensed organizations to remove special waste such as defective monitors or light tubes.

## VIII – LIST OF THE TOP 10 SUPPLIERS

<i>In millions of euros</i>	<b>Amount</b>	<b>% Revenues</b>
<b>FUTJITSU SERVICES</b>	504	5.8%
<b>BRITISH TELECOMMUNICATIONS</b>	109	1.2%
<b>ACCENTURE</b>	49	0.6%
<b>ING</b>	44	0.5%
<b>ALEXANDER MANN</b>	40	0.5%
<b>IBM</b>	35	0.4%
<b>HEWLETT-PACKARD</b>	34	0.4%
<b>UNISYS</b>	32	0.4%
<b>France TELECOM</b>	29	0.3%
<b>SAP AG</b>	26	0.3%
<b>TOTAL</b>	903	10.4%

More details on our approach to the environment can be found on our website at <http://www.capgemini.com/about/corporateresponsibility/environment/>.



# CONSOLIDATED FINANCIAL STATEMENTS

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# STATUTORY AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2007

To the Shareholders,

Following our appointment as Statutory Auditors by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Cap Gemini S.A. for the year ended December 31, 2007.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

## I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the consolidated Group as at December 31, 2007, and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

## II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 1.F to the consolidated financial statements sets out the methods used to account for revenues and costs related to long-term contracts. As part of our assessments, we ensured that the above-mentioned accounting rules and principles were properly applied and verified that the information provided in the note above was appropriate. We also obtained assurance that the estimates used were reasonable.

- During the year, the Company completed the acquisition of Kanbay International for a total cost of €954 million. Note 2 to the consolidated financial statements sets out the allocation of the acquisition price, under which the Company recognized €831 million in goodwill. As part of our assessments:
  - We obtained an understanding of the procedures implemented by the Group concerning the allocation of the acquisition price and in particular, we reviewed the report prepared by the independent expert appointed by the Company to carry out the above-mentioned work.
  - We obtained assurance that the allocation of €831 million in goodwill in respect of Kanbay to the Group's main cash-generating units was reasonable.
- Net intangible assets carried in the consolidated balance sheet include €2,577 million in unamortized goodwill. The accounting principles used and the methods applied to determine the value in use of these assets are described in Note 10 to the consolidated financial statements. As part of our assessments, we verified whether the approach applied was correct and that the assumptions used and resulting valuations were consistent overall.
- Deferred tax assets amounting to €907 million are recorded in the consolidated balance sheet. Note 12 to the consolidated financial statements describes the methods used to calculate these assets. As part of our assessments, we verified the overall consistency of the information and assumptions used to perform these calculations.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

## III. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The Statutory Auditors

Neuilly-sur-Seine, February 14, 2008

**PricewaterhouseCoopers Audit**

Serge Villepelet      Edouard Sattler

Paris La Défense, February 14, 2008

**KPMG Audit**

Division of KPMG S.A.

Frédéric Quélin  
Partner

## CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007

	Notes	2005		2006		2007	
		Amount	%	Amount	%	Amount	%
<i>in millions of euros</i>							
<b>Revenues</b>	3	<b>6,954</b>	<b>100</b>	<b>7,700</b>	<b>100</b>	<b>8,703</b>	<b>100</b>
Cost of services rendered	4	5,377	77.3	5,920	76.9	6,518	74.9
Selling expenses	4	524	7.6	508	6.6	607	7.0
General and administrative expenses	4	828	11.9	825	10.7	938	10.7
<b>Operating margin</b>		<b>225</b>	<b>3.2</b>	<b>447</b>	<b>5.8</b>	<b>640</b>	<b>7.4</b>
Other operating income and expense, net	5	(11)	(0.1)	(113)	(1.5)	(147)	(1.7)
<b>Operating profit</b>		<b>214</b>	<b>3.1</b>	<b>334</b>	<b>4.3</b>	<b>493</b>	<b>5.7</b>
Finance costs, net	6	(24)	(0.4)	(10)	(0.1)	(4)	-
Other financial income and expense, net	7	(14)	(0.2)	(18)	(0.2)	(3)	-
<b>Finance expense, net</b>		<b>(38)</b>	<b>(0.6)</b>	<b>(28)</b>	<b>(0.3)</b>	<b>(7)</b>	<b>(0.1)</b>
Income tax expense	8	(35)	(0.5)	(13)	(0.2)	(48)	(0.6)
Share in profit of equity-accounted companies		-	-	-	-	2	-
<b>Profit for the year</b>		<b>141</b>	<b>2.0</b>	<b>293</b>	<b>3.8</b>	<b>440</b>	<b>5.1</b>
Attributable to:							
Equity holders of the parent		141	2.0	293	3.8	440	5.1
Minority interests		-	-	-	-	-	-

	Note	2005	2006	2007
<b>Weighted average number of ordinary shares</b>		<b>131,391,243</b>	<b>132,782,723</b>	<b>144,744,128</b>
Basic earnings per share (in euros)	9	1.07	2.21	3.04
<b>Weighted average number of ordinary shares (diluted)</b>		<b>138,472,266</b>	<b>147,241,326</b>	<b>159,292,070</b>
Diluted earnings per share (in euros)	9	1.06	2.07	2.84

## CONSOLIDATED BALANCE SHEETS

AT DECEMBER 31, 2005, 2006 AND 2007

### ASSETS

<i>in millions of euros</i>	Notes	December 31, 2005	December 31, 2006	December 31, 2007
Goodwill	10	1,809	1,849	2,577
Intangible assets	10	142	122	171
Property, plant and equipment	11	399	375	442
<b>Total fixed assets</b>		<b>2,350</b>	<b>2,346</b>	<b>3,190</b>
Deferred taxes	12	828	888	907
Other non-current assets	13	164	295	96
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,342</b>	<b>3,529</b>	<b>4,193</b>
Accounts and notes receivable	14	1,798	2,063	2,318
Other receivables and income taxes	15	250	214	374
Short-term investments	16	1,805	2,460	1,594
Cash at bank	16	416	442	648
<b>TOTAL CURRENT ASSETS</b>		<b>4,269</b>	<b>5,179</b>	<b>4,934</b>
<b>TOTAL ASSETS</b>		<b>7,611</b>	<b>8,708</b>	<b>9,127</b>

### EQUITY AND LIABILITIES

<i>in millions of euros</i>	Notes	December 31, 2005	December 31, 2006	December 31, 2007
Share capital		1,053	1,153	1,164
Additional paid-in capital		2,229	2,659	2,682
Retained earnings and other reserves		(673)	(408)	(435)
Profit for the year		141	293	440
<b>Capital and reserves attributable to equity holders of the parent</b>		<b>2,750</b>	<b>3,697</b>	<b>3,851</b>
Minority interests		-	-	-
<b>TOTAL EQUITY</b>		<b>2,750</b>	<b>3,697</b>	<b>3,851</b>
Long-term financial debt	16	1,145	1,160	1,059
Deferred taxes	12	121	118	138
Provisions for pensions and other post-employment benefits	17	696	591	621
Non-current provisions	18	14	74	57
Other non-current liabilities	19	138	122	146
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,114</b>	<b>2,065</b>	<b>2,021</b>
Short-term financial debt and bank overdrafts	16	171	107	277
Accounts and notes payable	20	1,881	2,019	2,120
Advances received from customers	14	609	683	743
Current provisions	18	20	24	28
Other payables and income taxes	21	66	113	87
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,747</b>	<b>2,946</b>	<b>3,255</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,611</b>	<b>8,708</b>	<b>9,127</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007

<i>in millions of euros</i>	<i>Notes</i>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Profit for the year</b>		<b>141</b>	<b>293</b>	<b>440</b>
Depreciation, amortization and write-downs of fixed assets	10-11	200	167	192
Net additions to provisions and other net non-cash items (excluding current assets)		28	97	(27)
Gains and losses on disposals of assets		(166)	6	5
Expense relating to stock options and share grants	5	12	17	22
Finance costs, net	6	24	10	4
Income tax expense	8	35	13	48
Unrealized gains and losses on changes in fair value and other		6	8	1
<b>Cash flows from operations before finance costs, net and income tax (A)</b>		<b>280</b>	<b>611</b>	<b>685</b>
Income tax paid (B)		(36)	(31)	(79)
Change in accounts and notes receivable and advances received from customers		17	(181)	(159)
Change in accounts and notes payable		188	59	70
Change in other receivables/payables		93	120	(20)
<b>Change in operating working capital (C)</b>		<b>298</b>	<b>(2)</b>	<b>(109)</b>
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES (D=A+B+C)</b>		<b>542</b>	<b>578</b>	<b>497</b>
Acquisitions of property, plant and equipment and intangible assets	10-11	(106)	(101)	(149)
Proceeds from disposals of property, plant and equipment and intangible assets		14	27	5
		<b>(92)</b>	<b>(74)</b>	<b>(144)</b>
Acquisitions of consolidated companies		(3)	(33)	(900)
Cash and cash equivalents of companies acquired		(6)	6	72
Proceeds from disposals of businesses and consolidated companies		194	-	-
Net proceeds/payments on disposals/acquisitions of non-consolidated companies		5	(136)	1
Payments related to derivative instruments		(16)	-	-
Net proceeds/payments relating to other investing activities		(2)	19	(10)
		<b>172</b>	<b>(144)</b>	<b>(837)</b>
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES (E)</b>		<b>80</b>	<b>(218)</b>	<b>(981)</b>
Increase in share capital		5	517	34
Dividends paid		-	(66)	(101)
Net proceeds/payments relating to treasury stock transactions		(2)	2	1
Increase in financial debt	16	474	45	37
Repayments of financial debt	16	(183)	(108)	(132)
Finance costs, net	6	(24)	(10)	(4)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES (F)</b>		<b>270</b>	<b>380</b>	<b>(165)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (G=D+E+F)</b>		<b>892</b>	<b>740</b>	<b>(649)</b>
Effect of exchange rate movements on cash and cash equivalents (H)		12	(17)	(59)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (I)</b>	<b>16</b>	<b>1,232</b>	<b>2,136</b>	<b>2,859</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (G+H+I)</b>	<b>16</b>	<b>2,136</b>	<b>2,859</b>	<b>2,151</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007

<i>in millions of euros</i>	Number of shares	Share capital	Additional paid-in capital	Treasury stock (1)	Consolidated retained earnings and other reserves	Translation reserves	Total equity (2)
<b>AT JANUARY 1, 2005</b>	<b>131,383,178</b>	<b>1,051</b>	<b>2,226</b>	<b>-</b>	<b>(511)</b>	<b>(10)</b>	<b>2,756</b>
Increase in share capital upon exercise of options (3)	198,800	2	3	-	-	-	5
Transiciel earn-out payment	-	-	-	-	2	-	2
Adjustment to the number of treasury shares held under the share buyback program (4)	-	-	-	(2)	-	-	(2)
Consolidation and elimination of 576,438 shares attributed or attributable to employees of the Capgemini Group (3)	-	-	-	(16)	19	-	3
Valuation of stock options (3)	-	-	-	-	11	-	11
Income and expense recognized directly in equity	-	-	-	-	(192)	26	(166)
Profit for the year	-	-	-	-	141	-	141
<b>AT DECEMBER 31, 2005</b>	<b>131,581,978</b>	<b>1,053</b>	<b>2,229</b>	<b>(18)</b>	<b>(530)</b>	<b>16</b>	<b>2,750</b>
Increase in share capital upon exercise of options (3)	790,393	7	12	-	-	-	19
Dividends paid out for 2005	-	-	-	-	(66)	-	(66)
Issue of 312,127 shares in connection with the Transiciel earn-out mechanism	312,127	2	9	-	-	-	11
Reversal of provision for the Transiciel earn-out mechanism	-	-	-	-	(11)	-	(11)
Issue of 11,397,310 new shares in connection with the increase in share capital of December 6, 2006	11,397,310	91	407	-	-	-	498
Disposal of 84,779 treasury shares returned to the Company	-	-	2	-	1	-	3
Adjustment to the number and value of treasury shares held under the share buyback program (4)	-	-	-	(1)	2	-	1
Remeasurement and elimination of shares attributed or attributable to employees of the Capgemini Group (3)	-	-	-	6	(3)	-	3
Valuation of stock options (3)	-	-	-	-	15	-	15
Income and expense recognized directly in equity	-	-	-	-	198	(17)	181
Profit for the year	-	-	-	-	293	-	293
<b>AT DECEMBER 31, 2006</b>	<b>144,081,808</b>	<b>1,153</b>	<b>2,659</b>	<b>(13)</b>	<b>(101)</b>	<b>(1)</b>	<b>3,697</b>
Increase in share capital upon exercise of options (3)	1,343,701	11	23	-	-	-	34
"OCEANE 2005" bonds converted into shares	1	-	-	-	-	-	-
Valuation of stock options (3)	-	-	-	-	19	-	19
Dividends paid out for 2006	-	-	-	-	(101)	-	(101)
Adjustment to the number and value of treasury shares held under the share buyback program (4)	-	-	-	(1)	-	-	(1)
Remeasurement and elimination of shares attributed or attributable to employees of the Capgemini Group (3)	-	-	-	4	(1)	-	3
Income and expense recognized directly in equity	-	-	-	-	(69)	(171)	(240)
Profit for the year	-	-	-	-	440	-	440
<b>AT DECEMBER 31, 2007</b>	<b>145,425,510</b>	<b>1,164</b>	<b>2,682</b>	<b>(10)</b>	<b>187</b>	<b>(172)</b>	<b>3,851</b>

(1) See Note 1.K. – "Treasury stock".

(2) There were no minority interests at December 31, 2005, 2006 or 2007 (see Note 2 – "Changes in Group structure" and Note 30 – "List of the main consolidated companies by country").

(3) The method for recognizing and measuring stock options and share grants is described in Note 9.A. – "Stock option plans and share grants".

(4) See Note 9.B. – "Share buyback program".



**CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE**  
FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007

<i>in millions of euros</i>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Profit for the year</b>	<b>141</b>	<b>293</b>	<b>440</b>
Purchase of a call option on Cap Gemini shares to neutralize the dilutive impacts of the "OCEANE 2003" convertible/exchangeable bonds issued on June 24, 2003 (1)	(16)	-	-
Equity component of the June 16, 2005 bond issue ("OCEANE 2005") (2)	40	-	-
Actuarial gains and losses related to provisions for pensions and other post-employment benefits (3)	(220)	150	(84)
Deferred taxes recognized in equity (4)	5	43	15
Translation adjustments	26	(17)	(171)
Other income and expense	(1)	5	-
<b>Income and expense recognized directly in equity</b>	<b>(166)</b>	<b>181</b>	<b>(240)</b>
<b>TOTAL RECOGNIZED INCOME AND EXPENSE</b>	<b>(25)</b>	<b>474</b>	<b>200</b>

(1) Simultaneously to the "OCEANE 2005" bond issue, the Group decided to neutralize in full the potential dilutive impact of the "OCEANE 2003" convertible/exchangeable bonds issued on June 24, 2003 for a nominal amount of €460 million and maturing on January 1, 2010. This was achieved by purchasing a call option for €16 million (before tax) on approximately 9 million Cap Gemini shares, representing the total number of shares underlying the "OCEANE 2003" convertible/exchangeable bond issue.

(2) On June 16, 2005, the Group issued bonds convertible/exchangeable into new or existing Cap Gemini shares ("OCEANE 2005") for a nominal amount of €437 million. These bonds mature on January 1, 2012 (see Note 16 – "Net cash and cash equivalents").

(3) See Note 17 – "Provisions for pensions and other post-employment benefits". Actuarial gains and losses related to provisions for pensions and other post-employment benefits in the table above are based on the average exchange rate for each corresponding accounting period.

(4) In 2005, 2006 and 2007, deferred taxes mainly relate to the actuarial gains and losses for the period recognized in equity. In 2005, this item also includes deferred tax liabilities relating to the equity component of the bonds issued on June 16, 2005 for an amount of €14 million (see (2) above) and deferred tax assets of €6 million relating to the call option on Cap Gemini shares (see (1) above). Deferred tax assets for 2006 include the deferred tax asset recognized in the United Kingdom in an amount of €52 million. This concerns items recognized directly in equity between 2004 and 2006 and relates to provisions for pensions and other post-employment benefits.

## NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 – ACCOUNTING POLICIES

Pursuant to European Commission Regulation No. 1606/2002 of July 19, 2002, the 2007 consolidated financial statements have been prepared in accordance with the international accounting standards issued by the International Accounting Standards Board (IASB). These international accounting standards comprise the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the related interpretations endorsed by the European Union at December 31, 2007 and published in the Official Journal of the European Union.

The Group also takes account of the positions adopted by Syntec Informatique – an organization representing major consulting and computer services companies in France – regarding the application of IFRSs.

The Group is concerned by the following new standards and amendments effective as of January 1, 2007:

- IFRS 7 – “Financial Instruments: Disclosures”;
- Amendment to IAS 1 – “Presentation of Financial Statements: Capital Disclosures”.

These new standards and amendments introduce additional disclosure requirements in the notes to the financial statements regarding the Group’s exposure to risk arising from the use of financial instruments.

The Group has not opted for early application of certain standards and interpretations issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Union at December 31, 2007. This essentially concerns IFRS 8 – “Operating segments”. Early adoption of this standard in 2007 would not have substantially altered the presentation of segment information.

The Group has not opted for early application of certain standards and interpretations issued by the IASB or IFRIC but not yet endorsed by the European Union at December 31, 2007. This concerns mainly the revised IAS 1 – “Presentation of Financial Statements”. Early adoption of this revised standard in 2007 would not have had a material impact on the presentation of the financial statements for 2007, due mainly to the Group’s adoption of the amended version of IAS 19 in 2006 resulting in the inclusion of a statement of recognized income and expense.

The 2007 consolidated financial statements and related notes were approved by the Board of Directors of Cap Gemini S.A. on February 13, 2008.

### The principal accounting policies applied in the preparation of the consolidated financial statements are described hereafter :

#### A) Consolidation methods

The accounts of companies directly or indirectly controlled by Cap Gemini S.A. are fully consolidated. Cap Gemini S.A. is deemed to exercise control over an entity when it has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Investments in companies which Cap Gemini S.A. directly or indirectly controls jointly with a limited number of other shareholders are accounted for by the method of proportional consolidation. This method consists of consolidating the income and expenses, assets and liabilities of jointly-controlled companies on a line-by-line basis, based on the Group’s percentage interest in their capital.

Investments in associated companies over whose management Cap Gemini S.A. exercises significant influence, without however exercising full or joint control, are accounted for by the equity method. This method consists of replacing the cost of the shares with an amount corresponding to the Group’s equity in the underlying net assets and recording in the income statement the Group’s equity in net income.

Details of the scope of consolidation are provided in Note 30 – “List of the main consolidated companies by country”.

All consolidated companies prepared their accounts at December 31, 2007 in accordance with the accounting policies and methods applied by the Group.

Intragroup transactions are eliminated on consolidation, as well as intercompany profits.

The Group does not control any special purpose entities that have not been consolidated.

#### B) Use of estimates

The preparation of financial statements involves the use of estimates and assumptions which may have an impact on the reported values of assets and liabilities at the balance sheet date or on certain items of income and expense for the year. Estimates are based on economic data and assumptions which are likely to vary over time and are subject to a degree of uncertainty. They mainly concern revenue recognition on fixed-price contracts accounted for on a percentage-of-completion basis, the recognition of deferred tax assets, asset impairment tests, and current and non-current provisions.

### C) Foreign currency translation

The consolidated financial statements presented in this report have been prepared in euros.

Balance sheets of foreign subsidiaries are translated into euros at year-end rates of exchange with the exception of equity accounts, which are carried at their historical values. Income statements of foreign subsidiaries are translated into euros at the average rates of exchange for the year. However, for certain material transactions, it may be relevant to use a specific rate of exchange. Differences arising

from the translation at different rates are recognized directly in equity under "Translation reserves" and have no impact on profit.

Exchange differences arising on monetary items which form an integral part of the net investment in foreign subsidiaries are recognized in equity under "Translation reserves", for their net-of-tax amount.

Exchange differences on receivables and payables denominated in a foreign currency are recorded as operating income or expense or financial income or expense, depending on the type of transaction concerned.

The exchange rates used to translate the financial statements of the Group's main subsidiaries into euros are as follows:

	Average exchange rates			Year-end exchange rates		
	2005	2006	2007	2005	2006	2007
US dollar	0.80461	0.79710	0.73072	0.84767	0.75930	0.68064
Pound sterling	1.46235	1.46681	1.46177	1.45921	1.48920	1.36091
Canadian dollar	0.66459	0.70258	0.68154	0.72860	0.65441	0.69498
Swedish krona	0.10779	0.10808	0.10809	0.10651	0.11061	0.10584
Australian dollar	0.61292	0.60016	0.61179	0.62077	0.59913	0.59769
Norwegian krona	0.12485	0.12434	0.12476	0.12523	0.12139	0.12541
Indian rupee	0.01823	0.01760	0.01767	0.01867	0.01716	0.01733
Polish zloty	0.24873	0.25682	0.26447	0.25907	0.26103	0.27766

### D) Statement of income

Income and expenses are presented in the consolidated statement of income by function to reflect the specific nature of the Group's business more accurately. Under the line item presenting revenues, operating expenses are broken down into cost of services rendered (corresponding to costs incurred for the execution of client projects), selling expenses, and general and administrative expenses.

These three captions together represent ordinary operating expenses which are deducted from revenues to obtain operating margin, one of the main Group business performance indicators.

Operating profit is obtained by deducting other operating income and expense, net, from operating margin. Other operating income and expense, net, include the charge resulting from the deferred recognition of the fair value of shares and stock options granted to employees, and non-recurring revenues and expenses such as provisions for impairment of goodwill, capital gains or losses on disposals of consolidated companies or businesses, restructuring costs incurred under a detailed formal plan approved by the Group's management – the main features of which have been announced, the cost of integrating companies recently acquired by the Group, and the effects of curtailments and settlements relating to defined benefit plans.

Profit for the year is subsequently obtained by taking into account the following items:

- finance costs, net, which include interest on borrowings calculated

based on the effective interest rate, less income from cash and cash equivalents;

- other financial income and expense, net, which primarily corresponds to the impact of remeasuring financial instruments at fair value, disposal gains and losses and the impairment of investments in non-consolidated companies, net interest costs on defined benefit plans, exchange gains and losses on financial items, and other financial income and expense on miscellaneous financial assets and liabilities calculated using the effective interest method;
- current and deferred income tax expense;
- share in profit of equity-accounted companies.

### E) Earnings per share

Earnings per share are measured as follows:

- basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury stock. The weighted average number of ordinary shares outstanding is adjusted by the number of ordinary shares bought back or issued during the period and is calculated by reference to the date of redemption or issue of shares during the year;
- diluted earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding

as used to calculate basic earnings per share, both items being adjusted, where appropriate, for the effects of all potential dilutive financial instruments corresponding to (i) stock options (see Note 9.A. – “Stock option plans and share grants”), and (ii) bonds convertible/exchangeable into new or existing Cap Gemini shares.

**F) Recognition of revenues and the cost of services rendered**

The method for recognizing revenues and costs depends on the nature of the services rendered:

**A. TIME AND MATERIALS CONTRACTS:**

Revenues and costs relating to time and materials contracts are recognized as services are rendered.

**B. LONG-TERM FIXED-PRICE CONTRACTS:**

Revenues from long-term fixed-price contracts, including systems development and integration contracts, are recognized under the “percentage-of-completion” method.

Costs related to long-term fixed price contracts are recognized as they are incurred.

**C. OUTSOURCING CONTRACTS:**

Revenues from outsourcing agreements are recognized over the life of the contract as the services are rendered. When the services are made up of different components which are not separately identifiable, the related revenues are recognized on a straight-line basis over the life of the contract.

The related costs are recognized as they are incurred. However, a portion of costs incurred in the initial phase of outsourcing contracts (transition and/or transformation costs) may be deferred when they are specific to a given contract, relate to future activity on the contract and/or will generate future economic benefits, and are recoverable. These costs are allocated to work-in-progress and any reimbursement by the client is recorded as a deduction of the costs incurred.

When the projected cost of the contract exceeds contract revenues, an expense is recognized for the amount of the difference.

Revenues receivable from these contracts are recognized in assets under “Accounts and notes receivable” when invoiced to customers or “Accrued income” when they are not yet invoiced.

**G) Goodwill and intangible assets**

**A. GOODWILL**

Business combinations are accounted for using the purchase method. Under this method, the identifiable assets, liabilities

and contingent liabilities of the acquiree are recognized at their fair values at the acquisition date and may be adjusted after completion of the initial accounting within 12 months of the combination.

Goodwill represents the excess of the cost of a business combination over the Group’s interest in the net fair value of the assets, liabilities and contingent liabilities of the acquiree. When the cost of a business combination is less than the fair value of the assets acquired and liabilities assumed, the difference is recognized immediately in the statement of income.

Goodwill is not amortized but tested for impairment at least annually, or more frequently when events or changes in circumstances indicate that it may be impaired.

**B. INTANGIBLE ASSETS**

Computer software and user rights acquired on an unrestricted ownership basis, as well as software developed for internal use which has a positive, lasting and quantifiable effect on future results, are capitalized and amortized over three to five years.

The capitalized costs of software developed for internal use represent costs that directly relate to its production, i.e., the salary costs of staff that developed the software concerned, as well as a directly attributable portion of production overheads.

**H) Property, plant and equipment**

The carrying amount of property, plant and equipment corresponds to the historical cost of these items, less accumulated depreciation and impairment. No items of property, plant and equipment have been revalued. Buildings owned by the Group are measured based on the components approach.

Subsequent expenditure (costs of replacing and/or bringing assets into compliance) are capitalized and depreciated over the remaining useful lives of the assets concerned. Ongoing maintenance costs are expensed as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets concerned. It is calculated based on acquisition cost less residual value.

Property, plant and equipment are depreciated over the following estimated useful lives:

Buildings.....	20 to 40 years
Fixtures and fittings .....	10 years
Computer equipment.....	3 to 5 years
Office furniture and equipment .....	5 to 10 years
Vehicles .....	5 years
Other equipment.....	5 years

Residual values and estimated useful lives are reviewed at each balance sheet date.

The sale of property, plant and equipment gives rise to disposal gains and losses corresponding to the difference between the selling price and carrying amount of the asset concerned.

### **I) Impairment of goodwill, intangible assets, and property, plant and equipment**

Intangible assets and property, plant and equipment are tested for impairment when there is an indication at the balance sheet date that their recoverable amount may be less than their carrying amount. Goodwill is tested for impairment at least once a year. The impairment test consists of assessing the recoverable amount of each asset or group of assets generating cash flows that are separate from the cash flows generated by other assets or groups of assets (cash-generating units – CGUs). The CGUs identified by the Group represent geographic areas as well as Sogeti's Local Professional Services business.

The assessment is notably performed using the discounted cash flows method and the recoverable amount of each CGU is calculated based on various parameters used in the budget procedure and three-year strategic plan extrapolated over a period of five years, including growth and profitability rates considered reasonable. Standard discount rates (based on the weighted average cost of capital) and standard long-term growth rates for the period beyond five years are applied to all valuations of CGUs. These rates are determined based on analyses of the business segments in which the Group operates. When the recoverable amount of a CGU is less than its carrying amount, the impairment loss is deducted from goodwill to the extent possible and charged to operating profit under "Other operating income and expense, net".

### **J) Leases**

Contracts and agreements entered into by the Group are analyzed to determine if they are, or contain, leases.

Leases that do not transfer to the Group substantially all the risks and rewards incidental to ownership are classified as operating leases, and give rise to lease payments expensed as incurred over the lease term. However, when the Group assumes substantially all of the risks and rewards incidental to ownership, the lease is classified as a finance lease and is recognized as an asset at the lower of the fair value of the leased asset and the present value of future minimum lease payments, with the related obligation recorded in liabilities within financial debt. The asset is depreciated over the period during which it is expected to be used by the Group and the obligation is amortized over the lease term. Deferred tax is recognized accordingly.

### **K) Treasury stock**

Cap Gemini S.A. shares held by the Company or by any consolidated companies are shown as a deduction from equity, at cost. The proceeds from sales of treasury stock are taken directly to equity, net of the tax effect, so that the gain or loss on the sale has no impact on profit for the period.

### **L) Deferred taxes**

Deferred taxes are recorded to take into account temporary differences between the carrying amounts of certain assets and liabilities and their tax basis.

Deferred tax is recognized in profit or loss for the period when the related transaction or other event is recognized in profit or loss, except to the extent that the tax arises from a transaction or event which is charged or credited directly to equity, in which case the related deferred tax is also recognized directly in equity (see the consolidated statement of recognized income and expense).

Deferred taxes are accounted for using the balance sheet liability method and are measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date. Adjustments to deferred taxes for changes in tax rates (or tax laws) previously recognized in the statement of income or in equity are recognized in the statement of income or in equity, respectively, for the period in which these changes become effective.

Deferred tax assets are recognized when it is probable that taxable profits will be available against which the deferred tax asset can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date. This amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of that deferred tax asset to be utilized. Any such reduction is reversed when it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset if, and only if, the subsidiaries have a legally enforceable right to set off current tax assets against current tax liabilities, and when the deferred taxes relate to income taxes levied simultaneously by the same taxation authority.

### **M) Financial instruments**

Financial instruments consist of:

- financial assets, which include certain other non-current assets, accounts receivable, certain other receivables, cash at bank and short-term investments;
- financial liabilities, which include long and short-term financial debt and bank overdrafts, certain accounts payable, and certain other payables and non-current liabilities.

Financial instruments are recognized at inception and on subsequent dates in accordance with the methods described below. These methods draw on the following interest rate definitions:

- the coupon interest rate or coupon, which is the nominal interest rate on a bond;
- the effective interest rate, which is the rate that exactly discounts the estimated cash flows through the expected life of the instrument, or, where appropriate, a shorter period to the net carrying amount of the financial asset or liability at initial recognition. The effective interest rate takes into account all fees paid or received, transaction costs, and, where applicable, premiums to be paid and received. This rate is also denominated as notional interest rate, and the corresponding financial expense, the notional financial expense;
- the market interest rate, which reflects the effective interest

rate recalculated at the date of measurement based on current market parameters.

Financial instruments (assets and liabilities) are initially recognized in the balance sheet at their fair value.

The subsequent measurement of financial assets and liabilities is based on either their fair value or amortized cost depending on their classification in the balance sheet. Financial assets measured at amortized cost are subject to tests to assess their recoverable amount as soon as there are indicators of a loss in value, and at least at each balance sheet date. Any loss in value is recognized in the statement of income.

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Amortized cost corresponds to the initial carrying amount (net of transaction costs), plus interest calculated using the effective interest rate, less cash outflows (coupon interest payments and repayment of principal, and redemption premiums where applicable). Accrued interest (income and expense) is not recorded on the basis of the financial instrument's nominal interest rate, but of its effective interest rate.

Financial instruments (assets and liabilities) are derecognized when the related risks and rewards of ownership have been transferred, and when the Group no longer exercises control over the instruments.

#### **a) Recognition and measurement of financial assets**

##### *Other non-current assets*

Other non-current assets chiefly comprise:

(i) Shares in non-consolidated companies

The Group holds shares in certain companies over whose management it does not exercise significant influence or control. These shares mainly represent long-term investments supporting strategic alliances with the companies concerned.

(ii) *Aides à la construction* (building aid program) loans in France, security deposits and guarantees, and other long-term loans;

(iii) Receivables due from the French Treasury resulting from an election to carry back tax losses (see section b) below – "Recognition and measurement of financial liabilities");

(iv) Receivables which are expected to be settled beyond the normal operating cycle of the business to which they relate;

(v) Non-current derivative instruments.

These other non-current assets are carried at amortized cost, with the exception of:

- shares in non-consolidated companies, which are recognized at fair value:

these are treated as available-for-sale securities and are therefore carried at fair value. For listed shares, fair value corresponds to the share price. If the fair value cannot be determined reliably, the shares are recognized at cost.

Shares in non-consolidated companies are recorded as follows:

- any change in the fair value of shares in non-consolidated companies after initial recognition is recorded through equity;
  - in the event of an objective indication of a decrease in fair value (in particular, a significant or prolonged decline in the asset's value), an impairment loss is recognized in profit or loss;
  - when the impact of a change in fair value has previously been recognized in equity and there is objective evidence that the shares are impaired, or in the event of their disposal, the impairment loss or impact of derecognition of the shares is dealt with through financial income and expense, and offset where appropriate by a full or partial write-back of the amount recorded in equity.
- non-current derivative instruments, which are recognized at fair value (see section c) below – "Derivative instruments").

##### *Accounts and notes receivable*

Accounts and notes receivable correspond to the fair value of the expected consideration to be received. Where payment is deferred beyond the usual periods applied by the Group and this has a material impact on the fair value measurement, the future payments concerned are discounted.

##### *Cash and cash equivalents*

Cash and cash equivalents include short-term investments and cash at bank, less bank overdrafts. All components of cash and cash equivalents are carried at their fair value at the balance sheet date. The effects of changes in fair value are recognized in finance expense, net.

#### **b) Recognition and measurement of financial liabilities**

##### *Financial debt*

Financial debt mainly consists of bond debt, loans granted by credit institutions, obligations under finance leases, and liabilities recognized in respect of amounts receivable under the option to carry back tax losses (see section a) (iii)).

All financial debt is initially recognized at fair value in the balance sheet, and subsequently measured at amortized cost up to maturity.

Fair value corresponds to the present value of future cash outflows discounted at the market interest rate, minus transaction costs and any issue premiums.

Regarding convertible bonds, the difference between the nominal amount of the bonds and the fair value of the liability component as calculated above is recorded under equity.

In each subsequent period, the interest expense recorded in the statement of income corresponds to the theoretical interest charge



calculated by applying the effective interest rate to the carrying amount of the loan. The effective interest rate is calculated when the loan is taken out and corresponds to the rate that exactly discounts estimated future cash payments through the expected life of the loan to the initial fair value of the liability component of the loan.

The difference between interest expense thus calculated and the nominal amount of interest is recorded in financial expense, with the corresponding adjustment posted to liabilities.

#### *Other financial liabilities*

With the exception of derivative instruments carried at fair value (see section c) below – “Derivative instruments”), other financial liabilities consist primarily of accounts and notes payable measured at amortized cost in accordance with the principles set out above.

#### **c) Derivative instruments**

Derivative instruments comprise mainly forward foreign exchange currency contracts and interest rate swaps.

Derivative instruments are initially recognized at fair value. Except as described below in the case of instruments designated as cash flow hedges, changes in the fair value of derivative instruments, estimated based on market rates or data provided by the bank counterparties, are recognized in profit or loss at the balance sheet date.

When cash flow hedges are eligible for hedge accounting, (i) the effective portion of the hedge is recognized in equity and subsequently transferred to profit or loss when the hedged item itself affects profit or loss and (ii) the ineffective portion of the hedge is recognized immediately in finance expense, net.

The effectiveness of a hedge is demonstrated by means of prospective and retrospective tests performed at each balance sheet date. These tests are designed to validate whether the hedge qualifies for hedge accounting, by demonstrating that the hedging relationship is effective. The 80% to 125% range set by IAS 39 for retrospective tests is also used for the prospective tests.

#### **N) Net cash and cash equivalents**

Net cash and cash equivalents comprise cash and cash equivalents less short and long-term financial debt.

Cash and cash equivalents correspond to short-term investments and cash at bank, less bank overdrafts and derivative instruments when these relate to financial transactions.

#### **O) Pensions and other post-employment benefits**

##### *Defined contribution plans*

Defined contribution plans are funded by contributions paid by employees and Group companies to the organizations responsible for managing the plans. The Group's obligations are limited to the payment of such contributions which are expensed as incurred. The Group's obligation under these plans is recorded in “Accounts and notes payable”. Defined contribution plans are operated in most European countries (France, the Netherlands, Germany and Central Europe, Nordic countries, Italy and Spain), in the United States and in the Asia-Pacific region.

##### *Defined benefit plans*

Defined benefit plans consist of either:

- unfunded plans, where benefits are paid directly by the Group and the related obligation is covered by a provision corresponding to the present value of future benefit payments. Estimates are based

on regularly reviewed internal and external parameters. These unfunded plans correspond to retirement gratuities and healthcare assistance;

- funded plans, where the benefit obligation is covered by external funds. Group contributions to these external funds are made in accordance with the specific regulations in force in each country.

Obligations under these plans are generally determined by independent actuaries using the projected unit credit method. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each of these units is valued separately in order to obtain the amount of the Group's final commitment.

The resulting obligation is discounted by reference to market yields on high quality corporate bonds, of a currency and term consistent with the currency and term of the post-employment benefit obligation.

For funded plans, only the estimated deficit is covered by a provision.

Current and past service costs – corresponding to an increase in the obligation – are recorded within operating expense, respectively on an as-incurred basis in the period and over the residual vesting period of the rights concerned.

Gains or losses on the curtailment or settlement of defined benefit plans are recognized in «Other operating income and expense, net».

The impact during the year of discounting pension benefit obligations, as well as any changes in the expected return on plan assets, is recorded in «Other financial income and expense, net».

Actuarial gains and losses correspond to the effect of changes in actuarial assumptions and experience adjustments (i.e., differences between projected actuarial assumptions and actual data) on the amount of the defined benefit obligation or the value of plan assets. They are recognized in full within equity in the year in which they arise.

#### **P) Stock options granted to employees**

Stock options may be granted to certain Group employees entitling them to purchase Cap Gemini shares over a period of five or six years, at an exercise price set when the options are granted.

Stock options are measured at fair value, corresponding to the value of the benefit granted to the employee on the grant date. The amount is recognized in “Other operating income and expense, net” in the statement of income on a straight-line basis over the option vesting period, with a corresponding adjustment to equity.

The fair value of stock options is calculated using the Black and Scholes option pricing model which incorporates assumptions concerning the option exercise price and option life, the share price at the date of grant, implicit share price volatility, and the risk-free interest rate. The expense recognized also takes into account staff attrition rates for eligible employee categories. These assumptions are reviewed each year.

#### **Q) Provisions**

A provision is recognized in the balance sheet if, and only if, (i) the Group has a present obligation (legal or constructive) as a result of a

past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. Provisions are discounted when the impact of the time value of money is material.

#### **R) Consolidated statement of cash flows**

The consolidated statement of cash flows analyzes cash flows from operating, investing and financing activities.

#### **S) Segment information**

The Group analyzes its business activities by geographic area, business segment and client business line. Geographic entities constitute profit centers for which detailed performance measurements exist. The primary reporting segment corresponds to the geographic areas housing the Group's operations. The secondary reporting format corresponds to the Group's business segments.

Costs relating to operations and incurred by Group holding companies on behalf of geographic areas and business lines are allocated to the segments concerned either directly or on the basis of an allocation key. Items that have not been allocated correspond to headquarters' expenses.

Inter-segment transactions are carried out based on competitive market prices.

#### **T) Exchange gains and losses on intragroup transactions**

The results and financial position of a foreign subsidiary are included in the Group's consolidated financial statements using normal consolidation procedures, such as the elimination of intragroup balances and intragroup transactions. However, an intragroup short or long-term monetary asset (or liability) cannot be eliminated against the corresponding intragroup liability (or asset) without showing the results of currency fluctuations in the consolidated financial statements. This is because the monetary item represents a commitment to convert one currency into another and exposes the Group to a gain or loss through currency fluctuations. Accordingly, in the consolidated financial statements, such an exchange difference continues to be recognized in profit or loss or is classified in equity if the underlying forms an integral part of the net investment in the foreign operation.

### **NOTE 2 – CHANGES IN GROUP STRUCTURE**

#### **A) 2005 AND 2006**

The main changes in Group structure in 2005 and 2006 were as follows:

In January 2005, the Group sold its 25.22% stake in IS Energy for €21 million, further to the exercise by E.ON of the call option it

held on IS Energy's shares.

On June 16, 2005, the Group sold its US healthcare business to the Accenture group for €143 million.

On August 12, 2005, the Group entered into an alliance with the Japanese group NTT Data Corporation to sell 95% of its stake in Capgemini Japan K.K. for €30 million.

On September 30, 2006, the Group acquired 100% of the capital of German group FuE. The FuE group is Germany's leading aerospace consulting and engineering firm. The Group has some 250 employees.

On October 11, 2006, the Group purchased 51% of the capital of Unilever Shared Services Limited (renamed Capgemini Business Services India Ltd.), a subsidiary of Hindustan Lever Limited (Unilever group). The company is an administrative, financial and control service center for Unilever in India, and employs nearly 600 service professionals. Capgemini Business Services India Ltd. is fully consolidated.

The purchase agreement includes a call/put option for Capgemini/Hindustan Lever Limited on the remaining 49% of Capgemini Business Services India Ltd., exercisable from October 1, 2008 for a period of six months. If exercised, the Group would own 100% of Capgemini Business Services India Ltd. The Group recognized a financial liability for an amount equal to the present value of the option at that date. The difference between the present value of the option and the carrying amount of the related minority interests is recorded in goodwill.

#### **B) 2007**

The main changes in Group structure in 2007 were as follows:

##### **a) Kanbay International Inc.**

At the end of October 2006, the Group acquired 14.7% of Kanbay International Inc. ("Kanbay") for a total of USD 170 million, and recorded its investment under "Shares in non-consolidated companies". On February 8, 2007, Kanbay's annual shareholders' meeting approved the acquisition of the company's entire share capital by Capgemini in accordance with the terms and conditions of the agreement dated October 26, 2006. On the same date, the Group therefore acquired the remaining 85.3% of Kanbay's capital for a total amount of USD 1,090 million.

Founded in 1989 and listed on the Nasdaq since 2004, Kanbay provides highly integrated management consulting, technology integration and development and outsourcing solutions through its single global delivery platform specialized in financial services, but also covering the consumer products, the telecommunications, media, life sciences and travel and leisure sectors. In January 2007, Kanbay had a worldwide headcount of approximately 6,900. Kanbay is headquartered in Rosemont, Illinois. It has

offices in North America, London, Singapore, Hong Kong, Tokyo and Melbourne, and owns production sites in India at Pune, Hyderabad, Chennai and Bangalore.

Under the terms of the agreement, Capgemini undertook to pay a

consideration of USD 29 per Kanbay share. After taking account of restricted shares, stock options and equity warrants exercisable prior to the acquisition date (February 8, 2007), the total cost of the transaction amounts to €954 million, including €8 million in fees directly attributable to the acquisition.

Kanbay was fully consolidated in 2007. Based on an evaluation carried out by an independent expert, its acquisition price was allocated as follows at December 31, 2007:

<i>in millions of euros</i>	
Net assets acquired, excluding existing goodwill	82
Amortizable intangible assets, net of deferred tax liabilities	41
Goodwill	831
<b>Total acquisition price</b>	<b>954</b>

Net assets acquired break down as follows:

<i>in millions of euros</i>	
Property, plant and equipment and intangible assets	64
Shares in equity-accounted companies	20
Net current and deferred taxes	4
Accounts and notes receivable and payable	(6)
Provisions for pensions	(1)
Financial debt	(72)
Cash and cash equivalents	72
Other adjustments to assets and liabilities at fair value, net of deferred taxes	1
<b>Total net assets acquired, excluding existing goodwill</b>	<b>82</b>

Accounts and notes receivable and payable include a provision equal to the value of the stock options and restricted shares granted by Kanbay to its employees since 2003 and that had not yet vested at the acquisition date (February 8, 2007). As Kanbay is no longer listed, the Capgemini Group decided, while retaining the terms and conditions of existing stock option and restricted share plans, to set the exercise price and pay a cash consideration based on a price of USD 29 per option and/or share at the vesting date. These stock options and restricted shares will be settled in favor of Kanbay employees mainly between 2007 and 2008 on condition that the beneficiaries are employed by the Group at the final vesting date.

The total estimated cost of these stock options and shares amounts to €24 million and is recorded on a straight-line basis between the various grant dates and the final vesting date. A €15 million provision has therefore been recognized in the post-acquisition balance sheet with respect to services rendered between the grant date and the acquisition date. For the period between the acquisition date and the various final vesting dates, an expense is recognized in the statement of income. The expense recognized with respect to these stock options and shares for 2007 is €6 million (see Note 5 – “Other operating income and expense, net”).

Amortizable intangible assets identified during the process of allocating the acquisition price consist of customer relationships carried at fair value, which are amortized over useful lives ranging from five to ten years.

Goodwill represents the integrated management model developed by Kanbay for its onshore and offshore teams (known as the “one team model”). This model will be rolled out by the Group through its *P*<sup>3</sup> transformation program. Goodwill was allocated to the Group’s key geographic areas (North America, France, United Kingdom, Benelux, Germany and Central Europe and Nordic countries) based on their “Technology Services” and “Outsourcing Services” revenues generated in the “Financial Services”, “Energy and Utilities”, “Manufacturing, Retail and Distribution” and “Telecommunications, Media and Entertainment” sectors, as well as in Sogeti’s two operating entities. These regions and entities are the Group’s priority in rolling out its “one team model” (see Note 10 – “Goodwill and intangible assets”).

Financial debt mainly corresponds to USD 96 million (€72 million) in drawdowns on a USD 150 million credit facility agreed with a banking syndicate on March 9, 2006. On February 9, 2007, the drawdowns were reimbursed and the credit facility was cancelled in advance of maturity.

Kanbay is consolidated with effect from January 1, 2007. Its activities were transferred to the Group’s operating entities during the year.

#### **b) Software Architects Inc.**

On March 1, 2007, Sogeti USA LLC finalized the acquisition of the entire share capital of Chicago-based company Software Architects Inc., which has more than 500 employees and operations in 10 US cities.

At December 31, 2007, the provisional allocation of the acquisition price can be analyzed as follows:

<i>in millions of euros</i>	
Net assets acquired, excluding existing goodwill (1)	7
Amortizable intangible assets, net of deferred tax liabilities	3
Goodwill	44
<b>Total acquisition price</b>	<b>54</b>

(1) Of which €1 million in cash and cash equivalents.

Software Architects Inc. is consolidated within the Group's accounts as of March 1, 2007, and was merged into Sogeti USA LLC as of April 1, 2007.

### NOTE 3 – REVENUES

Revenues break down as follows by geographic area:

<i>in millions of euros</i>	2005		2006		2007	
	Amount	%	Amount	%	Amount	%
North America	1,353	20	1,341	17	1,721	20
United Kingdom and Ireland	1,738	25	2,126	28	2,230	26
Nordic countries	415	6	441	6	539	6
Benelux	956	14	1,046	14	1,168	13
Germany and Central Europe	443	6	514	7	558	6
France	1,666	24	1,816	23	1,971	23
Southern Europe	310	4	339	4	390	5
Asia-Pacific	73	1	77	1	126	1
<b>TOTAL</b>	<b>6,954</b>	<b>100</b>	<b>7,700</b>	<b>100</b>	<b>8,703</b>	<b>100</b>

The year-on-year increase in revenues in 2007 is 13.0% taking into account changes in Group structure and exchange rates, and 9.0% on a like-for-like basis (constant Group structure and exchange rates).

### NOTE 4 – OPERATING EXPENSES BY NATURE

The analysis of operating expenses by nature is as follows:

<i>in millions of euros</i>	2005		2006		2007	
	Amount	% revenues	Amount	% revenues	Amount	% revenues
Personnel costs	4,175	60.0	4,336	56.3	4,906	56.4
Travel expenses	309	4.5	340	4.4	393	4.5
	<b>4,484</b>	<b>64.5</b>	<b>4,676</b>	<b>60.7</b>	<b>5,299</b>	<b>60.9</b>
Purchases and sub-contracting expenses	1,808	26.0	2,068	26.9	2,268	26.1
Rent and local taxes	240	3.5	268	3.5	285	3.3
Depreciation, amortization and provisions	197	2.8	241	3.1	211	2.4
<b>TOTAL</b>	<b>6,729</b>	<b>96.8</b>	<b>7,253</b>	<b>94.2</b>	<b>8,063</b>	<b>92.6</b>

Personnel costs break down as follows:

<i>in millions of euros</i>	2005	2006	2007
Wages and salaries	3,283	3,429	3,936
Payroll taxes	803	818	874
Pension costs related to defined benefit plans and other post-employment benefit expenses (1)	89	89	96
<b>TOTAL</b>	<b>4,175</b>	<b>4,336</b>	<b>4,906</b>

(1) See Note 17 – “Provisions for pensions and other post-employment benefits”.

## NOTE 5 – OTHER OPERATING INCOME AND EXPENSE, NET

<i>in millions of euros</i>	2005	2006	2007
Restructuring costs	(164)	(94)	(90)
Integration costs relating to acquired companies	-	-	(27)
Expenses relating to stock options and share grants (1)	(12)	(17)	(22)
Capital gains on the disposal of consolidated companies or businesses	166	-	-
Other operating income and expense, net	(1)	(2)	(8)
<b>TOTAL</b>	<b>(11)</b>	<b>(113)</b>	<b>(147)</b>

(1) These expenses are calculated as explained in Note 9.A - “Stock options plans and share grants”.

In 2005, other operating income and expense, net, primarily related to restructuring costs associated with workforce reduction measures (€83 million), measures taken to streamline the Group’s real estate assets (€66 million), accelerated amortization of software in North America (€15 million), and capital gains on disposals of consolidated companies (IS Energy and Capgemini Japan K.K.) or business lines (North American healthcare business).

In 2006, this category essentially related to restructuring costs incurred within the scope of the Margin Acceleration Program (“MAP”) for streamlining the Group’s outsourcing activities, breaking down as follows: €67 million associated with workforce reduction measures, €16 million with steps taken to streamline the Group’s real estate assets and €11 million in industrialization and migration costs relating to the implementation of the Rightshore strategy.

In 2007, restructuring costs mainly include:

- costs incurred in implementing the MAP program for the Outsourcing businesses;
- costs related to reducing the workforce assigned to the HM Revenue & Customs contract in the United Kingdom in line with

the expected fall in business under the contract.

Restructuring costs by nature represent:

- costs related to workforce reduction measures in Europe (€64 million, including €35 million due to the HM Revenue & Customs contract);
  - expenses related to measures taken to streamline the Group’s real estate assets, principally in the United Kingdom (€13 million);
  - industrialization and migration costs incurred in connection with rightshoring solutions (€13 million).
- The integration costs of recent acquisitions was €27 million, where Kanbay (€25 million) was the main component, comprised of:
- €8 million in costs related to workforce reduction measures and site closures;
  - €13 million in consultancy costs incurred during the integration process, and other costs directly attributable to the integration of personnel from acquirees;
  - €6 million in costs linked to the stock option and restricted share plans granted by Kanbay and maintained by Capgemini, concerning the period from the acquisition date to the various final vesting dates (see Note 2 – “Changes in Group structure”).

**NOTE 6 – FINANCE COSTS, NET**

Finance costs, net, can be analyzed as follows:

<i>in millions of euros</i>		<b>2005</b>	<b>2006</b>	<b>2007</b>
Gross finance costs	I	(57)	(67)	(70)
Income from cash and cash equivalents	II	33	57	66
<b>FINANCE COSTS, NET</b>		<b>(24)</b>	<b>(10)</b>	<b>(4)</b>

**I – GROSS FINANCE COSTS**

Gross finance costs can be broken down as follows:

<i>in millions of euros</i>		<b>2005</b>	<b>2006</b>	<b>2007</b>
Interest on convertible bonds		(30)	(43)	(44)
Other interest expense		(27)	(24)	(26)
<b>TOTAL</b>		<b>(57)</b>	<b>(67)</b>	<b>(70)</b>

Interest on convertible bonds relates to interest expense on the “OCEANE 2003” and “OCEANE 2005” bonds convertible/exchangeable into new or existing Cap Gemini shares, issued on June 24, 2003 and June 16, 2005, respectively. This includes €41 million in notional interest (of which €16 million relating to interest paid on bonds) and €3 million in interest due under the “OCEANE 2003” bond issue interest rate swap.

In 2007, other interest expense mainly includes:

- €11 million in notional interest related to finance leases (mainly concerning the United Kingdom and France);
- €6 million in notional interest related to the financial debt recognized following the reinstatement in the balance sheet of carry-back tax credits sold in 2003 and 2004. The recognition of the tax credits at amortized cost generates a gain for the same

amount included in operating income;

- €5 million in notional interest related to the recognition in financial debt of the present value of the put option granted to the TXU group in connection with the 10-year outsourcing contract signed on May 17, 2004.

**II – INCOME FROM CASH AND CASH EQUIVALENTS**

The year-on-year increase in income from cash and cash equivalents in 2007 essentially results from the increase in returns on cash invested mainly by Cap Gemini S.A., which was partially offset by a reduction in the average available cash (see Note 16 – “Net cash and cash equivalents”).



## NOTE 7 – OTHER FINANCIAL INCOME AND EXPENSE, NET

<i>in millions of euros</i>	2005	2006	2007
Interest rate hedging instruments at fair value (A)	-	1	2
Ineffective portion of currency hedging instruments classified as cash flow hedges	-	-	5
Currency hedging instruments at fair value (B)	2	3	1
Exchange gains on financial transactions (C)	3	4	25
Gains on disposal and reversal of provision on investments in non-consolidated companies	3	-	3
Other	1	5	2
<b>TOTAL OTHER FINANCIAL INCOME</b>	<b>9</b>	<b>13</b>	<b>38</b>
Interest rate hedging instruments at fair value (A')	-	(5)	-
Currency hedging instruments at fair value (B')	(2)	(4)	(17)
Exchange losses on financial transactions (C')	(4)	(7)	(7)
Expenses related to the measurement of financial liabilities at amortized cost	(4)	(3)	(3)
Net interest cost on defined benefit plans (1)	(8)	(9)	(6)
Loss on disposal and impairment of investments in non-consolidated companies	(3)	-	(3)
Other	(2)	(3)	(5)
<b>TOTAL OTHER FINANCIAL EXPENSE</b>	<b>(23)</b>	<b>(31)</b>	<b>(41)</b>
<b>TOTAL OTHER FINANCIAL INCOME AND EXPENSE, NET</b>	<b>14</b>	<b>(18)</b>	<b>(3)</b>

(1) See Note 17 – “Provisions for pensions and other post-employment benefits”.

“Other financial income and expense, net” was negative by €3 million in 2007, showing a €15 million year-on-year improvement on 2006 (net financial expense of €18 million in 2006), and mainly comprise:

- interest rate hedging instruments at fair value (A): these correspond to derivative instruments aimed at hedging interest rate risks on financial transactions. In 2007, these derivative instruments generated a financial income of €2 million, largely because of changes in the market value of the «OCEANE 2003» bond interest rate swap. The increase in the fair value of this swap (generating an income of €1 million in 2007 versus an expense of €5 million in 2006 – see (A')) accounts for most of the €6 million year-on-year improvement in «Other financial income and expense» arising on interest rate hedging instruments at fair value;
- ineffective portion of currency hedging instruments classified as cash flow hedges: these correspond to derivatives aimed at hedging currency risks on intragroup operations involving India. Currency hedging instruments classified as cash flow hedges generated a net financial income of €5 million in 2007. This income reflects the change in the ineffective portion of the hedges' fair value (see Note 24 - “Hedge accounting”);
- currency hedging instruments at fair value (B): these correspond to derivative instruments aimed at hedging currency risks on financial transactions. Currency hedges at fair value generated

a net financial expense of €16 million in 2007 (see (B)-(B')), primarily due to changes in the fair value of a currency swap aimed at hedging an intragroup loan between Capgemini UK and Cap Gemini S.A.. This expense, which results from the rise in the value of the euro against the pound sterling over 2007, was largely offset by a €15 million unrealized exchange gain on the said intragroup loan. This gain was included in “Exchange gains on financial transactions (C)” at year-end. Other exchange gains realized on financial transactions (around €10 million) include those arising in connection with hedges of various intragroup loans, in particular:

- gains on hedges of the above-mentioned loan between Capgemini UK and Cap Gemini S.A. (€3 million);
- gains on hedges contracted in connection with intragroup lending and borrowing activities within the scope of the Group's international cash pooling arrangements (€3 million). These were fully offset by exchange losses for the same amount on the underlying currency positions at year-end (recorded in “Exchange losses on financial transactions (C)”).

The net change in (i) income and expenses on currency hedging instruments at fair value, and (ii) exchange gains and losses on financial transactions between 2006 and 2007 is an increase of €6 million (from a negative €4 million in 2006 to a positive €2 million in 2007);

- net interest cost on defined benefit plans (mainly in the United Kingdom and Canada) was €6 million in 2007 (2006: €9 million), representing a decrease of €3 million.

## NOTE 8 – INCOME TAX EXPENSE

Income tax expense can be analyzed as follows:

<i>in millions of euros</i>	2005	2006	2007
Current income taxes	(34)	(49)	(78)
Deferred income taxes	(1)	36	30
<b>TOTAL</b>	<b>(35)</b>	<b>(13)</b>	<b>(48)</b>

Current income tax expense for 2007 includes:

- €68 million in income taxes on profits, chiefly relating to the Netherlands, the United Kingdom and Germany;
- €10 million in taxes not based on taxable income and other taxes, mainly related to North America and Italy.

Net deferred tax income for 2007 primarily reflects:

- the write-back of €101 million from a provision for deferred tax

assets recognized on tax loss carry-forwards arising in prior years, mainly in France (€81 million) and in Sweden;

- the recognition of €6 million in net deferred tax income on temporary differences, mainly in France and the United Kingdom;
- the utilization against 2007 taxable profits of tax loss carry-forwards previously recognized in the balance sheet for €75 million, mainly in France (€58 million) and Germany.

The difference between the French standard rate of income tax and the effective tax rate of the Group can be analyzed as follows:

<i>in millions of euros</i>	2005	2006	2007
<b>STANDARD TAX RATE IN FRANCE (%)</b>	<b>34.9</b>	<b>34.4</b>	<b>34.4</b>
<b>Tax (expense)/income at the standard rate</b>	<b>(61)</b>	<b>(105)</b>	<b>(168)</b>
Impact of:			
Deferred tax assets unrecognized or depreciated on temporary differences and tax loss carry-forwards	(16)	(11)	5
Impact of revaluation of deferred tax assets generated in France (1)	36	40	81
Recognition of deferred tax assets on temporary differences and tax loss carry-forwards arising prior to January 1	10	53	19
Utilization of previously unrecognized tax loss carry-forwards	4	41	7
Difference in tax rates between countries	1	6	11
Permanent differences and other items	(9)	(37)	(3)
<b>Tax expense at the effective rate</b>	<b>(35)</b>	<b>(13)</b>	<b>(48)</b>
<b>EFFECTIVE RATE OF INCOME TAX (%)</b>	<b>19.9</b>	<b>4.2</b>	<b>9.8</b>

(1) Calculated based on the parameters set out in Note 12 – “Deferred taxes”.

During 2007 and in previous financial years, some Group companies underwent tax audits leading in some cases to tax reassessments.

A number of these reassessments have been challenged and certain litigation proceedings were in progress at the balance sheet date.

## NOTE 9 – SHAREHOLDERS' EQUITY

### A) Stock option plans and share grants

At the May 23, 2000 and May 12, 2005 Annual Shareholders' Meetings, the Board of Directors was given a five-year authorization in respect of the May 23, 2000 plan ("2000 Plan"),

and an authorization period of 38 months in respect of the May 12, 2005 plan ("2005 Plan"), to grant stock options to certain Group employees on one or several occasions.

The main features of these plans and their bases of calculation are set out in the table below:

	Plan 2000		Plan 2005	Total
Date of Shareholders' Meeting	May 23, 2000		May 12, 2005	
Maximum number of shares to be issued on exercise of options	12,000,000		6,000,000	
Date options first granted under the plan	September 1, 2000	October 1, 2001	October 1, 2005	
Deadline for exercising stock options after their grant date (based on progressive tranches)	6 years	5 years	5 years	
Exercise price as a % of the average share price over the twenty stock market trading days preceding the grant date	80%	100%	100%	
Exercise price (per share and in euros) of the various stock option grants:				
<i>Low</i>	139.00	21.00	30.00	
<i>High</i>	139.00	40.00	55.00	
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2006	6,665,265		3,853,445	<b>10,518,710</b>
Number of new stock options granted during the year	Plan expired		2,332,500	<b>2,332,500</b>
Number of options forfeited or canceled in 2007	850,486		365,850	<b>1,216,336</b>
Number of options exercised in 2007	1,296,776 (1)		46,925 (2)	<b>1,343,701</b>
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2007	4,518,003 (3)		5,773,170 (4)	<b>10,291,173</b>
Residual weighted average life (in years)	1.68		3.84	-

(1) At December 31, 2007, the following stock options had been exercised: 834,959 stock options granted at a price of €24; 101,150 stock options granted at a price of €40; 30,874 stock options granted at a price of €31; 231,894 stock options granted at a price of €21; and 97,899 stock options granted at a price of €27.

(2) Representing 45,825 stock options purchased at a price of €30; and 1,100 stock options purchased at a price of €43.

(3) Representing 752,350 shares purchased at a price of €40; 201,842 shares at €31; 2,455,161 shares at €21; and 1,108,650 shares at €27.

(4) Representing 1,574,870 shares purchased at a price of €30; 1,950,800 shares at €43; 323,000 shares at €55; and 1,924,500 shares at €44.

The Group has no contractual or implicit obligations to purchase or settle the options in cash.

In the event of a notice of authorization of a tender offer or public exchange offer for some or all of the Company's shares published by Euronext, option holders would be entitled, if they so wish, to exercise all of their remaining unexercised options immediately.

#### Fair value of options granted and impact on the financial statements

Based on the calculation parameters used to determine fair value under the Black & Scholes option pricing model (described in the table below), the expense to be recorded in "Other operating income and expense, net" amounts to €19 million. The total expense to be amortized between 2008 and 2011 in respect of the eight option grants is €29 million.

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Summary	2000 Plan				2005 Plan			
	October 1, 2003	April 1, 2004	October 1, 2004	April 1, 2005	October 1, 2005	October 1, 2006	April 1, 2007	October 1, 2007
Grant dates:								
Number of shares initially granted	1,406,000	566,000	3,634,500	1,623,000	1,915,500	2,067,000	400,000	1,932,500
Exercise price (per share and in euros) of the various stock option grants	40	31	21	27	30	43	55	44
Share price at the grant date	35.88	31.19	19.09	27.06	32.59	41.84	57.00	42.98
Number of shares subscribed at December 31, 2007	117,450	52,676	467,539	128,347	62,380	1,100	-	-
Principal market conditions at the grant date								
Volatility	37.0-38.0%	38.1-38.8%	37.5-38.5%	32.4-33.8%	27.4-29.4%	32.4-35.9%	31.7-32.7%	34.8-35.7%
Average length of the option exercise period (in years)	3.5-4.25	3.5-4.25	3-4.25	3-4.25	3-4.25	3-4.25	3-4.25	3-4.25
Risk-free interest rate	2.7-3.1%	2.8-3%	3-3.3%	2.2-2.9%	2.3-2.7%	3.5-3.6%	4.1-4.2%	4.1%
Expected dividend rate	1%	1%	1%	1%	1%	1%	1.5%	1.5%
Off-market conditions:								
Employee presence within the Group at the exercise date	yes	yes	yes	yes	yes	yes	yes	yes
Other	no	yes (1)	no	no	no	no	no	no
Pricing model used to calculate stock option fair values	Black & Scholes model							
Range of fair values in euros	8.7-10.3	9.2-10.3	4.5-5.7	6.2-7.8	7.6-9.4	10.7-11.7	14.5-17.1	10.6-12.6
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2007	752,350	201,842	2,455,161	1,108,650	1,574,870	1,950,800	323,000	1,924,500

(1) The final number of stock options was based on a percentage of target adjusted gross operating profit achieved by Sogeti.

**Share grants made in connection with agreements signed on the May 2000 acquisition of Ernst & Young's consulting business**

These agreements included an employee-retention scheme applicable over a maximum five-year period for the key employees of Ernst & Young's consulting business who joined the Group. This scheme was based on the gradual acquisition of ownership of shares granted to the sellers of Ernst & Young's consulting business. If a person covered by this scheme left the Group, he or she could be required to return a portion of the shares received in May 2000. The agreements also provided that ownership of a portion of the shares thus returned would automatically be transferred to Cap Gemini S.A. (to be subsequently canceled or sold), with the balance to be held within the local entities to which employees having left the group were attached (trusts and bank accounts) as part of the employee-retention scheme, in order to be subsequently reallocated to other employees in the countries concerned. As certain shares were sold, in accordance with the provisions of the agreements, cash amounts were also paid to these entities before the ownership of the shares fully vested in the

beneficiaries concerned who subsequently left the Group. These cash amounts corresponded to the disposal gain on the shares returned, which could, where appropriate, be granted to employees in the countries concerned in the form of exceptional remuneration. The reallocations of Cap Gemini shares under this scheme are based on the gradual vesting of the shares over a similar period to that applicable to the stock options granted by Cap Gemini S.A.

In 2007, the above-mentioned entities granted 18,700 Cap Gemini shares to their respective employees (primarily in North America). The related expense for 2007 amounts to €2.5 million and is recorded in "Other operating income and expense, net". The total expense to be amortized between 2008 and 2011 amounts to €5 million.

It should be noted this scheme is used very marginally and should come to an end in the near future as only a very limited number of shares (fewer than 18,000) may still be allocated. The corresponding expense is however recorded over the vesting period of the rights concerned.

## B) Share buyback program

The share buyback program was described in a prospectus published on March 22, 2007. At December 31, 2007, the €1 million change in treasury shares held under the share buyback program (acquired exclusively in connection with a liquidity contract implemented with effect from September 30, 2005) is deducted from consolidated equity.

## C) Earnings per share

### Basic earnings per share

Basic earnings per share are calculated by dividing profit or loss for the year by the weighted average number of ordinary shares outstanding during the period, excluding treasury stock. The weighted average number of ordinary shares is adjusted by the number of ordinary shares bought back or issued during the period.

	2005	2006	2007
Profit for the year (in millions of euros)	141	293	440
Weighted average number of ordinary shares	131,391,243	132,782,723	144,744,128
<b>BASIC EARNINGS PER SHARE (in euros)</b>	<b>1.07</b>	<b>2.21</b>	<b>3.04</b>

The increase in the average number of shares between 2005 and 2006 reflects the exercise of stock options held by employees, the Transiciel earn-out payment (since August 2006), and the issue of new shares in connection with the capital increase of December 6, 2006. The impact of the earn-out payment and the share issue was significantly reduced by applying a time proportion basis. The increase in the average number of shares between 2006 and 2007 is due to the exercise of stock options held by employees and to the full-year impact of the Transiciel earn-out payment and capital increase of December 6, 2006.

### Diluted earnings per share

Diluted earnings per share are calculated by assuming conversion

into ordinary shares of all dilutive instruments outstanding at the balance sheet date.

The average share price in 2007 was €49.32.

At December 31, 2007, instruments considered dilutive for the purpose of calculating diluted earnings per share include:

- employee stock options, which are considered to be potentially dilutive when the average price of ordinary shares during the period exceeds the exercise price of the options including fair value;
- “OCEANE 2005” convertible/exchangeable bonds, as the €13 million interest expense recorded (net of taxes) on the bonds is lower than basic earnings per share (see Note 16 – “Net cash and cash equivalents”).

	2005	2006	2007
<b>Profit for the year (in millions of euros)</b>	<b>141</b>	<b>293</b>	<b>440</b>
Interest expense on “OCEANE 2005” bonds (net of taxes)	6	12	13
<b>Diluted profit for the year (in millions of euros)</b>	<b>147</b>	<b>305</b>	<b>453</b>
<b>Weighted average number of ordinary shares (diluted)</b>			
Weighted average number of ordinary shares	131,391,243	132,782,723	144,744,128
Adjusted to reflect:			
– conversion of “OCEANE 2003” bonds	-	-	-
– conversion of “OCEANE 2005” bonds (weighted average)	5,905,405	11,810,810	11,810,809
– exercise of share warrants relating to the acquisition of the Transiciel group	315,790	-	-
– exercise of employee stock options	859,828	2,647,793	2,737,133
<b>Weighted average number of ordinary shares (diluted)</b>	<b>138,472,266</b>	<b>147,241,326</b>	<b>159,292,070</b>
<b>Diluted earnings per share (in euros)</b>	<b>1.06</b>	<b>2.07</b>	<b>2.84</b>

The June 24, 2003 convertible/exchangeable bond issue (“OCEANE 2003”):

- was not considered dilutive at December 31, 2005 as the interest expense recorded (net of taxes) on each bond exceeded basic earnings per share;
- was not considered dilutive at December 31, 2006 and 2007 – even though the €14 million interest expense recognized on the bonds (net of taxes) in 2006 and 2007 is less than basic earnings per share (see Note 16 – “Net cash and cash equivalents”) – because the Group acquired a call option in June 2005 on an equivalent number of shares to those underlying the “OCEANE 2003” bond issue (approximately 9 million shares), designed

to neutralize in full the potential dilutive impact of the bonds. Accordingly, profit for 2006 and 2007 was not restated for the net-of-tax interest expense on the “OCEANE 2003” convertible/exchangeable bonds.

For information purposes, it should be noted that had the “OCEANE 2003” convertible/exchangeable bond issue been considered dilutive for the calculation of diluted earnings per share, the weighted average number of ordinary shares would have been 156,260,933 at December 31, 2006 and 168,311,677 at December 31, 2007, while diluted earnings per share would have totaled €2.04 in 2006 and €2.78 in 2007.

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NOTE 10 – GOODWILL AND INTANGIBLE ASSETS

Changes in goodwill and intangible assets can be analyzed as follows by type of asset:

<i>in millions of euros</i>	Goodwill	Software	Internally generated intangible assets	Other intangible assets	Total
<b>GROSS VALUE</b>					
<b>AT JANUARY 1, 2005</b>	<b>1,786</b>	<b>184</b>	<b>39</b>	<b>154</b>	<b>2,163</b>
Translation adjustments	41	10	-	13	64
Acquisitions/Increase	1	19	2	5	27
Disposals/Decrease	(5)	(20)	-	(13)	(38)
Changes in Group structure	4	(16)	-	(2)	(14)
Other movements	-	8	-	(16)	(8)
<b>AT DECEMBER 31, 2005</b>	<b>1,827</b>	<b>185</b>	<b>41</b>	<b>141</b>	<b>2,194</b>
Translation adjustments	(13)	(3)	-	(9)	(25)
Acquisitions/Increase	-	13	9	8	30
Disposals/Decrease	-	(59)	(1)	(15)	(75)
Changes in Group structure	56	-	-	6	62
Other movements	-	(16)	12	1	(3)
<b>AT DECEMBER 31, 2006</b>	<b>1,870</b>	<b>120</b>	<b>61</b>	<b>132</b>	<b>2,183</b>
Translation adjustments	(149)	(7)	-	(16)	(172)
Acquisitions/Increase	-	24	2	13	39
Disposals/Decrease	-	(19)	-	-	(19)
Changes in Group structure	878	8	-	74	960
Other movements	-	4	1	(2)	3
<b>AT DECEMBER 31, 2007</b>	<b>2,599</b>	<b>130</b>	<b>64</b>	<b>201</b>	<b>2,994</b>
<i>o/w finance leases</i>				13	13
<b>ACCUMULATED AMORTIZATION</b>					
<b>AT JANUARY 1, 2005</b>		<b>119</b>	<b>28</b>	<b>33</b>	<b>180</b>
Translation adjustments		7	-	2	9
Additions		44	7	16	67
Disposals		(19)	-	(12)	(31)
Changes in Group structure		(12)	-	(1)	(13)
Other movements		2	-	-	2
<b>AT DECEMBER 31, 2005</b>		<b>141</b>	<b>35</b>	<b>38</b>	<b>214</b>
Translation adjustments		(3)	-	(2)	(5)
Additions		13	6	18	37
Disposals		(56)	(1)	(8)	(65)
Changes in Group structure		-	-	-	-
Other movements		-	-	-	-
<b>AT DECEMBER 31, 2006</b>		<b>95</b>	<b>40</b>	<b>46</b>	<b>181</b>
Translation adjustments		(5)	-	(4)	(9)
Additions		18	5	31	54
Disposals		(17)	-	-	(17)
Changes in Group structure		4	-	-	4
Other movements		2	-	(1)	1
<b>AT DECEMBER 31, 2007</b>		<b>97</b>	<b>45</b>	<b>72</b>	<b>214</b>
<i>o/w finance leases</i>				10	10
<b>IMPAIRMENT</b>					
<b>AT JANUARY 1, 2005</b>	<b>12</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>20</b>
Translation adjustments	-	-	-	-	-
Additions	6	3	-	-	9
Changes in Group structure	-	-	-	-	-
Other movements	-	-	-	-	-
<b>AT DECEMBER 31, 2005</b>	<b>18</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>29</b>
Translation adjustments	-	-	-	-	-
Additions	3	-	(2)	1	2
Changes in Group structure	-	-	-	-	-
Other movements	-	(7)	7	-	-
<b>AT DECEMBER 31, 2006</b>	<b>21</b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>31</b>
Translation adjustments	(1)	-	-	-	(1)
Additions	2	-	-	-	2
Changes in Group structure	-	-	-	-	-
Other movements	-	-	-	-	-
<b>AT DECEMBER 31, 2007</b>	<b>22</b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>32</b>
<b>NET</b>					
<b>AT DECEMBER 31, 2005</b>	<b>1,809</b>	<b>33</b>	<b>6</b>	<b>103</b>	<b>1,951</b>
<b>AT DECEMBER 31, 2006</b>	<b>1,849</b>	<b>21</b>	<b>16</b>	<b>85</b>	<b>1,971</b>
<b>AT DECEMBER 31, 2007</b>	<b>2,577</b>	<b>29</b>	<b>14</b>	<b>128</b>	<b>2,748</b>
<i>o/w finance leases</i>				3	3



The acquisition cost of intangible assets reported in the balance sheet (€39 million in 2007) is different from the figure provided in the cash

flow statement (€32 million in 2007), as it excludes acquisitions of assets held under finance leases (€7 million in 2007).

#### Net value of goodwill

• The carrying amount of goodwill per cash generating unit (geographic areas and Sogeti's "Local Professional Services" business) is as follows:

In millions of euros	December 31, 2005			December 31, 2006			December 31, 2007		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
North America	222	-	222	199	-	199	454	-	454
United Kingdom	475	(4)	471	483	(6)	477	525	(7)	518
Benelux	333	(12)	321	319	(12)	307	394	(12)	382
France	136	-	136	136	(1)	135	291	(1)	290
Other	203	(2)	201	228	(2)	226	339	(2)	337
Sogeti	458	-	458	505	-	505	596	-	596
<b>Total</b>	<b>1,827</b>	<b>(18)</b>	<b>1,809</b>	<b>1,870</b>	<b>(21)</b>	<b>1,849</b>	<b>2,599</b>	<b>(22)</b>	<b>2,577</b>

#### Analysis of changes in goodwill over the period

Changes in the net value of goodwill in 2007 primarily reflect:

- goodwill of €831 million arising on the acquisition of Kanbay International Inc. (see Note 2 – "Changes in Group structure"). Of this amount, €305 million was allocated to North America, €172 million to France, €90 million to the United Kingdom, €84 million to Benelux, €72 million to Germany and Central Europe, €54 million to Nordic countries, and €54 million to Sogeti;
- goodwill of €44 million arising on the acquisition of Software Architects Inc. on March 1, 2007;
- translation losses of €149 million arising on goodwill denominated in foreign currencies.

line with the Group procedure for verifying the value of these assets. Based primarily on the discounted cash flows method, this procedure consists of assessing the recoverable amount of each cash-generating unit (CGU) within the Group.

The main assumptions used to value cash-generating units are as follows:

- basis for CGU valuation: value in use;
- number of years over which cash flows are estimated and extrapolated indefinitely: 5 years;
- perpetual growth rate: 3%;
- discount rate: 10.2% for North America and 10.1% for other cash-generating units.

#### Measurement of goodwill at December 31, 2007

Goodwill was tested for impairment at December 31, 2007 in

No material impairment losses were recognized at December 31, 2007 as a result of these tests.

**NOTE 11 – PROPERTY, PLANT AND EQUIPMENT**

Changes in property, plant and equipment can be analyzed as follows by type of asset:

<i>in millions of euros</i>	Land, buildings, fixtures and fittings	Computer equipment	Other property, plant and equipment	Total
<b>GROSS VALUE</b>				
<b>AT JANUARY 1, 2005</b>	<b>461</b>	<b>525</b>	<b>128</b>	<b>1,114</b>
Translation adjustments	13	17	3	33
Acquisitions/Increase	16	89	10	115
Disposals/Decrease	(79)	(135)	(15)	(229)
Changes in Group structure	(2)	(54)	(1)	(57)
Other movements	19	(3)	(9)	7
<b>AT DECEMBER 31, 2005</b>	<b>428</b>	<b>439</b>	<b>116</b>	<b>983</b>
Translation adjustments	(2)	(5)	(1)	(8)
Acquisitions/Increase	18	100	13	131
Disposals/Decrease	(41)	(145)	(5)	(191)
Changes in Group structure	1	-	-	1
Other movements	3	(9)	(4)	(10)
<b>AT DECEMBER 31, 2006</b>	<b>407</b>	<b>380</b>	<b>119</b>	<b>906</b>
Translation adjustments	(16)	(15)	(2)	(33)
Acquisitions/Increase	35	111	23	169
Disposals/Decrease	(35)	(63)	(9)	(107)
Changes in Group structure	49	24	4	77
Other movements	7	(4)	(3)	-
<b>AT DECEMBER 31, 2007</b>	<b>447</b>	<b>433</b>	<b>132</b>	<b>1,012</b>
<i>o/w finance leases</i>	106	161	7	274
<b>ACCUMULATED DEPRECIATION</b>				
<b>AT JANUARY 1, 2005</b>	<b>204</b>	<b>364</b>	<b>97</b>	<b>665</b>
Translation adjustments	9	11	1	21
Additions	40	80	10	130
Reversals	(63)	(117)	(13)	(193)
Changes in Group structure	-	(39)	(1)	(40)
Other movements	5	(2)	(5)	(2)
<b>AT DECEMBER 31, 2005</b>	<b>195</b>	<b>297</b>	<b>89</b>	<b>581</b>
Translation adjustments	(1)	(2)	(1)	(4)
Additions	36	86	9	131
Reversals	(28)	(136)	(5)	(169)
Changes in Group structure	-	-	-	-
Other movements	(10)	-	(1)	(11)
<b>AT DECEMBER 31, 2006</b>	<b>192</b>	<b>245</b>	<b>91</b>	<b>528</b>
Translation adjustments	(9)	(10)	-	(19)
Additions	37	91	10	138
Reversals	(31)	(59)	(8)	(98)
Changes in Group structure	6	11	1	18
Other movements	3	(2)	(1)	-
<b>AT DECEMBER 31, 2007</b>	<b>198</b>	<b>276</b>	<b>93</b>	<b>567</b>
<i>o/w finance leases</i>	33	85	6	124
<b>IMPAIRMENT</b>				
<b>AT DECEMBER 31, 2005</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>AT DECEMBER 31, 2006</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>AT DECEMBER 31, 2007</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>NET</b>				
<b>AT DECEMBER 31, 2005</b>	<b>230</b>	<b>142</b>	<b>27</b>	<b>399</b>
<b>AT DECEMBER 31, 2006</b>	<b>212</b>	<b>135</b>	<b>28</b>	<b>375</b>
<b>AT DECEMBER 31, 2007</b>	<b>246</b>	<b>157</b>	<b>39</b>	<b>442</b>
<i>o/w finance leases</i>	73	76	1	150

The acquisition cost of property, plant and equipment reported in the balance sheet (€169 million in 2007) is different from the figure provided in the cash flow statement (€117 million in 2007),

as it excludes acquisitions of assets held under finance leases (€52 million in 2007).

## NOTE 12 – DEFERRED TAXES

### I – RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

#### A) Analysis by recovery date

At December 31 (in millions of euros)	2005	2006	2007
<i>Deferred tax assets:</i>			
– Deferred tax assets recoverable in more than one year	737	761	791
– Deferred tax assets recoverable within one year	91	127	116
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>828</b>	<b>888</b>	<b>907</b>
<i>Deferred tax liabilities:</i>			
– Deferred tax liabilities payable in more than one year	105	108	128
– Deferred tax liabilities within one year	16	10	10
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>121</b>	<b>118</b>	<b>138</b>

#### B) Change in deferred tax assets and liabilities

in millions of euros	Deferred tax assets arising from tax loss carry-forwards	Deferred tax assets arising from the acquisition of Ernst & Young's consulting business	Deferred tax assets arising from temporary differences	Total deferred tax assets	Total deferred tax liabilities
<b>At January 1, 2007</b>	<b>583</b>	<b>125</b>	<b>180</b>	<b>888</b>	<b>(118)</b>
Changes in Group structure	-	-	1	1	(33)
Translation adjustments	-	(13)	(7)	(20)	6
Deferred taxes recognized in profit or loss	18	-	7	25	5
Deferred taxes recognized in equity	-	-	13	13	2
<b>At December 31, 2007</b>	<b>601</b>	<b>112</b>	<b>194</b>	<b>907</b>	<b>(138)</b>

Deferred taxes arising on changes in Group structure (€32 million) relate to the acquisitions of Kanbay International Inc. and Software Architects Inc. during the year (see Note 2 – “Changes in Group structure”) and largely relate to amortizable intangible assets.

The breakdown of deferred taxes recognized in profit or loss (€30 million) is provided in Note 8 – “Income tax expense”.

Deferred tax expense recognized in equity for €15 million mainly relates to actuarial gains and losses also carried in equity (see the statement of recognized income and expense).

#### Deferred tax assets arising from the acquisition of Ernst & Young's consulting business in North America

The difference between the price at which Ernst & Young's North American consulting business was purchased in 2000, and the tax base of the assets and liabilities acquired (€2,719 million at December 31, 2007) is amortized over 15 years for tax purposes, representing an income tax saving of around €1,060 million based on current tax rates. Over the last few fiscal years, some or all of these amortization charges have led to an increase in tax losses that may be carried forward over a period of 20 years.

The value of the related deferred tax assets is assessed based on estimated taxable profit of the Group's North American operations over the next five years, using growth and profitability rates considered reasonable. Previously recognized deferred tax assets of USD 165 million (representing €112 million at December 31, 2007) were not remeasured at December 31, 2007. Taxable profits generated in 2007 by the Group's North American operations were entirely offset by the tax-deductible expense relating to the payment by the Group of Kanbay stock options. The Group considers that it should consolidate the improved profitability of its North American operations before reassessing the value of deferred tax assets. Accordingly, unrecognized deferred tax assets amount to €948 million at December 31, 2007.

#### Deferred tax assets arising from tax loss carry-forwards in France

In 2002, Cap Gemini S.A. recognized a €2.8 billion net short-term capital loss for tax purposes, further to the reorganization of the Group's North American operations. Since December 31, 2003, the corresponding tax loss may be carried forward indefinitely against future taxable profit generated in France.

At each balance sheet date, this deferred tax asset is adjusted to reflect the estimated taxable profit of the Group's operations over the

next 15 years. The calculation is based on growth and profitability assumptions considered reasonable, using the following visibility parameters:

- 100% utilization in the first five years. As from the sixth year, a provision is set aside for probable recoveries based on a standard rate of 35%, which is increased by five points per year up to 70% in the fifteenth year, and to 100% beyond the fifteenth year.

This calculation model is based on a progressive decline in visibility as regards the future realization of estimates, so that recognized deferred tax assets are utilized as follows:

- approximately 60% is utilized in the first five years,
- the remaining 40% is utilized between the sixth and fifteenth year.

At December 31, 2007, the corresponding deferred tax asset recognized in France amounts to €545 million (€522 million at end-2006), representing a revaluation of €81 million and a utilization of €58 million. Accordingly, unrecognized deferred tax assets amount to €45 million at December 31, 2007.

**Other deferred tax assets recognized on tax loss carry-forwards**

Deferred tax assets recognized on tax loss carry-forwards at Group level (excluding deferred tax assets recognized in France) total €56 million and relate to Sweden and Norway (€28 million), Germany (€20 million), Belgium (€3 million) and other countries (€4 million).

**C) Analysis by type**

Recognized deferred tax assets at December 31, 2007 can be analyzed as follows by type:

<b>At December 31</b> (in millions of euros)	<b>2007</b>
Tax loss carry-forwards	539
Acquisition of Ernst & Young's consulting business	112
Provisions for pensions and other post-employment benefits	100
Other	40
<b>Total deferred tax assets recoverable in more than one year</b>	<b>791</b>
Tax loss carry-forwards	62
Provisions for pensions and other post-employment benefits	16
Amortization adjustments	9
Other	29
<b>Total deferred tax assets recoverable within one year</b>	<b>116</b>
<b>TOTAL RECOGNIZED DEFERRED TAX ASSETS</b>	<b>907</b>

Deferred tax liabilities at December 31, 2007 can be analyzed as follows by type:

<b>At December 31</b> (in millions of euros)	<b>2007</b>
Restatement of tax-deductible goodwill amortization	50
Restatement of amortization taken on customer relationships	23
Equity component of "OCEANE 2003" and "OCEANE 2005" convertible/exchangeable bonds	16
Restatement of finance leases	13
Provisions	13
Other	13
<b>Total deferred tax liabilities payable in more than one year</b>	<b>128</b>
Revaluation of work-in-progress	9
Other	1
<b>Total deferred tax liabilities payable within one year</b>	<b>10</b>
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>138</b>

## II – UNRECOGNIZED DEFERRED TAX ASSETS

Unrecognized deferred tax assets can be analyzed as follows:

<b>At December 31</b> (in millions of euros)	<b>2005</b>	<b>2006</b>	<b>2007</b>
Tax loss carry-forwards	524	437	369
Acquisition of Ernst & Young's consulting business	1,183	1,058	948
Temporary differences	380	188	183
<b>TOTAL</b>	<b>2,087</b>	<b>1,683</b>	<b>1,500</b>

At December 31, 2007, unrecognized deferred tax assets are essentially attributable to North America (€1,184 million). Of this amount, €948 million relates to Ernst & Young's consulting business, €151 million to deferred taxes on tax loss carry-forwards, and €85 million to deferred taxes on temporary differences.

At December 31, 2007, unrecognized deferred tax assets arising on tax loss carry-forwards amounted to €369 million and primarily concerned North America (€151 million), France (€45 million), and Italy (€40 million).

At end-2007, unrecognized deferred tax assets arising on temporary differences relate to:

- changes in provisions for pensions and other post-employment benefits (€72 million), essentially in the United Kingdom;
- differences in revenue recognition in the individual company accounts and the consolidated accounts (€30 million);
- differences in the methods used for capitalizing and depreciating/amortizing fixed assets in the individual company accounts and consolidated accounts (€9 million);
- restructuring costs (€8 million), provisions (€12 million) and other miscellaneous items (€52 million).

## III – EXPIRY DATES OF TAX LOSS CARRY-FORWARDS

The taxable bases for tax loss carry-forwards can be analysed as follows:

<b>At December 31</b> (in millions of euros)	<b>2005</b>		<b>2006</b>		<b>2007</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Y+1	3	-	62	2	82	2
Y+2	69	2	57	1	69	2
Y+3	48	1	64	2	9	-
Y+4	43	1	8	-	14	-
Y+5	9	-	16	-	5	-
Beyond 5 years	4,442	96	4,202	95	4,033	96
<b>TOTAL</b>	<b>4,614</b>	<b>100</b>	<b>4,409</b>	<b>100</b>	<b>4,212</b>	<b>100</b>

Tax loss carry-forwards do not include tax-deductible amortization charges recorded against goodwill arising from the acquisition of Ernst & Young's consulting business, amounting to €1,284 million at December 31, 2007.

## NOTE 13 – OTHER NON-CURRENT ASSETS

Other non-current assets can be analyzed as follows:

<b>At December 31</b> (in millions of euros)	<b>2005</b>	<b>2006</b>	<b>2007</b>
Shares in equity-accounted companies	-	-	23
Shares in non-consolidated companies	5	140	3
Carry-back tax credits	116	121	-
Deposits and other long-term investments	32	23	35
Derivative instruments	-	3	3
Other	11	8	32
<b>TOTAL</b>	<b>164</b>	<b>295</b>	<b>96</b>

### Shares in equity-accounted companies

Shares in equity-accounted companies primarily include the 48.6% interest in SSS Holding Corporation Ltd. acquired as a result of the purchase of Kanbay International Inc.

### Shares in non-consolidated companies

The main change compared with December 31, 2006 relates to the acquisition of Kanbay. The Group had already acquired 14.7% of the company's capital in October 2006 and classified its investment

within «Shares in non-consolidated companies» under other non-current assets in an amount of €132 million. The Kanbay acquisition was completed on February 8, 2007 and fully consolidated for the first time in 2007 (see Note 2 – “Changes in Group structure”).

**Carry-back tax credits**

On June 26, 2003 and June 28, 2004, Cap Gemini S.A. sold a tax receivable of €90 million and an additional tax receivable of €39 million to a credit institution for €74 million and €33 million, respectively (see Note 16 – “Net cash and cash equivalents”, section II c). At December 31, 2007, these receivables were reclassified from other non-current assets to other receivables due to their short-term maturities (June 2008).

**Deposits and other long-term investments**

Deposits and other long-term investments consist of *aides à la*

*construction* (building aid program) loans in France, contributions to retirement plans in Canada, security deposits and guarantees, and other long-term investments.

**Derivative instruments**

Derivative instruments consist of interest rate and currency hedges. Hedges of borrowings are detailed in Note 16 – “Net cash and cash equivalents” section III, while cash flow hedges of operating transactions are described in Note 24 – “Hedge accounting”.

**Other non-current assets**

This caption essentially includes €25 million in accounts receivable due in more than one year under the Schneider Electric contract in France.

**NOTE 14 – ACCOUNTS AND NOTES RECEIVABLE**

Trade accounts and notes receivable can be analyzed as follows:

<b>At December 31</b> (in millions of euros)	<b>2005</b>	<b>2006</b>	<b>2007</b>
Accounts receivable	1,337	1,459	1,542
Provisions for doubtful accounts	(33)	(25)	(14)
Accrued income	467	530	694
Work-in-progress	27	99	96
<b>TOTAL</b>	<b>1,798</b>	<b>2,063</b>	<b>2,318</b>

Total accounts receivable and accrued income net of advances received from customers can be analyzed as follows in number of days' revenues:

<b>At December 31</b> (in millions of euros)	<b>2005</b>	<b>2006</b>	<b>2007</b>
Accounts and notes receivable (excluding work-in-progress)	1,771	1,964	2,222
Advances received from customers	(609)	(683)	(743)
<b>Total accounts receivable net of advances received from customers</b>	<b>1,162</b>	<b>1,281</b>	<b>1,479</b>
In number of days' revenues	60	60	61



## NOTE 15 – OTHER RECEIVABLES AND INCOME TAXES

<b>At December 31</b> (in millions of euros)	<b>2005</b>	<b>2006</b>	<b>2007</b>
Income taxes receivable	21	20	31
Tax and social security related receivables	70	55	56
Prepaid expenses	134	118	134
Carry-back tax credits	-	-	127
Other	25	21	26
<b>TOTAL</b>	<b>250</b>	<b>214</b>	<b>374</b>

### Carry-back tax credits

At December 31, 2007, these receivables were reclassified from other non-current assets to other receivables and income taxes due to their short-term maturities (June 2008).

## NOTE 16 – NET CASH AND CASH EQUIVALENTS

Net cash and cash equivalents correspond to available cash and cash equivalents less short and long-term financial debt and derivative instruments when these relate to items of a financial nature.

<b>At December 31</b> (in millions of euros)		<b>2005</b>	<b>2006</b>	<b>2007</b>
Cash and cash equivalents	I	2,136	2,859	2,151
Financial debt	II	(1,231)	(1,224)	(1,245)
Derivative instruments	III	(1)	(3)	(17)
<b>NET CASH AND CASH EQUIVALENTS</b>		<b>904</b>	<b>1,632</b>	<b>889</b>

## I – CASH AND CASH EQUIVALENTS

Cash and cash equivalents reported in the consolidated statement of cash flows correspond to short-term investments and cash at bank, less bank overdrafts.

<b>At December 31</b> (in millions of euros)	<b>2005</b>	<b>2006</b>	<b>2007</b>
Short-term investments	1,805	2,460	1,594
Cash at bank	416	442	648
Bank overdrafts	(85)	(43)	(91)
<b>CASH AND CASH EQUIVALENTS</b>	<b>2,136</b>	<b>2,859</b>	<b>2,151</b>

At December 31, 2007, short-term investments mainly consist of commercial paper and certificates of deposit.

The decrease in cash and cash equivalents in 2007 mainly reflects payments for acquisitions (€828 million net of cash acquired), in particular Kanbay International Inc. (€754 million net of cash acquired). Excluding net payments for acquisitions, cash and cash equivalents improved over the year, with net cash from operating activities (€497 million) more than offsetting cash payments made during 2007 in connection with:

- acquisitions of property, plant and equipment and intangible assets (€149 million);
- dividends (€101 million);
- net reimbursements of financial debt (€95 million).

## II – FINANCIAL DEBT

### A. Analysis of financial debt

Financial debt breaks down into short and long-term debt, as follows:

At December 31 (in millions of euros)	2005	2006	2007
“OCEANE 2003” and “OCEANE 2005” convertible/ exchangeable bonds (a)	814	838	864
Obligations under finance leases (b)	124	107	105
Other long-term financial debt (c)	207	215	90
<b>Long-term financial debt</b>	<b>1,145</b>	<b>1,160</b>	<b>1,059</b>
Obligations under finance leases (b)	50	49	45
Drawdowns on bank and similar facilities (d)	8	6	6
Commercial paper	15	-	-
Other short-term financial debt (c)	13	9	135
<b>Short-term financial debt (1)</b>	<b>86</b>	<b>64</b>	<b>186</b>
<b>TOTAL FINANCIAL DEBT</b>	<b>1,231</b>	<b>1,224</b>	<b>1,245</b>

(1) Short-term financial debt includes the current portion of long-term debt and all other financial debt due within one year.

#### a) Bonds convertible/exchangeable into new or existing Cap Gemini shares (“OCEANE”)

##### “OCEANE 2005” CONVERTIBLE/ EXCHANGEABLE BONDS ISSUED ON 16, JUNE 2005

On June 16, 2005, Cap Gemini S.A. issued bonds convertible/exchangeable into new or existing Cap Gemini shares, maturing on January 1, 2012 (“OCEANE 2005”). The issuance and settlement date of the bonds was June 24, 2005.

The total amount of the issue was €437 million, represented by 11,810,810 bonds with a nominal value of €37 each. The bonds bear interest at 1% per year.

The terms and conditions of this issue are set out in the prospectus approved by the AMF on June 16, 2005 under the reference number 05-564.

##### SUMMARY OF THE MAIN TERMS AND CONDITIONS OF THE “OCEANE 2005” BOND ISSUE

#### Conversion and/or exchange of the bonds for shares

At any time between June 24, 2005 and the seventh business day preceding January 1, 2012.

#### Redemption at maturity

January 1, 2012 at a price of €41.90 per bond, representing a premium of 113.2% over the bonds’ nominal value.

#### Early redemption at the Company’s option

- at any time, without limitation on price or quantity, by buying back

all or some of the bonds either on or off market or by means of a public buyback or exchange offer;

- between June 24, 2009 and December 31, 2011, all outstanding bonds may be redeemed at an early redemption price calculated in such a way that the resulting yield to maturity is equal to that which would have been obtained at maturity, i.e., a rate of 2.875%, plus accrued interest, if the product of (i) the then current conversion/exchange ratio and (ii) the arithmetic average of the opening prices quoted for the Company’s ordinary shares on the Eurolist market of Euronext Paris S.A. over a period of 20 consecutive trading days, exceeds 130% of such early redemption price. Upon early redemption, the bonds may be redeemed either in cash or converted into Cap Gemini S.A. shares, at the option of the bondholders;
- at any time, for all outstanding bonds, if less than 10% of the bonds are still outstanding.

#### Early redemption at the option of bondholders

Bondholders may request the early redemption of all or part of their bonds in the event of a change of control of the Company.

#### Early repayment

At the initiative of a majority of bondholders, particularly in the event of a failure to pay sums due or to comply with other obligations set out in the documentation (beyond any “grace” periods, if applicable), cross default (in excess of a minimum threshold), liquidation, dissolution or sale of all of the Company’s assets, or delisting of the Company’s shares from the Eurolist market of Euronext Paris S.A.

An upgrade or downgrade in Cap Gemini S.A.’s credit rating

would not constitute an early redemption event and would have no impact on the applicable interest rate.

#### **Pari passu status**

Cap Gemini S.A. has undertaken that the bonds will rank pari passu with all other bonds issued by the Company.

#### **RECOGNITION OF “OCEANE 2005” BONDS**

At December 31, 2007, the liability component of the “OCEANE 2005” convertible/exchangeable bonds amounted to €426 million (€411 million at December 31, 2006).

The annual notional interest expense recognized on “OCEANE 2005” bonds was €19 million, compared with a paid coupon of €4 million based on the bonds’ nominal interest rate (1%). The notional interest expense is calculated based on an effective interest rate of 4.8%, which represents the market interest rate for an equivalent bond issue at the same date without the conversion option (4.5%), after taking into account issuance costs.

#### **“OCEANE 2003” CONVERTIBLE/ EXCHANGEABLE BONDS ISSUED ON JUNE 24, 2003**

On June 24, 2003, Cap Gemini S.A. issued bonds convertible/exchangeable into new or existing Cap Gemini shares, maturing on January 1, 2010 (“OCEANE 2003”). The issuance and settlement date of the bonds was July 2, 2003.

The total amount of the issue was €460 million, represented by 9,019,607 bonds with a nominal value of €51 each. The bonds bear interest at 2.5% per year.

The terms and conditions of this issue are set out in the prospectus approved by the AMF on June 24, 2003 under the reference number 03-607.

An interest rate swap was entered into in connection with these OCEANE bonds in 2004, and was subsequently amended in 2006. The terms and conditions of this contract, under which Cap Gemini S.A. has swapped the 2.5% fixed rate payable on the bonds for a variable rate indexed to the 3-month post-fixed Euribor, are described in section III – “Derivative instruments”.

#### **SUMMARY OF THE MAIN TERMS AND CONDITIONS OF THE “OCEANE 2003” BOND ISSUE**

##### **Conversion and/or exchange of the bonds for shares**

At any time between August 11, 2003 and the seventh business day preceding January 1, 2010.

##### **Redemption at maturity**

The bonds will be redeemed in full at par in cash on January 1, 2010.

##### **Early redemption at the Company’s option**

- at any time, without limitation on price or quantity, by buying back all or some of the bonds either on or off market or by means of a public buyback or exchange offer;
- from July 2, 2007 and until the seventh business day preceding January 1, 2010, at an early redemption price equal to par plus accrued interest, if the product of (i) the then current conversion/exchange ratio and (ii) the arithmetic average of

the opening quoted prices of the Company’s ordinary shares on the Eurolist market of Euronext Paris S.A. calculated over a period of 20 stock exchange trading days, exceeds 125% of such early redemption price. Upon early redemption, the bonds may be redeemed either in cash or converted into Cap Gemini S.A. shares, at the option of the bondholders.

##### **Early redemption at the option of bondholders**

Bondholders may request the early redemption of all or part of their bonds in the event of a change of control of the Company.

##### **Early repayment**

At the initiative of a majority of bondholders, particularly in the event of a failure to pay sums due or to comply with other obligations set out in the documentation (beyond any “grace” periods, if applicable), cross default (in excess of a minimum threshold), liquidation, dissolution or sale of all of the Company’s assets, or delisting of the Company’s shares from the Eurolist market of Euronext Paris S.A.

An upgrade or downgrade in Cap Gemini S.A.’s credit rating would not constitute an early redemption event and would have no impact on the applicable interest rate.

#### **Pari passu status**

Cap Gemini S.A. has undertaken that the bonds will rank pari passu with all other bonds issued by the Company.

#### **RECOGNITION OF “OCEANE 2003” BONDS**

At December 31, 2007, the liability component of the “OCEANE 2003” convertible/exchangeable bonds amounted to €438 million (€427 million at December 31, 2006).

The annual notional interest expense recognized on “OCEANE 2003” bonds was €22 million, compared with a paid coupon of €11.5 million based on the bonds’ nominal interest rate (2.5%). The notional interest expense is calculated based on an effective interest rate of 5.1%, which represents the market interest rate for an equivalent bond issue at the same date without the conversion option (4.8%), after taking into account the issuance costs.

**b) Obligations under finance leases**

The amount reported under this caption at December 31, 2007 corresponds mainly to the finance lease relating to the “Les Fontaines”

site of the Group University located at Gouvieux (France) and investments in computer equipment made by Capgemini UK Plc and New Horizons Systems Solutions LP (Canada).

<i>in millions of euros</i>	<b>Earliest start date of leases</b>	<b>Latest expiry date</b>	<b>Effective interest rate</b>	<b>December 31, 2007</b>
Capgemini University (Les Fontaines)	Oct. 2002	July 2014	3-month Euribor +0.75%	59
Capgemini UK Plc	Oct. 2000	Oct. 2012	Fixed rate (9.8%)	37
New Horizons System Solutions LP	July 2003	Jan. 2012	Fixed rate (6.1%)	16
Other	Jan. 2001	June 2014	-	38
<b>TOTAL SHORT AND LONG-TERM OBLIGATIONS</b>				<b>150</b>

**c) Other financial debt**

At December 31, 2007, other financial debt of €225 million mainly consists of:

- €63 million corresponding to the present value of the put option held by the TXU group in connection with the outsourcing contract signed in May 2004 for a period of 10 years;
- €17 million in financial debt owed to TXU under the terms of the afore-mentioned contract;
- €9 million corresponding to the present value of the put option granted to Hindustan Lever Limited in connection with the acquisition of Capgemini Business Services India Ltd.;
- a €1 million loan contracted with a Swedish bank in 2004;
- €127 million relating to the recognition in the balance sheet of carry-back tax credits (see Note 15 – “Other receivables and income taxes”);
- accrued interest on “OCEANE 2003” and “OCEANE 2005” bonds (€8 million at December 31, 2007).

- a margin of 0.50% as of today (above Euribor or Libor 1 to 12 months). In addition, a utilization fee of 0.025% to 0.050% may apply for drawdowns in excess of certain amount of the credit facility. The margin may be adjusted according to the Company’s credit rating;
- a fee on undrawn amounts initially set at 35% of the margin (i.e. currently 0.175%) that may be reduced to 30% if Cap Gemini S.A.’s rating improves.

An upgrade or downgrade of Cap Gemini S.A.’s credit rating would have no impact on the availability of this credit line.

Cap Gemini S.A. has agreed to comply with the following financial ratios (as defined in IFRS) in respect of this credit line:

- the net financial debt to consolidated equity ratio must be less than 1 at all times;
- interest coverage – i.e., the extent to which net finance costs adjusted for certain items are covered by consolidated operating margin – must be equal to or greater than 3 at December 31 and June 30 of each year (based on the 12 months then ended).

At December 31, 2007, the Group complied with these financial ratios:

The facility agreement includes covenants restricting the Company’s ability to carry out certain operations. These covenants also apply to Group subsidiaries. They include restrictions primarily relating to:

- pledging certain assets as collateral;
- asset sales, mergers or similar transactions.

Cap Gemini S.A. also committed to standard obligations, including

**d) Drawdowns on bank and similar facilities**

Drawdowns on bank and similar facilities primarily relates to drawdowns by Group operating companies on credit lines. In some circumstances, these credit lines are secured by a guarantee from Cap Gemini S.A..

**e) Syndicated credit facility obtained by Cap Gemini S.A.**

On November 14, 2005, Cap Gemini S.A. signed a €500 million multi-currency credit facility with a bank syndicate maturing on November 14, 2010 at the latest. On September 14, 2006, Cap Gemini S.A. exercised the one-year extension option on this facility (approved by the syndicate banks on October 27, 2006), thereby extending its maturity to November 14, 2011.

Use of this credit facility is subject to the following conditions:

maintaining pari passu treatment.

The agreement contains the usual provisions relating to early repayment, including for failure to pay sums due, misrepresentation or failure to comply with other obligations included in the agreement (subject to any applicable “grace” periods), cross defaults (in excess of a minimum threshold), insolvency and bankruptcy proceedings, change of control, or changes which would have a significant negative impact on the financial position of the Group.

At the date of this report, no drawdowns had been made on this credit facility.

## B. Analysis of movements in financial debt in the cash flow statement

The €37 million rise in financial debt reported in the cash flow statement mainly reflects an increase in bond debt (€26 million). Increases in debt relating to acquisitions of fixed assets under finance leases – amounting to €59 million – are not taken into account in the cash flow statement.

The €132 million repayment of financial debt reported in the cash flow statement largely concerns the settlement of obligations under finance leases (€62 million) and the first-quarter 2007 repayment of a €70 million loan included in Kanbay International Inc.’s net equity at the time of its acquisition.

## C. Main characteristics of financial debt

In 2007, the effective interest rate on the Group’s average financial debt was 5.4% (5.3% at end-2006).

At December 31, 2007, 62% of the Group’s financial debt is at fixed rates, 35% is at capped variable rates, and the remainder is at variable rates (59% and 35%, respectively, at end-2006).

### Analysis of the sensitivity of net finance costs to a rise in interest rates

The impact on gross finance costs of a theoretical annual average 100-basis point rise in interest rates based on an annual average financial debt position is not material in 2007 (€1 million in 2006 and €6 million in 2005).

The impact on income from cash and cash equivalents of a theoretical annual average 100-basis point rise in interest rates based on an annual average cash and cash equivalents position, is an estimated €17 million in 2007 (€20 million in 2006 and €14 million in 2005).

Accordingly, a 100-basis point rise in interest rates would have an estimated €17 million positive impact on net finance costs for 2007 (€19 million in 2006 and €8 million in 2005). Conversely, a 100-basis point fall in interest rates would have, for 2007, an estimated €17 million negative impact on the Group’s financial result.

## Effective interest rates (EIR) by currency

	December 31, 2007							
	Euro		US dollar		Pound sterling		Other	Total
	EIR %	Amount (€millions)	EIR %	Amount (€millions)	EIR %	Amount (€millions)	Amount (€millions)	Amount (€millions)
“OCEANE 2003” bonds	5.1%	438	-	-	-	-	-	438
“OCEANE 2005” bonds	4.8%	426	-	-	-	-	-	426
Drawdowns on bank and similar facilities	-	-	-	-	-	-	6	6
Obligations under finance leases	5.3%	87	6.3%	8	9.8%	37	18	150
Other financial debt	4.0%	145	7.5%	80	-	-	-	225
<b>TOTAL FINANCIAL DEBT</b>	-	<b>1,096</b>	-	<b>88</b>	-	<b>37</b>	<b>24</b>	<b>1,245</b>

## III – DERIVATIVE INSTRUMENTS ON FINANCIAL TRANSACTIONS

Derivative instruments on financial transactions comprise currency and interest rate hedges of financial items.

At year-end, derivative instruments are measured at fair value and included in other non-current assets or liabilities.

### A) Currency hedges

Cap Gemini S.A. enters into derivative instruments in the form of forward foreign exchange contracts and swaps to hedge the exchange risks arising on intragroup financing transactions. These contracts totaled €312 million at December 31, 2007 (€326 million at December 31, 2006) and related to amounts denominated in pounds sterling and Australian dollars.

In 2007, derivative instruments used to hedge currency risks generated a net financial expense of €16 million (€1 million in 2006), almost

entirely attributable to changes in the market value of a euro/pound sterling swap aimed at hedging an intragroup loan between Capgemini UK and Cap Gemini S.A. This expense, resulting from the rise in the value of the euro against the pound sterling, was offset by €15 million in unrealized exchange gains recognized at year-end on the same intragroup loan (see Note 7 – “Other financial income and expense, net”).

At December 31, 2007, the fair value of these instruments is reported in “Long-term financial debt” for an amount of €14 million (€2 million at December 31, 2006).

### B) Interest rate hedges

At December 31, 2007, two interest rate hedges were outstanding in the form of swaps and options (caps and floors) on a total amount

of €490 million for periods ranging from two to seven years. The main characteristics of these contracts are as follows:

- an interest rate swap in connection with the “OCEANE 2003” convertible/exchangeable bonds, contracted by Cap Gemini S.A. on October 28, 2004 for a notional amount of €460 million, and maturing in January 2010.

In view of the increase in short-term interest rates in 2005 and 2006 and market forecasts through to the maturity of the “OCEANE 2003” bonds on January 1, 2010, the swap contract was amended on September 15, 2006. Under the revised terms of the contract, Cap Gemini S.A. swapped the 2.5% fixed rate on the OCEANE bonds for a variable rate indexed to the 3-month post-fixed Euribor, instead of the 12-month post-fixed Euribor rate -0.59% specified in the original contract. The variable rate is now capped at 3.07% (3.41% under the previous terms), while the floor is unchanged at 1.41%. The revised terms of the interest rate swap contract do not affect the zero-cost automatic deactivation clause in the event that the Company exercises its right (under certain conditions) to redeem the bonds early. The terms and conditions of the contract are set out in section II.

“Financial debt” and in the prospectus approved by the AMF on June 24, 2003 under the reference number 03-607.

The measurement of this contract at market value at December 31, 2007 resulted in a gain of €1 million recorded under “Other financial income and expense, net”, compared with a loss of €5 million at end-2006. In the balance sheet at December 31, 2007, this contract is valued at €4 million and is included on the line “Other non-current liabilities”;

- an interest rate swap contract maturing in July 2014, covering 50% of a finance lease taken out by S.A.R.L. Immobilière Les Fontaines (Capgemini University) in 2002, for a notional amount of €30 million. Under the terms of the swap, S.A.R.L. Immobilière Les Fontaines pays a fixed rate of 3.51% and receives 3-month Euribor.

The measurement of this contract at market value at December 31, 2007 resulted in a gain of €0.3 million recorded under “Other financial income and expense, net”, compared with a gain of €1 million at end-2006. In the balance sheet at December 31, 2007, this contract is valued at €1 million and is included within “Other non-current assets”.

## NOTE 17 – PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The change in pension and other post-employment benefit obligations can be analyzed as follows:

	2006	2007
<i>in millions of euros</i>		
<b>Net obligation at beginning of year</b>	<b>696</b>	<b>588</b>
Translation adjustments	3	(42)
Changes in Group structure	-	1
Service cost, effect of curtailments and settlements, and net interest cost	98	100
Benefits and contributions	(61)	(117)
Change in actuarial gains and losses recognized in equity	(150)	84
Other movements	2	1
<b>Net obligation at end of year</b>	<b>588</b>	<b>615</b>
<b>Funding surplus recognized in assets (1)</b>	<b>(3)</b>	<b>(6)</b>
<b>PROVISIONS FOR PENSIONS RECOGNIZED IN LIABILITIES</b>	<b>591</b>	<b>621</b>

(1) These amounts correspond to funding surpluses in one of the Canadian plans which are reported within “Other non-current assets” (see Note 13).

In 2007, the net expense of €100 million includes service cost (€82 million), recognized past service cost (€14 million), net interest

cost (€6 million), and a gain of €2 million reflecting the impact of curtailments and settlements.



The amounts recognized in the balance sheet in respect of provisions for pensions and other post-employment benefits were calculated as follows:

<i>in millions of euros</i>	<b>December 31, 2006</b>	<b>December 31, 2007</b>
Present value of obligations under funded plans	1,957	2,002
Fair value of plan assets	(1,489)	(1,492)
Funding deficit under funded plans	I 468	510
Funding deficit under unfunded plans	II 125	137
<b>Total net funding deficit</b>	<b>593</b>	<b>647</b>
Unrecognized past service costs	(5)	(32)
<b>Net provision in the balance sheet</b>	<b>588</b>	<b>615</b>
Assets	(3)	(6)
Liabilities	591	621

## I – PROVISIONS FOR FUNDED DEFINED BENEFIT PLANS

These plans exist mainly in the United Kingdom, Canada and other countries, including the United States, Ireland, Sweden, the Netherlands, Germany, Switzerland, France and India.

The funded defined benefit plans in the Netherlands and Ireland had been liquidated at December 31, 2007.

### A) Analysis of obligation

<i>in millions of euros</i>	<b>2005</b>				<b>2006</b>				<b>2007</b>			
	United Kingdom	Canada	Other	Total	United Kingdom	Canada	Other	Total	United Kingdom	Canada	Other	Total
Present value of obligation	1,572	212	104	<b>1,888</b>	1,647	197	113	<b>1,957</b>	1,679	209	114	<b>2,002</b>
Fair value of plan assets	1,045	182	76	<b>1,303</b>	1,212	193	84	<b>1,489</b>	1,216	206	70	<b>1,492</b>
<b>DEFICIT</b>	<b>527</b>	<b>30</b>	<b>28</b>	<b>585</b>	<b>435</b>	<b>4</b>	<b>29</b>	<b>468</b>	<b>463</b>	<b>3</b>	<b>44</b>	<b>510</b>
o/w actuarial gains and losses recognized in equity	198	33	13	<b>244</b>	75	9	7	<b>91</b>	148	11	6	<b>165</b>
<b>UNRECOGNIZED PAST SERVICE COSTS</b>	-	-	-	-	-	-	-	-	-	-	<b>(27)</b>	<b>(27)</b>
<b>NET PROVISION IN THE BALANCE SHEET</b>	<b>527</b>	<b>30</b>	<b>28</b>	<b>585</b>	<b>435</b>	<b>4</b>	<b>29</b>	<b>468</b>	<b>463</b>	<b>3</b>	<b>17</b>	<b>483</b>
Assets	-	-	-	-	-	(3)	-	<b>(3)</b>	-	(6)	-	<b>(6)</b>
Liabilities	527	30	28	<b>585</b>	435	7	29	<b>471</b>	463	9	17	<b>489</b>

At December 31, 2007, the net provision recognized in the balance sheet (excluding the United Kingdom and Canada) amounted to €17 million and concerned the United States (€10 million), France (€3 million), Sweden (€2 million), Germany and Central Europe (€1 million) and India (€1 million).

**B) Analysis of movements in provisions**

Analysis of changes in the present value of pension obligations and plan assets

<i>in millions of euros</i>	<b>Present value of obligation</b>	<b>Fair value of plan assets</b>	<b>Unrecognized past service costs</b>	<b>Net provision in the balance sheet</b>
<b>At January 1, 2005</b>	<b>1,203</b>	<b>(857)</b>	-	<b>346</b>
Service cost	78	-	-	78
Interest cost	73	-	-	73
Expected return on plan assets	-	(68)	-	(68)
Benefits paid to employees	(31)	28	-	(3)
Contributions paid	-	(57)	-	(57)
Changes in actuarial gains and losses	313	(120)	-	193
Translation adjustments	63	(50)	-	13
Aspire contract at the transfer date	178	(165)	-	13
Other movements	11	(14)	-	(3)
<b>At December 31, 2005</b>	<b>1,888</b>	<b>(1,303)</b>	-	<b>585</b>
Service cost	91	-	-	91
Interest cost	93	-	-	93
Expected return on plan assets	-	(89)	-	(89)
Effect of curtailments and settlements	(27)	17	-	(10)
Contributions paid by employees	6	(6)	-	-
Benefits paid to employees	(37)	37	-	-
Contributions paid	-	(57)	-	(57)
Changes in actuarial gains and losses	(81)	(73)	-	(154)
Translation adjustments	6	-	-	6
Other movements	18	(15)	-	3
<b>At December 31, 2006</b>	<b>1,957</b>	<b>(1,489)</b>	-	<b>468</b>
Service cost	74	-	-	74
Past service cost	40	-	(27)	13
Interest cost	102	-	-	102
Expected return on plan assets	-	(102)	-	(102)
Effect of curtailments and settlements	(29)	29	-	-
Contributions paid by employees	5	(5)	-	-
Benefits paid to employees	(53)	53	-	-
Contributions paid	-	(111)	-	(111)
Changes in actuarial gains and losses	58	26	-	84
Translation adjustments	(148)	104	-	(44)
Other movements	(4)	3	-	(1)
<b>At December 31, 2007</b>	<b>2,002</b>	<b>(1,492)</b>	<b>(27)</b>	<b>483</b>

The operating expense for the year, corresponding to current and past service costs (€87 million), mainly concerns the United Kingdom (€54 million), France (€12 million) and Canada (€11 million).

Interest cost for the year reflects the discounting of the obligation in an amount of €102 million, and relates chiefly to the United Kingdom (€85 million).

The expected return on plan assets (€102 million) mainly concerns the United Kingdom (€83 million) and Canada (€14 million).

These inputs are calculated on the basis of the assumptions detailed below.

Benefits paid to employees, totaling €53 million, mainly relate to the United Kingdom (€24 million) and Canada (€15 million).

Contributions to plan assets totaled €111 million. The main contributors were the United Kingdom (€73 million), Canada (€12 million), France (€10 million) and the United States (€10 million).

#### Analysis of recognized actuarial gains and losses

Actuarial gains and losses reflect increases or decreases in the present value of the obligation or the fair value of the related plan assets. Actuarial gains and losses include (i) the impacts of changes in actuarial assumptions (essentially the discount rate and expected rate of return on plan assets), and (ii) the effects of differences between the projected actuarial assumptions and actual outcomes (known as 'experience adjustments', see section III below – "Analysis of actuarial gains and losses: experience adjustments").

The €193 million actuarial loss recognized in 2005 arises essentially from the decrease in rates used to discount obligations in the United Kingdom and Canada, and from the adoption of a new mortality table in the United Kingdom.

The €154 million actuarial gain recognized in 2006 reflects changes in actuarial assumptions, mainly in the United Kingdom (€125 million), due to the 50-basis point increase in the discount rate applied.

The actuarial loss recognized in 2007 (€84 million) is attributable to the adoption of a new mortality table in the United Kingdom and revised inflation and future salary assumptions, partially offset by the increase in the applicable discount rate in the United Kingdom.

#### C) Analysis of plan assets

The main plan asset categories can be analyzed as follows:

<i>in millions of euros</i>	2005	%	2006	%	2007	%
Shares	852	65	958	64	941	63
Bonds	388	30	456	31	488	33
Real estate assets	32	3	39	3	32	2
Cash and cash equivalents	14	1	16	1	22	1
Other	17	1	20	1	9	1
<b>TOTAL</b>	<b>1,303</b>	<b>100</b>	<b>1,489</b>	<b>100</b>	<b>1,492</b>	<b>100</b>

Since the average age of beneficiaries of the main funded plans is 44, a large proportion of plan assets are invested in shares.

#### D) Employees covered by funded defined benefit plans

	2005	2006	2007			Total
	Total	Total	United Kingdom	Canada	Other	
Current employees	10,939	12,183	3,994	939	11,072	16,005
Former employees	6,307	7,419	6,334	44	831	7,209
Retirees	936	1,167	1,141	157	28	1,326
<b>TOTAL</b>	<b>18,182</b>	<b>20,769</b>	<b>11,469</b>	<b>1,140</b>	<b>11,931</b>	<b>24,540</b>

In the United Kingdom, the accrual of pensionable service will cease from March 31, 2008 for approximately 2,600 current active members of the defined benefit section of the Capgemini UK plc pension plan. These individuals will be offered membership of the defined contribution section as an alternative. The defined benefit section of the Capgemini UK plc pension plan will continue to be fully operational after that date for the 160 protected active members, the 2,600 former active members who will become In Service Deferred members of the defined benefit section, approximately 5,000 deferred members and the 1,000 existing pensioners. Following the UK Pension Regulator recommendations, Capgemini UK has committed to fund the deficit assessed as of March 31, 2006 over a 10-year period.

The increase in employees is chiefly attributable to the expansion of Group operations in India.

At December 31, 2007, these plans covered a total of 9,955 Indian employees (compared with 6,152 employees at end-2006), and the present value of the corresponding benefit obligation was €1 million. In India, the Group has taken out an insurance contract to cover its obligation to pay gratuities to employees with at least two years' service who leave the Group.

**E) Principal actuarial assumptions**

Discount rate and salary inflation rate

(%)	2005	2006	2007		
			United Kingdom	Canada	Other
Discount rate	2.6 - 7.4	2.6 - 8.1	5.8	5.5 - 5.8	3.4 - 8.5
Salary inflation rate	1.5 - 6.0	1.5 - 6.0	4.2	3.3	1.5 - 6.0

Expected return on plan assets

(%)	2005	2006	2007		
			United Kingdom	Canada	Other
Shares	4.8 - 8.6	6.0 - 8.5	8.0	8.5	3.1 - 8.5
Bonds	2.4 - 7.8	2.5 - 7.3	5.8	5.0 - 5.5	1.1 - 5.0
Real estate assets	6.0 - 6.5	5.0 - 6.5	6.5	-	0.2 - 4.5
Cash and cash equivalents	3.8	2.0 - 3.8	3.8	4.5	4.5

Actual return on plan assets

(%)	2005	2006	2007		
			United Kingdom	Canada	Other
Shares	6.0 - 26.4	3.0 - 18.5	6.7 - 7.6	(2.7)	0.1 - 3.1
Bonds	2.0 - 9.9	0.1 - 5.3	1.6 - 6.5	3.6	1.1 - 4.7
Real estate assets	19.8	18.0	(4.9)	-	0.2
Cash and cash equivalents	1.8 - 3.2	(2.5) - 4.7	-	1.4	4.4

**F) Expected contribution to plans in 2008**

The Group expects to pay €93 million in contributions into its defined benefit pension plans in 2008.

**II – PROVISIONS FOR UNFUNDED DEFINED BENEFIT PLANS ASSETS**

Unfunded defined benefit plans chiefly concern Canada, Germany and Central Europe, France, Italy, India and Sweden. The unfunded defined benefit plan in Italy had been liquidated at December 31, 2007.

## A) Analysis of obligation

<i>in millions of euros</i>	2005	2006	2007				
	Total	Total	France	Canada	Germany and Central Europe	Other	Total
Present value of obligation/Deficit	116	125	48	37	24	28	137
o/w actuarial gains and losses recognized in equity	15	18	11	-	1	5	17
Unrecognized past service costs	(5)	(5)	(5)	-	-	-	(5)
<b>NET PROVISIONS RECOGNIZED IN LIABILITIES</b>	<b>111</b>	<b>120</b>	<b>43</b>	<b>37</b>	<b>24</b>	<b>28</b>	<b>132</b>

The net benefit obligation for other regions includes unfunded plans operated in Sweden and India. The unfunded plan in Canada relates mainly to healthcare assistance.

## B) Analysis of movements in obligation

<i>in millions of euros</i>	Present value of obligation	Unrecognized past service costs	Net provision in the balance sheet
<b>At January 1, 2005</b>	<b>105</b>	<b>(5)</b>	<b>100</b>
Changes in Group structure	(11)	-	(11)
Service cost	11	-	11
Interest cost	3	-	3
Effect of curtailments and settlements	-	-	-
Benefits paid to employees	(5)	-	(5)
Changes in actuarial gains and losses	13	-	13
Translation adjustments	3	-	3
Other movements	(3)	-	(3)
<b>At December 31, 2005</b>	<b>116</b>	<b>(5)</b>	<b>111</b>
Changes in Group structure	-	-	-
Service cost	9	-	9
Interest cost	5	-	5
Effect of curtailments and settlements	(1)	-	(1)
Benefits paid to employees	(4)	-	(4)
Changes in actuarial gains and losses	4	-	4
Translation adjustments	(3)	-	(3)
Other movements	(1)	-	(1)
<b>At December 31, 2006</b>	<b>125</b>	<b>(5)</b>	<b>120</b>
Changes in Group structure	1	-	1
Service cost	8	-	8
Past service cost	1	-	1
Interest cost	6	-	6
Effect of curtailments and settlements	(2)	-	(2)
Benefits paid to employees	(6)	-	(6)
Changes in actuarial gains and losses	-	-	-
Translation adjustments	2	-	2
Other movements	2	-	2
<b>At December 31, 2007</b>	<b>137</b>	<b>(5)</b>	<b>132</b>

Service cost for 2007, amounting to €8 million, relates chiefly to France (€4 million) and Canada (€3 million).

Benefits paid to employees concern Italy (€2 million), France (€2 million), Germany and Central Europe (€1 million) and Canada (€1 million).

**C) Employees covered by unfunded defined benefit plans**

	2005	2006	2007				Total
	Total	Total	France	Canada	Germany and Central Europe	Other	
Current employees	19,989	23,653	20,682	1,878	279	7,454	30,293
Former employees	1,148	985	-	88	107	811	1,006
Retirees	120	282	4	314	65	15	398
<b>TOTAL</b>	<b>21,257</b>	<b>24,920</b>	<b>20,686</b>	<b>2,280</b>	<b>451</b>	<b>8,280</b>	<b>31,697</b>

The increase in headcount is primarily due to the expansion of the Group's Indian operations, particularly following the acquisition of Kanbay on February 8, 2007. At December 31, 2007, a total of 6,081 Indian employees were covered by unfunded defined benefit plans, compared with nil at December 31, 2006.

**D) Principal actuarial assumptions**

(%)	2005	2006	2007			
			France	Canada	Germany and Central Europe	Other
Discount rate	3.7 - 6.0	3.9 - 5.3	4.8	5.5 - 5.8	5.5	4.0 - 8.0
Salary inflation rate	2.0 - 4.5	1.5 - 4.5	1.8	3.3	1.5 - 2.0	3.0 - 8.0

**III – ANALYSIS OF ACTUARIAL GAINS AND LOSSES: EXPERIENCE ADJUSTMENTS**

This analysis concerns both funded and unfunded defined benefit plans.

Experience adjustments are the effects of differences between the projected actuarial assumptions and what has actually occurred.

The amounts relating to the current year and prior years break down as follows:

<i>in millions of euros</i>	2004	2005	2006	2007
Experience adjustment on liabilities (1)	17	37	37	1
Experience adjustment on assets (2)	27	112	50	3

(1) +: increase in liabilities/ -: decrease in liabilities

(2) +: increase in assets/ -: decrease in assets

The experience adjustments chiefly concern the United Kingdom and Canada.

**IV – ANALYSIS OF SENSITIVITY TO CHANGES IN HEALTHCARE ASSISTANCE COSTS**

Healthcare assistance costs exclusively concern Canada. For 2005 and 2006 and 2007, a 1% change in healthcare assistance costs would have an impact of approximately €1 million in the statement of income (service cost and interest cost). The impact of this 1% change would range from a negative €4 million to a positive €5 million in the balance sheet at December 31, 2005 and 2006, and from a negative €5 million to a positive €6 million in the balance sheet at end-2007.



## NOTE 18 – CURRENT AND NON-CURRENT PROVISIONS

Changes in current and non-current provisions can be analyzed as follows:

<i>in millions of euros</i>	2005	2006	2007
<b>AT JANUARY 1</b>	<b>39</b>	<b>34</b>	<b>98</b>
Additions	18	73	48
Reversals (utilization of provisions)	(18)	(9)	(53)
Reversals (surplus provisions)	(10)	(3)	(7)
Other	5	3	(1)
<b>AT DECEMBER 31</b>	<b>34</b>	<b>98</b>	<b>85</b>

At December 31, 2007, current provisions (€57 million) and non-current provisions (€28 million) mainly concern risks relating to projects and contracts amounting to €75 million (€88 million at end-2006) and risks relating to tax and labor disputes in an amount of €10 million.

The main changes in 2007 relate to the Schneider Electric contract. Further to negotiations, the schedule, pricing and scope of the

Group's responsibility under the contract will be adjusted over the next few years. As a result, in 2007 the Group recognized (i) expenses that had been previously deferred; (ii) a provision reflecting the reduced scope of the new contract; and (iii) a write-back of the provision for losses on completion that had been recorded at end-2006, due to forecasts that the contract will generate an operating profit over the 2008-2016 period.

## NOTE 19 – OTHER NON-CURRENT LIABILITIES

Other non-current liabilities primarily relate to restructuring costs concerning real estate streamlining measures mainly implemented in the United States and the United Kingdom; the long-term portion of the special employee profit-sharing reserve in France; and interest rate and currency hedging instruments. Instruments hedging financial debt are detailed in Note 16-III – “Net cash and cash equivalents”, while cash flow hedges of operating transactions are described in Note 24 – “Hedge accounting”.

## NOTE 20 – ACCOUNTS AND NOTES PAYABLE

Total accounts and notes payable excluding advances received from customers (as presented separately), break down as follows:

<i>At December 31 (in millions of euros)</i>	2005	2006	2007
Accounts payable	735	817	863
Accrued taxes other than on income	294	306	316
Personnel costs	787	858	910
Other	65	38	31
<b>TOTAL</b>	<b>1,881</b>	<b>2,019</b>	<b>2,120</b>

## NOTE 21 – OTHER PAYABLES AND INCOME TAXES

<i>At December 31 (in millions of euros)</i>	2005	2006	2007
Income taxes payable	47	65	71
Other payables	19	48	16
<b>TOTAL</b>	<b>66</b>	<b>113</b>	<b>87</b>

Other payables include the current portion of the special employee profit-sharing reserve and other current liabilities. Changes over the year primarily reflect the payment of employee profit-sharing bonuses in France recognized against 2001 profit.

**NOTE 22 – FINANCIAL RISK MANAGEMENT**

**I – MARKET RISK**

**A) Currency risk**

The Group is exposed to two types of currency risk that could impact earnings and equity: risks arising on the translation of the foreign currency accounts of consolidated subsidiaries whose functional currency is not the euro for the purpose of preparing the Group's consolidated statements, and operational risks arising on operating and financial cash flows which are not denominated in the entities' functional currency.

Capgemini does not hedge risks arising on the translation of the foreign currency accounts of consolidated subsidiaries whose functional currency is not the euro.

Furthermore, the Group has limited exposure to currency risks on operating items due to the fact that the bulk of its revenue is generated in countries where operating expenses are also incurred. However, the growing use of offshore production centers in Poland, India and China exposes Capgemini to currency risk with respect to some of its production costs.

The Group has implemented a policy aimed at minimizing and managing currency risks, resulting in particular from the growing share of Group operations in India, its main offshore production center. Where customer contracts exceeding 2 years do not include any price adjustment clause in the event of exchangeable rate fluctuations, the Group sets up hedges based on the following principles:

The Group's exposure to currency risks arising from transactions recognized at December 31, 2007 by Group subsidiaries and denominated in currencies other than their respective functional currencies, is as follows:

<i>in millions of euros</i>	<b>December 31, 2007</b>				
	<b>Euro</b>	<b>US dollar</b>	<b>Pound sterling</b>	<b>Swedish krona</b>	<b>Other (1)</b>
Total assets	72	115	118	4	24
Total liabilities	(54)	(72)	(405)	(2)	(15)
Exposure to currency risks before hedging	18	43	(287)	2	9
<b>AMOUNTS HEDGED</b>	<b>(16)</b>	<b>(18)</b>	<b>278</b>	<b>-</b>	<b>(6)</b>
Exposure to currency risks after hedging	2	25	(9)	2	3

(1) Other currencies essentially include Swiss francs, Canadian dollars, Polish zlotys and Norwegian krona.

At December 31, 2007, amounts hedged mainly concern Cap Gemini S.A. for with intragroup financing transactions, and Group subsidiary Capgemini Consulting India Private Ltd. for the subcontracting services it provides to other regions in which the Group has operations.

- the hedging strategy is defined by the Group's Chief Financial Officer based on a quarterly reporting which analyses exposure to currency risks arising on intragroup operations involving India over two-year rolling periods;
- hedges mainly take the form of forward foreign exchange transactions which are implemented and monitored locally;
- the impacts of cash flow hedges are recorded in accordance with hedge accounting rules.

In 2007, the Group hedged almost 75% of its foreign exchange risk (US dollar, euro and pound sterling) against the Indian rupee, representing a total hedged amount of €180 million (euro-equivalent). These transactions enabled the Group to partly compensate for the decrease of the US dollar against the Indian rupee by more than ten percent during 2007. The impact of cash flow hedges is described in Note 24 – "Hedge accounting".

In addition to currency risk arising on offshore production centers, Capgemini is exposed to the risk of exchange rates evolution in respect of:

- intragroup financing transactions, as intercompany lending and borrowing is systematically hedged (using currency swaps), the impact of changes in exchange rates on consolidated earnings and equity is negligible;
- fees paid to Cap Gemini S.A. by subsidiaries whose functional currency is not the euro. Although Capgemini does not systematically hedge this risk, the impact of changes in exchange rates on earnings and equity is not material due to the short average period separating the date of invoicing (in the subsidiaries' currency) and the date payment is received.

## B) Interest rate risk

Capgemini's exposure to interest rate risk should be analyzed in light of:

- its cash position: at December 31, 2007, Capgemini had €2,151 million in cash and cash equivalents (including €1,594 million invested at market rates), versus €1,245 million in gross financial debt;
- the Group's conservative policy with respect to management of interest rate risk: only 38% of gross financial debt was at variable rates, of which the large majority (35%) was at capped variable rates (see Note 16 – "Net cash and cash equivalents", section II).

Consequently, based on the balance sheet at December 31, 2007, a 100-basis point rise in interest rates would have a positive impact of around €17 million on Capgemini's net finance expense. Conversely, a 100-basis point fall in interest rates would have, for 2007, an estimated €17 million negative impact on the Group's financial result. The main exposure to interest rate risk is at the level of Cap Gemini S.A., which concentrated around 78% of Group financing and 54% of Group cash and cash equivalents at December 31, 2007.

An analysis of the sensitivity of earnings to changes in interest rates is set out in Note 16 – "Net cash and cash equivalents", section II.c).

## C) Equity risk

The Group does not hold any shares for financial investment purposes, and does not have significant interests in listed companies. However, it holds a small number of treasury shares following the implementation of a liquidity contract under its share buyback program (the associated liquidity line amounts to €10 million). At December 31, 2007, 127,040 treasury shares were held in connection with this contract, and in view of the very small number of treasury shares held, changes in the stock market price of the Cap Gemini share would have an insignificant direct impact on Group earnings and equity.

## II – LIQUIDITY RISK

Financial liabilities comprise mainly borrowings as well as certain accounts and notes payable (see Note 23 – "Financial instruments").

A detailed analysis of financial debt is presented in Note 16 – "Net cash and cash equivalents", while Note 23 – "Financial Instruments", section c), indicates the timing and future cash payments associated with financial liabilities.

The financial liabilities whose early repayment could expose the Group to liquidity risk are mainly the two convertible bonds (OCEANE 2003 and OCEANE 2005).

To manage the liquidity risk that may arise on either early or contractual repayments of financial liabilities, the Group has implemented a conservative financing policy mainly based on:

- prudent use of debt leveraging, coupled with limited use of any clauses that could lead to early repayment of financial debt;
- maintaining a high level of available funds at all times

(€2,151 million at December 31, 2007), which could be increased by the multi-currency syndicated line of credit for €500 million (undrawn to this date);

- active management of the due dates of financial liabilities, in order to limit the concentration of debt maturities;
- use of diverse sources of financing, allowing the Group to reduce its reliance on certain categories of lenders.

## III – CREDIT RISK

Financial assets mainly include cash and cash equivalents, particularly financial investments, accounts and notes receivable, and other receivables (see Note 23 – "Financial instruments").

Financial assets which could expose the Group to a credit or counterparty risk mainly relate to:

- accounts receivable: at December 31, 2007, accounts receivable less provisions for doubtful accounts totaled €1,528 million (see Note 14 – "Accounts and notes receivable"). The Group's largest client, a major British public body, contributes 13% of Group revenues, while the second-largest client accounts for just 3%. The top 10 clients collectively account for 29% of Group revenues, and the top 30 a little under 42%. The creditworthiness of these major clients and the sheer diversity of the other smaller customers help limit credit risk. The economic environment could impact the business activities of the Group's clients, and consequently the amounts receivable from these clients. However, the Group does not consider that any of its clients, business sectors or geographic areas present a material risk of non-collection;
- financial investments: in accordance with Group policy, cash balances are not invested in equity-linked products, but in negotiable debt securities (certificates of deposit and commercial paper) or short-term money-market funds, generally maturing in less than one year. Minimum credit rating and diversification rules also apply.

At December 31, 2007, short-term investments totaled €1,594 million (see Note 16 – "Net cash and cash equivalents") and comprise mainly negotiable debt securities (certificates of deposit and commercial paper) maturing within three months, issued by highly rated companies or financial institutions (minimum rating of A2/P2 or equivalent). Consequently, these short-term investments do not expose the Group to any material credit risk.

In line with its policy for managing currency and interest rate risks, Capgemini also enters into hedging agreements with leading financial institutions. As a result, counterparty risk can be deemed negligible.

At December 31, 2007, Capgemini had not granted material loans to any individuals or external legal entities, employees or non-consolidated entities.

### Aged analysis of accounts receivable

At December 31, 2007, accounts receivable totaled €1,542 million and provisions for doubtful accounts €14 million. The low bad debt ratio reflects the fact that most invoices are only issued after the client has validated the services provided.

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At December 31, 2007, past due balances totaled €420 million, or 27.5% of the total line item. This breaks down as follows:

<i>In millions of euros</i>	<b>Less than 30 days</b>	<b>Between 30 days and 90 days</b>	<b>More than 90 days</b>
<b>Accounts receivable</b>	<b>254</b>	<b>119</b>	<b>47</b>
As a % of accounts and notes receivable, net of provisions for doubtful accounts	16.6%	7.8%	3.1%

Past due balances concern a limited number of customers and are separately analyzed and monitored.

As no events indicated that these customers would not meet their payment obligations at end-2007, the Group did not recognize any provisions in respect of these receivables.

## NOTE 23 – FINANCIAL INSTRUMENTS

### A) Classification and fair value of financial instruments

Financial instruments can be analyzed as follows by category:

<i>in millions of euros</i>	CATEGORY					December 31, 2007	
	Fair value through profit or loss	Available-for-sale	Loans and receivables	Amortized cost	Derivative instruments	Carrying amount	Fair value
Shares in non-consolidated companies	-	3	-	-	-	3	3
Deposits and other long-term investments	-	-	35	-	-	35	35
Other non-current assets	-	-	32	-	3	35	35
Accounts receivable	-	-	1,528	-	-	1,528	1,528
Other receivables	-	-	143	-	10	153	153
Short-term investments	1,594	-	-	-	-	1,594	1,594
Cash at bank	648	-	-	-	-	648	648
<b>FINANCIAL ASSETS</b>	<b>2,242</b>	<b>3</b>	<b>1,738</b>	<b>-</b>	<b>13</b>	<b>3,996</b>	<b>3,996</b>
Bonds	-	-	-	(864)	-	(864)	(854)
Obligations under finance leases	-	-	-	(150)	-	(150)	(150)
Other long-term financial debt	-	-	-	(90)	-	(90)	(90)
Other non-current liabilities	-	-	-	(16)	(18)	(34)	(34)
Bank overdrafts	(91)	-	-	-	-	(91)	(91)
Other short-term financial debt	-	-	-	(141)	-	(141)	(141)
Accounts payable	-	-	-	(863)	-	(863)	(863)
Other payables	-	-	-	(29)	(2)	(31)	(31)
<b>FINANCIAL LIABILITIES</b>	<b>(91)</b>	<b>-</b>	<b>-</b>	<b>(2,153)</b>	<b>(20)</b>	<b>(2,264)</b>	<b>(2,254)</b>

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in millions of euros	CATEGORY					December 31, 2006	
	Fair value through profit or loss	Available-for-sale	Loans and receivables	Amortized cost	Derivative instruments	Carrying amount	Fair value
Shares in non-consolidated companies	-	140	-	-	-	140	140
Deposits and other long-term investments	-	-	23	-	-	23	23
Other non-current assets	-	-	129	-	3	132	132
Accounts receivable	-	-	1,434	-	-	1,434	1,434
Other receivables	-	-	16	-	5	21	21
Short-term investments	2,460	-	-	-	-	2,460	2,460
Cash at bank	442	-	-	-	-	442	442
<b>FINANCIAL ASSETS</b>	<b>2,902</b>	<b>140</b>	<b>1,602</b>	<b>-</b>	<b>8</b>	<b>4,652</b>	<b>3,996</b>
Bonds	-	-	-	(838)	-	(838)	(844)
Obligations under finance leases	-	-	-	(156)	-	(156)	(156)
Other long-term financial debt	-	-	-	(215)	-	(215)	(215)
Other non-current liabilities	-	-	-	(11)	(6)	(17)	(17)
Bank overdrafts	(43)	-	-	-	-	(43)	(43)
Other short-term financial debt	-	-	-	(15)	-	(15)	(15)
Accounts payable	-	-	-	(817)	-	(817)	(817)
Other payables	-	-	-	(38)	(5)	(43)	(43)
<b>FINANCIAL LIABILITIES</b>	<b>(43)</b>	<b>-</b>	<b>-</b>	<b>(2,090)</b>	<b>(11)</b>	<b>(2,144)</b>	<b>(2,150)</b>

The items comprising each financial instrument category along with their basis of measurement are described below:

- items carried at fair value through profit or loss include cash and cash equivalents. Fair value is assessed by reference to prices quoted on an active market, if any. Where no active market exists, fair value is determined by applying valuation techniques based on discounted cash flow analyses or an option pricing model;
- available-for-sale financial assets comprise shares in non-consolidated companies, which are carried at fair value in the balance sheet;
- loans and receivables include mainly accounts and notes receivable, and other current and non-current receivables. Loans and receivables are measured at amortized cost using the effective interest rate method (EIR);
- liabilities carried at amortized cost calculated using the effective interest rate method comprise mainly financial debt, accounts and notes payable, and other current and non-current payables;
- derivative instruments are carried at fair value, either directly

through profit or loss or in equity in line with applicable hedge accounting rules.

The fair value of financial assets and liabilities is calculated as follows:

- the carrying amount of accounts and notes receivable and payable and other current receivables and payables is deemed representative of their fair value due to their very short maturities;
- the fair value of bond debt is estimated at each balance sheet date based on an average market financing rate and the value of the credit risk incurred by the Capgemini Group for a loan with equivalent residual terms to maturity as each of the two bond issues;
- the carrying amount of obligations under finance leases is deemed to be representative of their fair value due to the wide variety and maturity of the corresponding debt.

**B) Impacts of financial instruments on profit or loss**

The impacts of financial instruments on profit or loss (excluding the effective portion of derivative instruments designated as cash



flow hedges and the portion of loans and receivables classified under operating income and expense), are reported within financial result and described in Note 6 – “Finance costs, net” and Note 7 – “Other financial income and expense, net”.

### C) Maturity of financial liabilities

The amounts indicated below correspond to the undiscounted value of future contractual cash flows.

		<b>December 31, 2007</b>						
<i>in millions of euros</i>		<b>Contractual maturity</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Less than 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Beyond 5 years</b>
	“OCEANE 2003” bonds	2010	438	495	12	12	471	-
	Interest rate swap relating to “OCEANE 2003” bonds <sup>(1)</sup>	2010	4	(2)	3	3	(8)	-
	“OCEANE 2005” bonds	2012	426	517	4	4	509	-
	Obligations under finance leases	2008 to 2014	150	150	45	33	55	17
	Other long-term financial debt	2009 to 2014	90	168	1	11	2	154
	Other non-current liabilities	2008 to 2009	30	30	14	16	-	-
	Bank overdrafts	2008	91	91	91	-	-	-
	Other short-term financial debt	2008	141	6	6	-	-	-
	Trade payables	2008	863	863	863	-	-	-
	Other payables	2008	31	24	24	-	-	-
	<b>TOTAL FINANCIAL LIABILITIES</b>		<b>2,264</b>	<b>2,342</b>	<b>1,063</b>	<b>79</b>	<b>1,029</b>	<b>171</b>

		<b>December 31, 2006</b>						
<i>in millions of euros</i>		<b>Contractual maturity</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Less than 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Beyond 5 years</b>
	“OCEANE 2003” bonds	2010	427	507	12	12	483	-
	Interest rate swap relating to “OCEANE 2003” bonds <sup>(1)</sup>	2010	6	1	3	3	(5)	-
	“OCEANE 2005” bonds	2012	411	520	4	4	13	499
	Obligations under finance leases	2007 to 2014	156	156	49	31	50	26
	Other long-term financial debt	2008 to 2014	215	189	1	3	2	173
	Other non-current liabilities	2008 to 2009	11	11	-	2	9	-
	Bank overdrafts	2007	43	43	43	-	-	-
	Other short-term financial debt	2007	15	6	6	-	-	-
	Trade payables	2007	817	817	817	-	-	-
	Other payables	2007	43	43	43	-	-	-
	<b>TOTAL FINANCIAL LIABILITIES</b>		<b>2,144</b>	<b>2,293</b>	<b>978</b>	<b>55</b>	<b>562</b>	<b>698</b>

(1) The interest rate swap taken out in connection with “OCEANE 2003” bonds is included in the balance sheet caption “Other non-current liabilities” and described in Note 16-III – “Net cash and cash equivalents – Derivative instruments”.

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Future cash flows relating to the “OCEANE 2003” and “OCEANE 2005” bonds were estimated based on contractual nominal interest rates (2.5% and 1%, respectively) and on the assumption that the bonds would be redeemed in full at maturity (see Note 16 – «Net cash and cash equivalents»).

Future cash flows relating to “OCEANE 2003” bonds interest swap were estimated on the basis of market interest rates at year-end.

The debt recognized against the carry-back credits sold in 2003 and 2004 (see note 15 - «Other receivables and income taxes»), which was recorded in «Other short-term financial debt» at December 31, 2007 versus «Other long-term financial debt» at end-2006, should not give rise to any future cash flows in 2008 as the credit institution to which the tax credits were sold will be collecting the proceeds directly from the Tax Administration.

The contractual cash flows associated with obligations under finance leases represent contractual repayments of the notional liability.

#### NOTE 24 – HEDGE ACCOUNTING

Hedge accounting is applied to currency hedges of future cash flows entered into primarily by Capgemini Consulting India Private Ltd. for the subcontracting services it provides to other regions in which the Group has operations.

At December 31, 2007, these hedges comprised forward foreign exchange contracts maturing in 2008 and 2009 with an aggregate equivalent value of €177 million (€90 million at December 31, 2006). The hedges were taken out in respect of transactions in euros (€47 million), US dollars (USD 136 million) and pounds sterling (£27 million).

The maturity of the hedges ranges from 3 to 18 months. At end-2007, they break down as follows:

<i>in millions of euros</i>	Less than 6 months	More than 6 months and less than 12 months	More than 12 months	Total
<b>Forward foreign exchange contracts</b>	<b>87</b>	<b>57</b>	<b>33</b>	<b>177</b>

In the balance sheet at December 31, 2007, these contracts are measured at fair value in «Other non-current assets» (€2 million), «Other receivables and income taxes» (€8 million) and «Other payables and income taxes» (€1 million). At December 31, 2006, these derivatives were reported in «Other receivables and income taxes» (€5 million) and “Other payables and income taxes” (€5 million).

In 2007, an amount of €10 million was recorded in equity representing the effective portion of currency hedges (€1 million in 2006). Amounts recorded in equity and transferred to operating margin during the year totaled €6 million (€2 million in 2006).

The ineffective portion of currency hedges recognized in “Finance expense, net” represents a gain of €5 million in 2007 versus a non-material gain in 2006.

## NOTE 25 – SEGMENT INFORMATION

### I – SEGMENT REPORTING BY GEOGRAPHIC AREA

The Group has operations in the following main eight geographic areas:

Geographic area	Countries
North America	Canada, Mexico, United States
United Kingdom and Ireland	Ireland, United Kingdom
Nordic countries	Denmark, Finland, Norway, Sweden
Benelux	Belgium, Luxembourg, Netherlands
Germany and Central Europe	Austria, Germany, Poland, Switzerland and other Eastern European countries
France	France, Morocco
Southern Europe	Argentina, Brazil, Spain, Italy, Portugal
Asia-Pacific	Australia, China, India, Singapore

#### A) Analysis of results by geographic area

Results for 2007 break down as follows by geographic area:

<i>in millions of euros</i>	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia-Pacific	Not allocated (1)	Eliminations	Total
<b>Revenues</b>											
- external (2)	1,721	2,230	539	1,168	558	1,971	390	126	-	-	8,703
- inter-geographic area	20	74	18	34	74	70	30	286	-	(606)	-
<b>TOTAL REVENUES</b>	<b>1,741</b>	<b>2,304</b>	<b>557</b>	<b>1,202</b>	<b>632</b>	<b>2,041</b>	<b>420</b>	<b>412</b>	<b>-</b>	<b>(606)</b>	<b>8,703</b>
<b>OPERATING MARGIN</b>	<b>111</b>	<b>152</b>	<b>45</b>	<b>176</b>	<b>74</b>	<b>86</b>	<b>21</b>	<b>32</b>	<b>(57)</b>	<b>-</b>	<b>640</b>
<i>% of revenues</i>	6.5	6.8	8.4	15.0	13.3	4.4	5.5	25.3	-	-	7.4
<b>OPERATING PROFIT</b>	<b>84</b>	<b>76</b>	<b>42</b>	<b>167</b>	<b>70</b>	<b>68</b>	<b>18</b>	<b>28</b>	<b>(60)</b>	<b>-</b>	<b>493</b>
											<b>(4)</b>
											<b>(3)</b>
											<b>(48)</b>
											<b>2</b>
											<b>440</b>
											<b>440</b>

(1) Items not allocated correspond to headquarters' expenses.

(2) Non-Group (external) revenues are recorded in the ordering region.

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Results for 2006 broke down as follows by geographic area:

<i>in millions of euros</i>	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia-Pacific	Not allocated (1)	Eliminations	Total		
<b>Revenues</b>													
- external (2)	1,341	2,126	441	1,046	514	1,816	339	77	-	-	7,700		
- inter-geographic area	12	48	23	45	60	74	28	130	-	(420)	-		
<b>TOTAL REVENUES</b>	<b>1,353</b>	<b>2,174</b>	<b>464</b>	<b>1,091</b>	<b>574</b>	<b>1,890</b>	<b>367</b>	<b>207</b>	<b>-</b>	<b>(420)</b>	<b>7,700</b>		
<b>OPERATING MARGIN</b>	<b>72</b>	<b>164</b>	<b>32</b>	<b>142</b>	<b>52</b>	<b>5</b>	<b>15</b>	<b>13</b>	<b>(48)</b>	<b>-</b>	<b>447</b>		
<i>% of revenues</i>	5.4	7.7	7.4	13.5	10.2	0.3	4.4	16.4	-	-	5.8		
<b>OPERATING PROFIT</b>	<b>66</b>	<b>127</b>	<b>29</b>	<b>131</b>	<b>40</b>	<b>(30)</b>	<b>9</b>	<b>11</b>	<b>(49)</b>	<b>-</b>	<b>334</b>		
											Finance costs, net	(10)	
												Other financial income and expense, net	(18)
												Income tax expense	(13)
												<b>PROFIT FOR THE YEAR</b>	<b>293</b>
												<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>293</b>

(1) Items not allocated correspond to headquarters' expenses.

(2) Non-Group (external) revenues are recorded in the ordering region.

Results for 2005 broke down as follows by geographic area:

<i>in millions of euros</i>	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia-Pacific	Not allocated (1)	Eliminations	Total			
<b>REVENUES</b>														
- external (2)	1,353	1,738	415	956	443	1,666	310	73	-	-	6,954			
- inter-geographic area	17	50	17	49	42	67	22	70	-	(334)	-			
<b>TOTAL REVENUES</b>	<b>1,370</b>	<b>1,788</b>	<b>432</b>	<b>1,005</b>	<b>485</b>	<b>1,733</b>	<b>332</b>	<b>143</b>	<b>-</b>	<b>(334)</b>	<b>6,954</b>			
<b>OPERATING MARGIN</b>	<b>(26)</b>	<b>67</b>	<b>24</b>	<b>101</b>	<b>36</b>	<b>44</b>	<b>9</b>	<b>9</b>	<b>(39)</b>	<b>-</b>	<b>225</b>			
<i>% of revenues</i>	(1.9)	3.8	5.9	10.6	8.2	2.6	2.9	12.1	-	-	3.2			
<b>OPERATING PROFIT</b>	<b>20</b>	<b>56</b>	<b>14</b>	<b>85</b>	<b>50</b>	<b>16</b>	<b>5</b>	<b>8</b>	<b>(40)</b>	<b>-</b>	<b>214</b>			
												Finance costs, net	(24)	
													Other financial income and expense, net	(14)
													Income tax expense	(35)
													<b>PROFIT FOR THE YEAR</b>	<b>141</b>
													<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>141</b>

(1) Items not allocated correspond to headquarters' expenses.

(2) Non-Group (external) revenues are recorded in the ordering region.

## B) Analysis of depreciation, amortization and other expenses with no cash impact

Depreciation, amortization and other expenses with no cash impact break down as follows for 2007:

<i>in millions of euros</i>	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia Pacific	Not allocated	Total
Depreciation and amortization expense	(43)	(47)	(6)	(15)	(25)	(29)	(6)	(20)	(1)	(192)
Net additions to provisions (1)	(2)	(12)	-	(3)	(2)	(16)	-	(1)	-	(36)
<b>TOTAL</b>	<b>(45)</b>	<b>(59)</b>	<b>(6)</b>	<b>(18)</b>	<b>(27)</b>	<b>(45)</b>	<b>(6)</b>	<b>(21)</b>	<b>(1)</b>	<b>(228)</b>

(1) This item includes net movements in provisions for doubtful accounts and current and non-current provisions.

Depreciation, amortization and other expenses with no cash impact broke down as follows for 2006:

<i>in millions of euros</i>	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia Pacific	Not allocated	Total
Depreciation and amortization expense	(31)	(54)	(7)	(17)	(21)	(25)	(5)	(6)	(1)	(167)
Net additions to provisions (1)	(2)	(6)	-	(2)	(10)	(42)	(1)	(2)	-	(65)
<b>TOTAL</b>	<b>(33)</b>	<b>(60)</b>	<b>(7)</b>	<b>(19)</b>	<b>(31)</b>	<b>(67)</b>	<b>(6)</b>	<b>(8)</b>	<b>(1)</b>	<b>(232)</b>

(1) This item includes net movements in provisions for doubtful accounts and current and non-current provisions.

Depreciation, amortization and other expenses with no cash impact broke down as follows for 2005:

<i>in millions of euros</i>	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia Pacific	Not allocated	Total
Depreciation and amortization expense	(47)	(47)	(8)	(25)	(24)	(25)	(4)	(5)	(1)	(186)
Net additions to provisions (1)	1	(1)	-	(1)	-	(10)	(1)	1	-	(11)
<b>TOTAL</b>	<b>(46)</b>	<b>(48)</b>	<b>(8)</b>	<b>(26)</b>	<b>(24)</b>	<b>(35)</b>	<b>(5)</b>	<b>(4)</b>	<b>(1)</b>	<b>(197)</b>

(1) This item includes net movements in provisions for doubtful accounts and current and non-current provisions.

**C) Analysis of assets and liabilities by geographic area**

The location of assets corresponds to the location of the Group's clients, except for those concerning outsourcing centers such as in India.

At December 31, 2007, assets and liabilities break down as follows by geographic area:

<i>in millions of euros</i>	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia- Pacific	Not allocated	Elimi- nations	Total
Assets by geographic area:											
- external	1,134	1,101	361	1,076	537	1,765	238	204	166	-	6,582
- inter-geographic area	31	26	7	15	19	58	8	49	67	(280)	-
<b>TOTAL ASSETS BY GEOGRAPHIC AREA</b>	<b>1,165</b>	<b>1,127</b>	<b>368</b>	<b>1,091</b>	<b>556</b>	<b>1,823</b>	<b>246</b>	<b>253</b>	<b>233</b>	<b>(280)</b>	<b>6,582</b>
											907
											31
											1,594
											13
											<b>TOTAL ASSETS</b>
											<b>9,127</b>
Liabilities by geographic area:											
- external	562	1,293	173	288	195	1,016	152	76	47	-	3,802
- inter-geographic area	60	35	18	36	26	91	9	(4)	9	(280)	-
<b>TOTAL LIABILITIES BY GEOGRAPHIC AREA</b>	<b>622</b>	<b>1,328</b>	<b>191</b>	<b>324</b>	<b>221</b>	<b>1,107</b>	<b>161</b>	<b>72</b>	<b>56</b>	<b>(280)</b>	<b>3,802</b>
											3,851
											138
											71
											1,245
											20
											<b>TOTAL EQUITY AND LIABILITIES</b>
											<b>9,127</b>

At December 31, 2006, assets and liabilities broke down as follows by geographic area:

<i>in millions of euros</i>	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia-Pacific	Not allocated	Eliminations	Total	
Assets by geographic area:												
– external	748	1,053	316	883	420	1,455	193	103	166	-	5,337	
– inter-geographic area	10	22	6	21	16	49	6	25	23	(178)	-	
<b>TOTAL ASSETS BY GEOGRAPHIC AREA</b>	<b>758</b>	<b>1,075</b>	<b>322</b>	<b>904</b>	<b>436</b>	<b>1,504</b>	<b>199</b>	<b>128</b>	<b>189</b>	<b>(178)</b>	<b>5,337</b>	
											Deferred income tax assets	888
											Recoverable income tax	20
											Short-term investments	2,460
											Derivative instruments	3
											<b>TOTAL ASSETS</b>	<b>8,708</b>
Liabilities by geographic area:												
– external	566	1,214	195	262	203	953	136	50	19	-	3,598	
– inter-geographic area	40	33	15	25	15	39	8	(8)	10	(177)	-	
<b>TOTAL LIABILITIES BY GEOGRAPHIC AREA</b>	<b>606</b>	<b>1,247</b>	<b>210</b>	<b>287</b>	<b>218</b>	<b>992</b>	<b>144</b>	<b>42</b>	<b>29</b>	<b>(177)</b>	<b>3,598</b>	
											Total equity	3,697
											Deferred income tax liabilities	118
											Current income tax liabilities	65
											Financial debt	1,224
											Derivative instruments	6
											<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,708</b>

At December 31, 2005, assets and liabilities broke down as follows by geographic area:

<i>in millions of euros</i>	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia-Pacific	Not allocated	Eliminations	Total	
Assets by geographic area:												
– external	674	981	257	899	348	1,348	201	71	178	-	4,957	
– inter-geographic area	22	22	9	19	15	65	9	18	36	(215)	-	
<b>TOTAL ASSETS BY GEOGRAPHIC AREA</b>	<b>696</b>	<b>1,003</b>	<b>266</b>	<b>918</b>	<b>363</b>	<b>1,413</b>	<b>210</b>	<b>89</b>	<b>214</b>	<b>(215)</b>	<b>4,957</b>	
											Deferred income tax assets	828
											Recoverable income tax	21
											Short-term investments	1,805
											Derivative instruments	-
											<b>TOTAL ASSETS</b>	<b>7,611</b>
Liabilities by geographic area:												
– external	634	1,100	159	321	174	864	143	38	28	-	3,461	
– inter-geographic area	41	46	11	32	18	45	10	(1)	10	(212)	-	
<b>TOTAL LIABILITIES BY GEOGRAPHIC AREA</b>	<b>675</b>	<b>1,146</b>	<b>170</b>	<b>353</b>	<b>192</b>	<b>909</b>	<b>153</b>	<b>37</b>	<b>38</b>	<b>(212)</b>	<b>3,461</b>	
											Total equity	2,750
											Deferred income tax liabilities	121
											Current income tax liabilities	47
											Financial debt	1,231
											Derivative instruments	1
											<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,611</b>



**D) Analysis of acquisitions of intangible assets and property, plant and equipment**

Acquisitions of intangible assets and property, plant and equipment can be analyzed as follows:

<b>At December 31</b> (in millions of euros)	<b>2005</b>	<b>2006</b>	<b>2007</b>
North America	38	31	30
United Kingdom and Ireland	27	47	55
Nordic countries	8	4	14
Benelux	9	6	20
Germany and Central Europe	20	26	17
France	24	30	40
Southern Europe	8	4	8
Asia-Pacific	8	13	24
<b>TOTAL</b>	<b>142</b>	<b>161</b>	<b>208</b>

The increase in acquisitions of property, plant and equipment and intangible assets mainly reflects:

- the increase in office space and IT installations in India;
- the development of the Outsourcing business in Benelux;
- and the continued roll-out of global IT systems at Group level.

The acquisition cost of intangible assets and property, plant and equipment reported in the balance sheet is different from the figure provided in the cash flow statement (€149 million), which excludes acquisitions of assets under finance leases (for €59 million).

**II – SEGMENT REPORTING BY BUSINESS SEGMENTS**

The Group's services are organized into four businesses:

Consulting Services, which involves helping to enhance the performance of organizations, based on in-depth knowledge of client industries and processes;

Technology Services, which involves integrating IT systems and applications that enable the planning, designing, managing and developing IT systems and applications;

Outsourcing Services, which involves managing all or part of a company's IT or business process needs ("Business Process Outsourcing");

Local Professional Services, which involves providing assistance and support to internal IT teams within client companies.

Revenues break down as follows by business:

<i>in millions of euros</i>	<b>2005</b>		<b>2006</b>		<b>2007</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Consulting Services	918	13	851	11	753	9
Technology Services	2,307	33	2,619	34	3,349	38
Outsourcing Services	2,611	38	3,008	39	3,189	37
Local Professional Services	1,118	16	1,222	16	1,412	16
<b>TOTAL</b>	<b>6,954</b>	<b>100</b>	<b>7,700</b>	<b>100</b>	<b>8,703</b>	<b>100</b>

Operating margin breaks down as follows by business:

<i>in millions of euros</i>	2005		2006		2007	
	Amount	%	Amount	%	Amount	%
Consulting Services	41	4.5	86	10.1	79	10.5
Technology Services	118	5.1	196	7.5	299	8.9
Outsourcing Services	3	0.1	93	3.1	150	4.7
Local Professional Services	102	9.1	120	9.8	169	12
Not allocated	(39)	-	(48)	-	(57)	-
<b>TOTAL</b>	<b>225</b>	<b>3.2</b>	<b>447</b>	<b>5.8</b>	<b>640</b>	<b>7.4</b>

## NOTE 26 – NUMBER OF EMPLOYEES

### A) Average number of employees by geographic areas

	2005		2006		2007	
	Employees	%	Employees	%	Employees	%
North America	7,381	12	6,272	10	8,564	11
United Kingdom and Ireland	8,668	15	8,894	14	8,791	11
Nordic countries	3,439	6	3,480	5	3,818	5
Benelux	8,402	14	8,807	14	9,167	12
Germany and Central Europe	3,487	6	4,336	7	5,814	7
France	19,196	32	19,924	31	20,595	26
Southern Europe	5,246	9	5,982	9	6,476	8
Asia-Pacific	3,762	6	6,167	10	15,832	20
Not allocated	153	-	151	-	156	-
<b>TOTAL</b>	<b>59,734</b>	<b>100</b>	<b>64,013</b>	<b>100</b>	<b>79,213</b>	<b>100</b>

### B) Number of employees at December 31 by geographic areas

<b>At December 31</b>	2005		2006		2007	
	Employees	%	Employees	%	Employees	%
North America	6,351	10	6,441	10	8,857	11
United Kingdom and Ireland	8,826	15	8,785	13	8,482	10
Nordic countries	3,429	6	3,608	5	3,942	5
Benelux	8,613	14	9,014	13	9,492	11
Germany and Central Europe	3,732	6	5,137	8	6,274	8
France	19,714	32	20,287	30	20,979	25
Southern Europe	5,591	9	6,235	9	6,836	8
Asia-Pacific	4,628	8	8,231	12	18,487	22
Not allocated	152	-	151	-	159	-
<b>TOTAL</b>	<b>61,036</b>	<b>100</b>	<b>67,889</b>	<b>100</b>	<b>83,508</b>	<b>100</b>

**NOTE 27 – OFF BALANCE SHEET COMMITMENTS**

**A) Commitments given**

<b>At December 31</b> (in millions of euros)	<b>2005</b>	<b>2006</b>	<b>2007</b>
On non-cancelable leases	1,046	867	834
On supplier contracts	89	91	47
Other commitments given	44	42	43
<b>TOTAL</b>	<b>1,179</b>	<b>1,000</b>	<b>924</b>

The Group's commitments under non-cancelable leases can be analyzed as follows:

<i>in millions of euros</i>	<b>Computer equipment</b>	<b>Offices</b>	<b>Vehicles</b>	<b>Other</b>	<b>Total</b>
Y+1	13	154	51	5	223
Y+2	7	130	36	4	177
Y+3	3	109	21	1	134
Y+4	2	86	7	-	95
Y+5	-	71	-	-	71
Y+6 and subsequent years	-	134	-	-	134
<b>December 31, 2007</b>	<b>25</b>	<b>684</b>	<b>115</b>	<b>10</b>	<b>834</b>
<b>December 31, 2006</b>	<b>59</b>	<b>677</b>	<b>114</b>	<b>17</b>	<b>867</b>
<b>December 31, 2005</b>	<b>100</b>	<b>817</b>	<b>117</b>	<b>12</b>	<b>1,046</b>

At December 31, 2007, commitments under non-cancelable leases were mainly given in France (€130 million), Benelux (€125 million), the United Kingdom (€119 million), Germany and Central Europe (€104 million) and North America (€92 million). Lease payments recognized in the income statement during the year totaled €246 million.

The year-on-year decrease in commitments under computer equipment leases reflects the expiry of a certain number of contracts in 2007, notably in the United Kingdom, North America and France.

Office lease terms depend on the geographic area and vary between 5 and 25 years. Vehicle leases are short-term contracts of three to five years. The increase in commitments under non-cancelable office leases is primarily attributable to companies acquired by the Group in 2007.

- Commitments given on supplier contracts primarily represent purchase orders to be issued under global purchase contracts.
- Other commitments given relate mainly to:
  - bank guarantees given to the tax authorities in connection with tax disputes in France and Spain;
  - commitments relating to employees in the Netherlands and Sweden.

**B) Commitments given and received**

**On minority interests:**

On April 12, 2005, the Group entered into an alliance with the Japanese group NTT Data Corporation to sell 95% of its stake in Capgemini Japan K.K. for €30 million. The sale agreement granted a put option to the Capgemini Group on its residual 5% interest in Zacatii Consulting Inc. (formerly Capgemini Japan K.K.), and a call option to NTT Data Corporation in relation to the same shares.

These options are exercisable for a period of two years as from July 14, 2008 at the higher of the market value of the shares at the exercise date and the valuation of the shares as determined based on the initial transaction cost (i.e., €1 million for the residual 5% stake in Zacatii Consulting Inc. at December 31, 2007).

#### On the creation of Inovmail:

On December 10, 2007, the Group was granted a put option on its entire interest in Inovmail, a newly created company 40%-owned by the Group and 60%-owned by DOC@POST. This option can be exercised from June 1, 2009 until December 31, 2009. Under the terms of the put option, the sale of the Group's interest has been set at €2.8 million or a symbolic price of €1, depending on whether it successfully delivers a solution to La Poste's specifications.

The Group and La Poste also hold a pre-emptive right on each party's shares in the event that either of them wishes to sell its shares to a third party. This right is effective as from December 1, 2008.

#### C) Commitments given on client contracts

For various large contracts signed by Group entities, the Group has provided performance and/or financial guarantees, in particular concerning the "Aspire" contract signed with HM Revenue & Customs on January 5, 2004 (along with its amendments signed in 2006 and 2007) for an estimated amount of £5.5 billion; the TXU contract signed on May 17, 2004 for USD 3.5 billion; the

Schneider Electric Industries SAS contract signed for €1.3 billion; Metropolitan Police for £350 million; and the framework contract with Euroclear.

The Group has also provided limited financial guarantees in connection with client contracts, for a total amount of €47 million at December 31, 2007.

Certain clients have been granted bank guarantees by the Group for an aggregate amount of €49 million at end-2007.

In addition to the standard clauses, the outsourcing contract signed with TXU Energy Company LLC and TXU Electric Delivery Company (formerly Oncor Electric Delivery Company) entitles the TXU group to terminate the contract if the Group's corporate credit rating is downgraded to below investment grade. The contract nevertheless remained in force following the downgrade of the Group's credit rating by Standard & Poor's on January 7, 2005.

#### D) Financial debts secured by assets

Some financial debts are secured by assets recorded in the balance sheet. At December 31, 2007, these debts included €150 million relating to obligations under finance leases, and €127 million relating to the debt recognized against carry-back tax credit sold (see Note 16 – "Net cash and cash equivalents", Note 11 – "Property, plant and equipment", and Note 15 – "Other receivables and income taxes").

## NOTE 28 – RELATED PARTY TRANSACTIONS

### A) Associates

Associates are equity-accounted companies over which the Group exercises significant influence (see Note 30 – "List of the main consolidated companies by country"). Transactions with these companies in 2007 were carried out on an arm's length basis, and were not material.

### B) Other related parties

In 2007, no material transactions were carried out with:

- shareholders holding significant voting rights in the capital of Cap Gemini S.A.;
- members of management, including directors and non-voting directors;
- entities controlled or jointly controlled by a member of key management personnel, or over which he/she has significant influence or holds significant voting rights.

### C) Management compensation

The table below provides a breakdown of compensation due to members of the Group's management team including: the Group operational management structure, 26 members at December 31, 2007 and 24 members at December 31, 2006 and the compensation of the Chairman of the Board of Directors, as well as attendance fees payable to the twelve directors and non-voting directors (same number of members as 2006).

<i>in thousands of euros</i>	<b>2006</b> <sup>(4)</sup>	<b>2007</b>
Short-term benefits excluding employer payroll taxes (1)	19,552	21,387
Short-term benefits: employer payroll taxes	3,638	4,463
Post-employment benefits (2)	497	693
Share-based payment (3)	1,527	1,976

(1) Includes gross wages and salaries, bonuses, profit-sharing, directors' fees and benefits in kind.

(2) Including mainly statutory retirement indemnities.

(3) Representing the annual expense relating to the award of stock options.

(4) 2006 amount adjusted to reflect compensation accruing to the Chairman of the Board of Directors, as well as attendance fees payable to directors and non-voting directors.

**NOTE 29 – SUBSEQUENT EVENTS**

On January 21, 2008, Capgemini's credit rating was upgraded from BB+ to BBB- (stable outlook) by Standard & Poor's, thus moving back to the investment grade category.

Within the scope of the authorization to repurchase treasury shares granted under the seventh resolution of the Shareholders' Meeting on April 26, 2007, Capgemini bought back 2,000,000 of its own shares in January 2008 at an average price of €34.48, representing 1.4% of total share capital. The share buy-backs are aimed at neutralizing part of the potential dilution relating to financial instruments giving access to the company's share capital, in particular of employee share-based incentive instruments.

At the annual shareholders' meeting, the Board of Directors will recommend a dividend payment of €1 per share.

## NOTE 30 – LIST OF THE MAIN CONSOLIDATED COMPANIES BY COUNTRY

At December 31, 2007, the main consolidated companies were as follows:

Country	Consolidated company	% interest	Consolidation Method
GERMANY	Capgemini Deutschland GmbH (Berlin)	100,00 %	FC
	Capgemini Deutschland Holding GmbH	100,00 %	FC
	Capgemini Systems GmbH (Stuttgart)	100,00 %	FC
	SD&M Software Design and Management AG (München)	100,00 %	FC
	Sogeti Deutschland GmbH (Berlin)	100,00 %	FC
	Cap Gemini Telecom Media & Networks Deutschland GmbH	100,00 %	FC
	FuE-Future Engineering GmbH	100,00 %	FC
ARGENTINA	Capgemini Argentina S.A.	100,00 %	FC
AUSTRALIA	Capgemini Australia Pty Ltd.	100,00 %	FC
	Capgemini Business Services Australia Pty Ltd.	100,00 %	FC
	Capgemini Financial Services Australia Pty Ltd.	100,00 %	FC
AUSTRIA	Capgemini Consulting Österreich AG	100,00 %	FC
BELGIUM	Capgemini Belgium N.V./S.A.	100,00 %	FC
	Sogeti Belgium S.A.	100,00 %	FC
	Sogeti NV/SA (Belgium)	100,00 %	FC
	Sogeti International S.A.	100,00 %	FC
BRAZIL	Network Consulting Group do Brasil Consultoria em infomatica Ltd.	100,00 %	FC
CANADA	Capgemini New Brunswick Inc.	100,00 %	FC
	Capgemini Nova Scotia Ltd.	100,00 %	FC
	Capgemini Canada Inc.	100,00 %	FC
	Inergi Inc.	100,00 %	FC
	Inergi L.P.	100,00 %	FC
	New Horizons System Solutions L.P.	100,00 %	FC
	New Horizons System Solutions Inc.	100,00 %	FC
	Kanbay Canada Inc.	100,00 %	FC
CHINA	Capgemini (Shanghai) Co. Ltd.	100,00 %	FC
	Capgemini Hong Kong Ltd.	100,00 %	FC
	Capgemini Business Services (China) Ltd.	100,00 %	FC
	Capgemini Business Services (Asia) Ltd.	100,00 %	FC
	SSS Hangzhou (China)	48,60 %	EM
	Capgemini Financial Services HK Ltd.	99,99 %	FC
DENMARK	Capgemini Danmark AS	100,00 %	FC
	Sogeti Danmark	100,00 %	FC
SPAIN	Capgemini España, S.L.	100,00 %	FC
	Sogeti España S.L.	100,00 %	FC
	InQA Test Labs S.L.	100,00 %	FC
	QAlis Solutions S.L.	100,00 %	FC
UNITED STATES	Capgemini America Inc.	100,00 %	FC
	Capgemini Applications Services LLC	100,00 %	FC
	Capgemini Holding Inc.	100,00 %	FC
	Capgemini U.S. LLC	100,00 %	FC
	Capgemini North America Inc.	100,00 %	FC
	Capgemini Technologies LLC	100,00 %	FC
	Capgemini Government Solutions LLC	100,00 %	FC
	Sogeti USA LLC	100,00 %	FC
	Capgemini Energy GP LLC	100,00 %	FC
	Capgemini Energy Holdings LLC	100,00 %	FC

FC = Full consolidation

EM = Equity method

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Country	Consolidated company	% interest	Consolidation Method
UNITED STATES	Capgemini Energy LP	97,10 %	FC
	Capgemini Financial Services International Inc.	100,00 %	FC
	Capgemini Financial Services (China) Inc.	100,00 %	FC
	Capgemini Financial Services USA	100,00 %	FC
	Capgemini Financial Services Europe	100,00 %	FC
	Capgemini Financial Services Japan	100,00 %	FC
	Kanbay Managed Solution Inc.	80,00 %	FC
	Accurum Inc.	100,00 %	FC
	Strategic Systems Inc. (US)	48,60 %	EM
	Strategic Back-Office Solutions	48,60 %	EM
FINLAND	Capgemini Finland Oy	100,00 %	FC
FRANCE	Cap Gemini S.A.	Parent company	FC
	Capgemini France S.A.S.	100,00%	FC
	Capgemini Gouvieux S.A.S.	100,00%	FC
	Capgemini Service S.A.S.	100,00%	FC
	Capgemini Université S.A.S.	100,00%	FC
	Immobilière Les Fontaines S.A.R.L.	100,00%	FC
	SCI Paris Étoile	100,00%	FC
	Capgemini Consulting S.A.S.	100,00%	FC
	Capgemini Finance et Services S.A.S.	100,00%	FC
	Capgemini Industrie et Distribution S.A.S.	100,00%	FC
	Capgemini Est S.A.S.	100,00%	FC
	Capgemini Ouest S.A.S.	100,00%	FC
	Capgemini Sud S.A.S.	100,00%	FC
	Capgemini Outsourcing Services S.A.S.	100,00%	FC
	Capgemini OS Electric S.A.S.	100,00%	FC
	Cap Gemini Telecom & Media S.A.S	100,00%	FC
	Inovmail S.A.S.	40,00%	EM
	Sogeti S.A.S.	100,00%	FC
	Sogeti Infrastructure Service S.A.S.	100,00 %	FC
	Sogeti Application Service S.A.S.	100,00 %	FC
	Sogeti Régions S.A.S.	100,00 %	FC
Sogeti Services S.A.S.	100,00 %	FC	
Sogeti High Tech S.A.S.	100,00 %	FC	
UNITED KINGDOM	Capgemini UK Plc	100,00 %	FC
	CGS Holdings Ltd.	100,00 %	FC
	Sogeti UK	100,00 %	FC
	Capgemini Financial Services UK Ltd.	99,90 %	FC
	SSS Holding Corporation Ltd.	48,60 %	EM
	Strategic System Solution Ltd.	48,60 %	EM
	Strategic Back Office Solutions Ltd.	48,60 %	EM
	Strategic Training Solutions	48,60 %	EM
	Bizzkidz Ltd.	48,60 %	EM

FC = Full consolidation  
EM = Equity method



Country	Consolidated company	% interest	Consolidation Method
HUNGARY	Capgemini Magyarorszag Kft	100.00 %	FC
INDIA	Capgemini Consulting India Private Ltd.	100.00 %	FC
	InQA Test Labs Private Ltd (India)	100.00 %	FC
	Capgemini Business Services (India) Ltd.	51.00 %	FC
	Capgemini India Private Ltd.	99.99 %	FC
	Pune Software Park Pvt. Ltd.	100.00 %	FC
IRELAND	Sogeti Ireland Ltd.	100.00 %	FC
ITALY	Capgemini Italia S.p.A.	100.00 %	FC
JAMAICA	Adjoined Consulting Ltd.	100.00 %	FC
LUXEMBOURG	Sogeti Luxembourg S.A.	100.00 %	FC
	Capgemini Reinsurance Company S.A.	100.00 %	FC
	Sogeti PSF Luxembourg S.A.	100.00 %	FC
MOROCCO	Capgemini Technology Services Maroc	100.00 %	FC
MEXICO	Capgemini Mexico S. de R.L. de C.V.	100.00 %	FC
NORWAY	Capgemini Norge AS	100.00 %	FC
	Sogeti Norge A/S	100.00 %	FC
NETHERLANDS	Capgemini Outsourcing B.V.	100.00 %	FC
	Capgemini Interim Management B.V.	100.00 %	FC
	Capgemini Nederland B.V.	100.00 %	FC
	Capgemini Sourcing B.V.	100.00 %	FC
	Capgemini Educational Services B.V.	100.00 %	FC
	Capgemini N.V.	100.00 %	FC
	Paul Postma Marketing Consultancy B.V.	100.00 %	FC
	Capgemini Datacenter Amsterdam B.V.	100.00 %	FC
	Sogeti Nederland B.V.	100.00 %	FC
	Capgemini International B.V.	100.00 %	FC
	Cap Gemini Telecom Media & Networks Nederland B.V.	100.00 %	FC
POLAND	Capgemini Polska Sp z.o.o.	100,00 %	FC
PORTUGAL	Capgemini Portugal, Serviços de Consultoria e Informatica S.A.	100,00 %	FC
CZECH REPUBLIC	Capgemini Czech Republic S.r.o.	100,00 %	FC
ROMANIA	Capgemini services Romania s.r.l.	100,00 %	FC
SERBIA	Capgemini d.o.o (Serbia and Montenegro)	100,00 %	FC
SINGAPORE	Capgemini Asia Pacific Pte Ltd.	100,00 %	FC
	SSS Pte Ltd. (Singapore)	48,60 %	EM
	Capgemini Financial Services (Singapore) Pte Ltd.	100,00 %	FC
SLOVAKIA	Capgemini Slovensko, s.r.o.	100,00 %	FC
SWEDEN	Capgemini AB	100,00 %	FC
	Capgemini Sverige AB	100,00 %	FC
	Sogeti Sverige AB	100,00 %	FC
SWITZERLAND	Capgemini Suisse S.A. (Zurich)	100,00 %	FC
	SD&M Schweiz AG (Zurich)	100,00 %	FC
	Sogeti Suisse S.A.	100,00 %	FC

FC = Full consolidation

EM = Equity method

# CAP GEMINI S.A. SUMMARIZED FINANCIAL STATEMENTS

The Statutory's Auditors' reports of February 14, 2008 on the full parent company financial statements, including the notes thereto, are free from qualification. These documents are available upon request from the Company.

## SUMMARIZED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007

<i>in millions of euros</i>	2005	2006	2007
Operating revenue	162	183	204
Operating expenses	(29)	(35)	(39)
<b>OPERATING INCOME</b>	<b>133</b>	<b>148</b>	<b>165</b>
Interest income/(expenses), net	28	21	331
Other income and expenses, net	(9)	3	(31)
Income tax	21	23	32
<b>NET INCOME</b>	<b>173</b>	<b>195</b>	<b>497</b>

## SUMMARIZED BALANCE SHEETS

AS OF DECEMBER 31, 2005, 2006 AND 2007

<i>in millions of euros</i>	2005	2006	2007
<b>ASSETS</b>			
Non-current assets	6,013	6,533	7,711
Current assets	1,703	1,977	1,714
Other assets	81	70	51
<b>TOTAL ASSETS</b>	<b>7,797</b>	<b>8,580</b>	<b>9,476</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Shareholders'equity	6,611	7,268	7,699
Provisions	11	17	2
Long and short-term debt	1,148	1,272	1,534
Other liabilities	27	23	241
<b>TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY</b>	<b>7,797</b>	<b>8,580</b>	<b>9,476</b>

## FIVE-YEAR FINANCIAL SUMMARY

<i>in millions of euros</i>	2003	2004	2005	2006	2007
<b>I - SHARE CAPITAL AT YEAR-END</b>					
Share capital	1,049	1,051	1,053	1153	1,163
Number of common shares outstanding	131,165,349	131,383,178	131,581,978	144,081,808	145,425,510
Maximum number of future shares to be created :					
- through exercise of equity warrants	10,004,465	12,289,150	13,101,800	10,518,710	10,291,173
- through conversion of convertible bonds	9,019,607	9,019,607	20,830,417	20,830,416	(1) 20,830,416
- through warrants related to Transiciel acquisition	503,602	508,600	315,790	-	-
<b>II - OPERATIONS AND RESULTS OF THE CURRENT YEAR</b>					
Operating revenue	136	130	162	183	204
Operating revenue and financial revenue	175	876	547	376	640
Income before taxes, amortization and provisions	108	(491)	395	202	236
Income tax	(4)	(43)	(21)	(23)	(32)
Net income / (losses)	(42)	(949)	173	195	497
Distributed income	0	0	66	101	(2) 145
<b>III - EARNINGS PER SHARE (in euros)</b>					
Earnings after taxes, but before amortization and provisions	0.86	(3.41)	3.16	1.56	1.84
Net earnings	(0.32)	(7.22)	1.31	1.35	3.42
Dividend per share, net	0	0	0.50	0.70	(2) 1.00
<b>IV - EMPLOYEE DATA</b>					
Average number of employee during the year	-	-	-	-	-
Total payroll	-	-	-	-	-
Total benefits	-	-	-	-	-

(1) Cap Gemini SA decided to neutralize in full the potential dilutive impact of the OCEANE bonds issued on June 24, 2003 and due January 1, 2010, through the acquisition from Société Générale in June 2005 of a call option on a number of shares equal to the underlying number of shares of this OCEANE, and with an exercise price and maturity matching those of the OCEANE.

(2) Subject to approval by the Extraordinary Shareholders' Meeting of April 17, 2008.

## CHANGES ON SHAREHOLDERS' EQUITY

<i>in millions of euros</i>	December 31, 2006	Net income appropriation 2006	Other changes	December 31 2007
Share capital	1,153	-	10	1,163
Additional paid-in-capital	5,502	-	23	5,525
Legal reserve	105	10		115
Untaxed reserves	-	-	-	-
Other reserves	211	-	-	211
Retained earnings	102	84	-	186
Dividends paid	-	101	(101)	-
Net income / (losses)	195	(195)	497	497
Regulated provisions	-	-	1	1
<b>TOTAL</b>	<b>7,268</b>	<b>-</b>	<b>430</b>	<b>7,698</b>

#### IV - SUBSIDIARIES AND INVESTMENTS

	Capital	Other shareholders' equity (including net income for the year)	(% interest)	Number of shares owned	Book value of shares		Loans & advances granted	Guarantees given (1)	2007 Revenue	Dividends received
					Gross	Net				
<i>in millions of euros</i>										
<b>SUBSIDIARIES</b>										
Capgemini North America Inc	1	2,427	100.00%	982,000	6,618	2,350	-	-	0	-
CGS HOLDINGS Ltd	722	1	100.00%	558,777,061	721	721	-	-	-	-
Gemini Consulting Holding Ltd	0	0	100.00%	1,083	23	23	-	-	-	-
Capgemini Oldco Ltd	14	30	100.00%	1,033,938,857	801	264	-	-	-	-
Capgemini Old Ireland Ltd	0	0	100.00%	71,662	16	-0	-	-	-	-
Capgemini AB (Sweden)	3	231	100.00%	24,714	352	352	-	8	-	-
Capgemini NV (Benelux)	2	278	100.00%	21,582,376	1,467	1,239	-	-	-	39
Capgemini TMN Nederland BV	0	2	100.00%	18,000	5	5	-	-	9	-
Capgemini Deutschland Holding GmbH	125	22	94.43%	1	604	604	-	50	0	-
Capgemini Deutschland GmbH	12	133	2.90%	1	10	10	-	-	206	-
Capgemini Consulting Österreich AG	0	2	100.00%	36,791	42	30	-	-	66	-
Capgemini Suisse AG	0	3	100.00%	500	39	32	-	39	28	1
Capgemini Polska Sp Z.o.o (Poland)	5	7	100.00%	129,160	25	16	-	40	68	-
Capgemini Magyarorszag Kft	0	2	100.00%	1	2	2	-	-	11	-
Capgemini France SAS	54	49	100.00%	3,475,508	673	673	-	21	33	-
Capgemini Télécom & Media SAS	17	27	100.00%	1,090,762	171	171	-	-	211	9
Capgemini Technology Services Morocco	1	-1	99.99%	164,996	1	1	-	-	1	-
SOGETI S.A.	0	1	99.90%	619	0	0	-	-	-	-
SOGETI SAS	648	-9	100.00%	52,106,876	754	754	-	-	30	24
Capgemini Italia S.p.A.	11	-6	100.00%	2,200,000	497	3	-	8	103	-
Cap Gemini Telecom Media & Networks Italia S.p.A.	0	2	100.00%	20,000	14	0	-	-	-	-
Capgemini España S.L. (Sociedad Unipersonal)	11	2	100.00%	106,245	194	194	-	-	230	-
Capgemini Portugal, Serviços de Consultoria e Informatica, SA	8	4	100.00%	1,698,842	44	44	-	-	30	2
Capgemini Asia Pacific Pte. Ltd. (Singapore)	14	0	100.00%	17,421,229	142	43	-	-	0	-
Capgemini Australia Pty Ltd (Australia)	28	-26	100.00%	1,450,000	166	54	6	23	61	-
Capgemini Business Services (India)	0	2	50.90%	2,545	10	10	-	1	15	-
Capgemini Service S.A.S	2	4	100.00%	2,000,000	84	-	-	15	202	-
SCI Paris Etoile	0	4	99.99%	9,999	48	31	-	-	3	2
Immobilière les Fontaines S.A.R.L	2	2	99.84%	619,000	32	32	-	59	6	-
Capgemini Université SAS	0	0	100.00%	2,500	0	0	-	-	19	-
Capgemini Gouvieux SAS	0	0	100.00%	10,000	0	0	-	-	23	-
Other French compagnies	nm	nm	nm	nm	0	0	-	nm	nm	-
Other foreign compagnies	nm	nm	nm	nm	1	1	-	-	nm	-

#### INVESTMENTS

As of December 31, 2007, investments held by Cap Gemini SA are not material

nm : not meaningful

The net income of subsidiaries and investments is not provided because disclosure would be prejudicial to the Company's commercial and financial strategy.

(1) As of December 31, 2007, the amount of guarantees and letters of comfort granted by the Company to its subsidiaries for financial facilities amounts to 304 million euros, of which 49 million euros have been used.

Cap Gemini SA is at the head of the French tax group made up of 24 companies. The impact of tax consolidation in 2007 is a benefit of 32 million euros. The book value at year end is the fair value for the group. This value is mainly calculated using discounted net cash flows adjusted by the net debt. A depreciation is booked when the fair value represents less than the gross book value.

## STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH THIRD PARTIES

YEAR ENDED DECEMBER 31, 2007

*This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity of Statutory Auditors of your Company, we are required to report to shareholders on the regulated agreements and commitments with third parties that have been disclosed to us. Our responsibility does not include identifying any undisclosed agreements or commitments.

We hereby inform you that we were not informed of any agreement or commitment subject to the provisions of article L.225-38 of the French Commercial Code (*Code de commerce*).

The Statutory Auditors

Neuilly-sur-Seine, February 14, 2008

**PricewaterhouseCoopers Audit**

Serge Villepelet

Edouard Sattler

Paris La Défense, February 14, 2008

**KPMG Audit**

*Division of KPMG S.A.*

Frédéric Quélin

**STATUTORY AUDITORS' REPORT ON THE CANCELATION OF SHARES BOUGHT BACK BY THE COMPANY**

(SHAREHOLDERS' MEETING OF APRIL 17, 2008 ON FIRST CALL)

*This is a free translation into English of the Statutory Auditors' special report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Cap Gemini S.A. and pursuant to the provisions of article L.225-209, paragraph 7 of the French Commercial Code (*Code de commerce*) relating to the cancellation of shares bought back by the Company, we hereby present our report with our comments on the reasons for and terms of the proposed capital reduction, as submitted to you for approval.

We performed the procedures we considered necessary in accordance with the professional standards of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such transactions. These procedures consisted in verifying that the reasons for and terms of the proposed capital reduction comply with the applicable legal provisions.

The proposed capital reduction would take place further to the buyback by the Company of up to 10% of its own shares, in accordance with article L. 225-209 of the French Commercial Code. The Board of Directors is seeking an 18-month authorization by the Shareholders' Meeting for this buyback program.

Shareholders are also asked to grant the Board of Directors full powers to cancel the shares acquired, provided that the aggregate number of shares canceled in any given period of 24 months does not exceed 10% of the Company's capital. These powers would be exercisable for a period of 24 months.

We have no comments to make on the reasons for or terms of the proposed capital reduction, the implementation of which depends on the Shareholders' Meeting approving the buyback by the Company of its own shares.

The Statutory Auditors

Neuilly-sur-Seine, March 14, 2008

**PricewaterhouseCoopers Audit**

Serge Villepelet

Edouard Sattler

Paris La Défense, March 14, 2008

**KPMG Audit**

*Division of KPMG S.A.*

Frédéric Quélin

# STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND/OR SECURITIES CONVERTIBLE, REDEEMABLE, EXCHANGEABLE OR OTHERWISE EXERCISABLE FOR SHARES WITH OR WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS (SHAREHOLDERS' MEETING OF APRIL 17, 2008 ON FIRST CALL)

*This is a free translation into English of the Statutory Auditors' special report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Cap Gemini S.A. and pursuant to articles L. 225-135, L. 225-136 and L. 228-92 of the French Commercial Code (Code de Commerce), we hereby present our report on the proposed delegations of authority to the Board of Directors to issue shares and/or securities as presented in the 14<sup>th</sup>, 15<sup>th</sup>, 16<sup>th</sup> and 17<sup>th</sup> resolutions, as submitted for your approval.

Based on its report, the Board of Directors is asking for authorization, for a period of 26 months, to decide on the issues set out below and set the terms and conditions thereof. Shareholders are also asked to waive their pre-emptive right to subscribe for shares under the 15<sup>th</sup> resolution.

## **1. Issue of shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for shares with or without pre-emptive subscription rights**

The 14<sup>th</sup> and 15<sup>th</sup> resolutions provide for the issue of shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company or granting a right to allocation of debt instruments with (14<sup>th</sup> resolution) or without (15<sup>th</sup> resolution) pre-emptive subscription rights for the shareholders.

The total nominal amount of capital increases that may be carried out immediately or in the future may not exceed €465 million (14<sup>th</sup> resolution) or €200 million (15<sup>th</sup> resolution). The aggregate amount of the issue of shares or securities convertible, redeemable, exchangeable or otherwise exercisable for shares or granting a right to allocation of debt instruments may not exceed €3.5 billion (14<sup>th</sup> resolution) or €1.5 billion (15<sup>th</sup> resolution).

The price of the shares or securities convertible, redeemable, exchangeable or otherwise exercisable for shares issued pursuant to the 15<sup>th</sup> resolution shall be at least equal to the weighted average price for the Company's shares during the three trading days preceding the date on which the price is set. This price may be reduced by a discount of up to 5%.

If the 16<sup>th</sup> resolution is adopted, the number of shares to be issued in connection with the 14<sup>th</sup> and 15<sup>th</sup> resolutions may be increased ("Greenshoe" option) under the conditions provided for by article L. 225-135-1 of the French Commercial Code and within the limits set out in said resolutions.

## **2. Issue of shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company or granting a right to allocation of debt instruments as payment for shares tendered to any public exchange offer (OPE).**

The 17<sup>th</sup> resolution provides that the Board of Directors may issue shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company, or granting a right to allocation of debt instruments, as payment for shares tendered to a public exchange offer made by the Company or for contributions in kind to the Company of shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company. These issues will be carried out within the limits provided for in the 15<sup>th</sup> resolution.

Shares or securities issued as payment for contributions in kind may not exceed 10% of the Company's current share capital.

Existing shareholders of the Company will not have a pre-emptive right to subscribe to any shares and/or other securities issued, as the exclusive purpose of said issues is to provide payment for contributions in kind and to the holders of securities tendered to public exchange offers made by the Company.

The Board of Directors is responsible for preparing a report in accordance with articles R. 225-113 and R. 225-114 of the French Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements, the proposed cancellation of the shareholders' pre-emptive subscription rights and other information regarding these issues, contained in this report.

We performed the procedures we considered necessary with regard to the professional standards of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such transactions. These procedures consisted in reviewing the content of the Board of Directors' report in respect of these issues and the methods used to determine the share issue price.

Subject to a subsequent examination of the conditions for the proposed issues, we have no comment to make on the methods used to set the share issue price, as presented in the 15<sup>th</sup> resolution. As this report does not provide the methods used for determining



the issue price for each issue pursuant to the 14<sup>th</sup> and 17<sup>th</sup> resolutions, we cannot express an opinion on the calculation of the share issue price.

As the share issue price has not yet been set, we do not express an opinion on the final terms and conditions of the share capital increases. As a result, we do not express an opinion on the proposed cancellation of shareholders' pre-emptive subscription rights in the 15<sup>th</sup> resolution.

In accordance with article R. 225-116 of the French Commercial Code, we will issue a supplementary report, if necessary, when the Board of Directors uses these authorizations, in the event of the issue without pre-emptive subscription rights of securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company or granting a right to allocation of debt instruments.

The Statutory Auditors

Neuilly-sur-Seine, March 14, 2008

**PricewaterhouseCoopers Audit**

Serge Villepelet

Edouard Sattler

Paris La Défense, March 14, 2008

**KPMG Audit**

*Division of KPMG S.A.*

Frédéric Quélin

# STATUTORY AUDITORS' REPORT ON THE ISSUE OF EQUITY WARRANTS WITHOUT CONSIDERATION WITHIN THE FRAMEWORK OF A PUBLIC OFFER CONCERNING THE COMPANY

(SHAREHOLDERS' MEETING OF APRIL 17, 2008 ON FIRST CALL)

*This is a free translation into English of the Statutory Auditors' special report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Cap Gemini S.A. and pursuant to the provisions of article L. 225-138 of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposed issue of equity warrants without consideration within the framework of a public offer concerning the Company, as submitted to you for approval.

Based on its report, the Board of Directors is asking for authorization, in accordance with article L. 233-32 II of the French Commercial Code, to decide:

- to issue warrants, subject to the provisions of article L. 233-32-II of the French Commercial Code, enabling subscription for one or several share(s) of the Company under preferential conditions and to allocate said warrants, without consideration, to all the Company's shareholders having shareholder status prior to the expiration of the public offer period,
- the conditions of exercise and the characteristics of the warrants.

The total nominal amount of the capital increase potentially resulting from the exercise of these warrants will be capped at 25% of the nominal amount of the share capital at the time of issue and the total number of warrants issued may not exceed the number of shares making up the share capital at the time the warrants are issued.

The Board of Directors is responsible for preparing a report on the proposed transaction, in accordance with articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements and certain other information regarding the issue contained in this report.

We performed the procedures we considered necessary in accordance with the professional standards of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such transactions. These procedures consisted in reviewing the content of the report of the Board of Directors in respect of this issue.

We have no comments to make as regards the information given in the report of the Board of Directors on the proposed issue of equity warrants within the framework of a public offer concerning the Company.

We will issue a supplementary report, if necessary, for confirmation by a Shareholders' Meeting, in accordance with article L. 233-32 III of the French Commercial Code and, pursuant to article R. 225-116 of said Code, when the Board of Directors uses this authorization.

The Statutory Auditors

Neuilly-sur-Seine, March 14, 2008

**PricewaterhouseCoopers Audit**

Serge Villepelet

Edouard Sattler

Paris La Défense, March 14, 2008

**KPMG Audit**

*Division of KPMG S.A.*

Frédéric Quélin

**STATUTORY AUDITORS' REPORT ON THE ALLOCATION OF SHARES (EXISTING OR TO BE ISSUED) TO EMPLOYEES OR CORPORATE OFFICERS OF THE COMPANY**

(SHAREHOLDERS' MEETING OF APRIL 17, 2008 ON FIRST CALL)

*This is a free translation into English of the Statutory Auditors' special report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Cap Gemini S.A. and pursuant to the provisions of article L. 225-197-1 of the French Commercial Code (Code de commerce), we hereby present our report on the proposed allocation of shares (existing or to be created) subject to the achievement of performance targets, to certain employees or corporate officers of Cap Gemini S.A. and related companies, within the meaning of article L. 225-197-2 of the French Commercial Code, as submitted to you for approval.

The Board of Directors is asking for authorization to allocate shares (existing or to be created), subject to the achievement of performance targets and is responsible for preparing a report on the proposed transaction. Our responsibility is to express an opinion on the information provided to you in connection with the proposed transaction.

In the absence of any professional standards applicable to this transaction arising from the legislative provisions laid down on December 30, 2004 and December 30, 2006, we performed the procedures we considered necessary. These procedures consisted, in particular, in verifying that the terms and conditions of the proposed transaction, as described in the report of the Board of Directors, comply with the applicable legal provisions.

We have no comments to make as regards the information given in the report of the Board of Directors on the proposed allocation of performance shares.

The Statutory Auditors

Neuilly-sur-Seine, March 14, 2008

**PricewaterhouseCoopers Audit**

Serge Villepelet

Edouard Sattler

Paris La Défense, March 14, 2008

**KPMG Audit**

*Division of KPMG S.A.*

Frédéric Quélin

# STATUTORY AUDITORS' REPORT ON THE ISSUANCE OF REDEEMABLE EQUITY WARRANTS (BSAAR) WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS (SHAREHOLDERS' MEETING OF APRIL 17, 2008 ON FIRST CALL)

*This is a free translation into English of the Statutory Auditors' special report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Cap Gemini S.A. and pursuant to articles L. 225-135, L. 225-138 and L. 228-92 of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposed delegation of authority to the Board of Directors to issue redeemable equity warrants (BSAAR) to employees and corporate officers of the Company and its subsidiaries, without pre-emptive subscription rights for the shareholders, as submitted to you for approval.

Based on its report, the Board of Directors is asking for authorization, for a period of 18 months, to decide on the implementation of the transaction and set the terms and conditions thereof. Shareholders are also asked to waive their pre-emptive subscription right to the shares that may be issued.

It is provided that:

- the Board of Directors will determine the characteristics of the warrants, including the subscription price, which will be set on the basis of the opinion of an independent appraiser, taking account of the usual factors affecting their value;
- one redeemable equity warrant will entitle the Beneficiary to subscribe for or purchase one share of the Company. The subscription or purchase price will be equal to at least 120% of the average closing prices quoted for the Company's shares over a period of 20 consecutive trading days preceding the date on which the terms and conditions of the issue and the characteristics of the equity warrants are decided;
- the maximum nominal amount of capital increases that may be carried out pursuant to this delegation may not exceed €24 million, corresponding to a maximum of 3 million shares of a nominal value of €8 each.

The Board of Directors is responsible for preparing a report in accordance with articles R. 225-113 and R. 225-114 of the French Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements, the proposed cancellation of the shareholders' pre-emptive subscription rights and other information regarding these issues, contained in this report.

We performed the procedures we considered necessary with regard to the professional standards of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such transactions. These procedures consisted in reviewing the content of the Board of Directors' report in respect of these issues and the methods used to determine the share issue price.

Subject to a subsequent examination of the conditions for the proposed capital increases, we have no comment to make as regards the methods used to set the share issue price, as presented in the Board of Directors' report.

As the share issue price has not yet been set, we do not express an opinion on the final terms and conditions of the share capital increase(s). As a result, we do not express an opinion on the proposed cancellation of shareholders' pre-emptive subscription rights.

In accordance with article R. 225-116 of the French Commercial Code, we will issue a supplementary report, if necessary, when the Board of Directors uses these authorizations.

The Statutory Auditors

Neuilly-sur-Seine, March 14, 2008

**PricewaterhouseCoopers Audit**

Serge Villepelet      Edouard Sattler

Paris La Défense, March 14, 2008

**KPMG Audit**

*Division of KPMG S.A.*

Frédéric Quélin

**STATUTORY AUDITORS' REPORT ON THE CAPITAL INCREASE RESERVED FOR MEMBERS OF COMPANY SAVINGS PLANS**

(SHAREHOLDERS' MEETING OF APRIL 17, 2008 ON FIRST CALL)

*This is a free translation into English of the Statutory Auditors' special report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Cap Gemini S.A. and in accordance with article L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposed delegation of authority to the Board of Directors to carry out a capital increase, on one or more occasions, via a share issue without pre-emptive subscription rights, not exceeding 6,000,000 shares reserved for members of Capgemini Group company savings plans, as submitted to you for approval.

This proposed capital increase is submitted for your approval pursuant to article L. 225-129-6 of the French Commercial Code and article L. 443-5 of the French Labor Code (*Code du travail*).

Based on its report, the Board of Directors is asking for authorization, for a period of 26 months, to decide on one or more capital increase(s). Shareholders are also asked to waive their pre-emptive subscription right to the shares that may be issued. The Board of Directors will, where appropriate, define the terms and conditions of this transaction.

The capital increase(s) decided pursuant to the 22<sup>nd</sup> and 23<sup>rd</sup> resolutions will be capped at 6,000,000 shares with a nominal value of €8 each.

The Board of Directors is responsible for preparing a report in accordance with articles R. 225-113 and R. 225-114 of the French Commercial Code. Our responsibility is to express an opinion on

the fairness of the financial information taken from the financial statements, the proposed cancellation of the shareholders' pre-emptive subscription rights and other information regarding these issues, contained in this report.

We performed the procedures we considered necessary with regard to the professional standards of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such transactions. These procedures consisted in reviewing the content of the Board of Directors' report in respect of these issues and the methods used to determine the share issue price.

Subject to a subsequent examination of the conditions for the proposed capital increases, we have no comment to make as regards the methods used to set the share issue price, as presented in the Board of Directors' report.

As the share issue price has not yet been set, we do not express an opinion on the final terms and conditions of the share capital increases. As a result, we do not express an opinion on the proposed cancellation of shareholders' pre-emptive subscription rights.

In accordance with article R. 225-116 of the French Commercial Code, we will issue a supplementary report, if necessary, when the Board of Directors uses these authorizations.

The Statutory Auditors

Neuilly-sur-Seine, March 14, 2008

**PricewaterhouseCoopers Audit**

Serge Villepelet      Edouard Sattler

Paris La Défense, March 14, 2008

**KPMG Audit**

*Division of KPMG S.A.*

Frédéric Quélin

## STATUTORY AUDITORS' REPORT ON THE CAPITAL INCREASE WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR THE SHAREHOLDERS

(SHAREHOLDERS' MEETING OF APRIL 17, 2008 ON FIRST CALL)

*This is a free translation into English of the Statutory Auditors' special report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors' of Cap Gemini S.A. and pursuant to the provisions of articles L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposed delegation of authority to the Board of Directors to carry out a capital increase by issuing up to 6,000,000 new shares, without pre-emptive subscription rights for the shareholders, reserved for Capgemini Employees Worldwide SAS, as submitted to you for approval.

Based on its report, the Board of Directors is asking for authorization, for a period of 18 months, to increase the share capital, on one or several occasions. Shareholders are also asked to waive their pre-emptive right to subscribe for the shares to be issued. If such authorization is granted, the Board of Directors will set the terms and conditions of the issue.

This transaction will allow the employees of certain non-French companies of Capgemini Group to participate in employee stock ownership plans under the same conditions as those offered under the 22<sup>nd</sup> resolution. The number of shares issued pursuant to this resolution will be capped at 2,000,000 shares and the total number of shares issued pursuant to the 22<sup>nd</sup> and 23<sup>rd</sup> resolutions may not exceed 6,000,000 shares with a nominal value of €8 each.

The Board of Directors is responsible for preparing a report on the proposed transaction, in accordance with articles R. 225-113 and R. 225-114 of the French Commercial Code. Our responsibility is

to express an opinion on the fairness of the financial information taken from the financial statements, the proposed cancellation of the shareholders' pre-emptive subscription rights and other information regarding the issues contained in this report.

We performed the procedures we considered necessary with regard to the professional standards of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such transactions. These procedures consisted in reviewing the content of the report of the Board of Directors in respect of this transaction and the methods used to set the share issue price.

Subject to a subsequent examination of the conditions for the proposed capital increase(s), we have no comments to make as regards the methods used to set the share issue price, as presented in the Board of Directors' report.

As the share issue price has not yet been set, we do not express an opinion on the final terms and conditions of the share capital increase(s). As a result, we do not express an opinion on the proposed cancellation of shareholders' pre-emptive subscription rights.

In accordance with article R. 225-116 of the French Commercial Code, we will issue a supplementary report, if necessary, when the Board of Directors uses these authorizations.

The Statutory Auditors

Neuilly-sur-Seine, March 14, 2008

**PricewaterhouseCoopers Audit**

Serge Villepelet

Edouard Sattler

Paris La Défense, March 14, 2008

**KPMG Audit**

*Division of KPMG S.A.*

Frédéric Quélin

# TEXT OF THE DRAFT RESOLUTIONS

PRESENTED BY THE BOARD OF DIRECTORS TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF APRIL 17, 2008

## I – RESOLUTIONS PRESENTED AT THE ORDINARY SHAREHOLDERS' MEETING

### First resolution

#### Approval of the 2007 Company financial statements

After hearing the following:

- the management report presented by the Board of Directors,
- the general report of the Statutory Auditors on their audit of the Company financial statements,

the General Shareholders' Meeting approves the Company financial statements for the year ended December 31, 2007, which show profit for the year of €496,620,020.93, and gives discharge to the Board of Directors for its management of the Company's affairs during the year.

### Second resolution

#### Approval of the 2007 consolidated financial statements

After hearing the following:

- the Group management report of the Board of Directors for 2007,
- the Statutory Auditors' report on the consolidated financial statements,

the General Shareholders' Meeting approves the consolidated financial statements for the year ended December 31, 2007, which show profit for the year of €440 million.

### Third resolution

#### Regulated agreements

After hearing the Statutory Auditors' special report on agreements governed by article L. 225-38 of the French Commercial Code (*Code de commerce*), the General Shareholders' Meeting records that no such agreement has been entered into during the past year.

### Fourth resolution

#### Appropriation of profit for the year and approval of dividend payout

The General Shareholders' Meeting approves the recommendations of the Board of Directors with regard to the appropriation of distributable profit for the year ended December 31, 2007 and accordingly decides to appropriate this distributable profit amounting to €496,620,020.93 as follows:

- to the legal reserve (to increase it to €116,340,408, i.e. 10% of share capital at December 31, 2007),  
an amount of ..... €1,074,961.60
- as a dividend to be paid to shareholders,  
an amount of €1 per share, i.e. .... €145,425,510
- and with the balance being allocated  
to retained earnings, i.e., ..... €350,119,549.33  
Making a total of ..... €496,620,020.93

Shareholders are reminded that the dividend accordingly set at €1 for each of the 145,425,510 shares bearing dividend rights at January 1, 2007 is fully eligible for the 40% tax rebate referred to in sub-paragraph 2 of paragraph 3 of article 158 of the French General Tax Code (*Code général des impôts*) for individuals subject to personal income tax in France.

It will be paid as from April 24, 2008. If the Company holds any of its own shares at the time of this dividend payment, the amount corresponding to the dividends that would have been paid in respect of these shares will be allocated to retained earnings.

Pursuant to article 243 bis of the French General Tax Code, the General Shareholders' Meeting notes that a dividend of €0.70 per share was paid for 2006 and a dividend of €0.50 per share was paid for 2005 (both fully eligible for the 40% tax rebate) and that no dividends were paid for 2004.

### Fifth resolution

#### Renewal of Pierre Hessler's term of office as a non-voting director

Based on the recommendation of the Board of Directors, the General Shareholders' Meeting renews for a two-year period the term of office of the non-voting director Pierre Hessler, whose current term of office expires at the close of this Meeting. Mr. Hessler's new term of office will expire at the close of the General Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2009.

### Sixth resolution

#### Renewal of Geoff Unwin's term of office as a non-voting director

Based on the recommendation of the Board of Directors, the General Shareholders' Meeting renews for a two-year period the term of office of the non-voting director Geoff Unwin, whose current term of office expires at the close of this Meeting. Mr. Unwin's new term of office will expire at the close of the General Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2009.

### Seventh resolution

#### Renewal of the appointment of a principal Statutory Auditor

Based on the recommendation of the Board of Directors, the General Shareholders' Meeting renews, for a six-year period, the appointment



of the principal Statutory Auditor PricewaterhouseCoopers Audit, 63 rue de Villiers, 92208 Neuilly-sur-Seine, France, whose current term of office expires at the close of this Meeting. The Statutory Auditor's new term of office will expire at the close of the General Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2013.

### **Eighth resolution**

#### **Renewal of the appointment of a principal Statutory Auditor**

Based on the recommendation of the Board of Directors, the General Shareholders' Meeting renews, for a six-year period, the appointment of the principal Statutory Auditor KPMG SA, 3 cours du Triangle, 92939 Paris-La Défense Cedex, France, whose current term of office expires at the close of this Meeting. The Statutory Auditor's new term of office will expire at the close of the General Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2013.

### **Ninth resolution**

#### **Appointment of a new substitute Statutory Auditor**

Based on the recommendation of the Board of Directors, the General Shareholders' Meeting appoints Etienne Boris, 63 rue de Villiers, 92208 Neuilly-sur-Seine, France, as substitute Statutory Auditor for PricewaterhouseCoopers Audit, to replace Philippe Gueguen. His term of office will expire at the same time as that of PricewaterhouseCoopers Audit.

### **Tenth resolution**

#### **Appointment of a new substitute Statutory Auditor**

Based on the recommendation of the Board of Directors, the General Shareholders' Meeting appoints Bertrand Vialatte, 1 cours Valmy, 92923 Paris-La Défense Cedex, France, as substitute Statutory Auditor for KPMG SA, to replace Guillaume Livet. His term of office will expire at the same time as that of KPMG SA.

### **Eleventh resolution**

#### **Authorization to be given to the Board of Directors to enable the Company to buy back its own shares within the limit of a number of shares equal to maximum of 10% of its share capital**

In accordance with articles L. 225-209 and seq. of the French Commercial Code and with European Commission Regulation no. 2273/2003 of December 22, 2003 and after hearing the report presented by the Board of Directors, the General Shareholders' Meeting grants the Board of Directors an authorization to enable the Company to buy back its own shares on the open market.

This authorization is given to allow the Company, if required:

- to enter into a share management process with an investment services provider within the scope of a liquidity agreement in accordance with the ethics charter recognized by the AMF,
- to award shares to employees and/or corporate officers (on the terms and by the methods provided for by law), in particular in connection with a plan involving the allocation of shares without consideration, a company savings plan or an international employee stock ownership plan,
- to remit the shares thus purchased to holders of securities convertible, redeemable, exchangeable or otherwise exercisable for Cap Gemini S.A. shares upon exercise of the rights attached thereto, in accordance with the applicable regulations,

- to purchase shares to be retained with a view to remitting them in future in exchange or payment for potential external growth transactions,
- to cancel the shares thus purchased subject to adoption of the twelfth resolution of the Extraordinary Shareholders' Meeting included in the agenda of this Shareholders' Meeting.

The transactions described above may be carried out by any method allowed under the applicable laws and regulations, including through the use of derivative instruments and by means of a block purchase or transfer of shares.

The share buybacks may be carried out at any time, except during the suspension periods specified in the applicable laws and regulations.

The General Shareholders' Meeting resolves that the maximum number of shares that may be acquired under this resolution may not exceed 10% of the Company's issued capital as of December 31, 2007, corresponding to 14,542,551 shares with a nominal value of €8 each. It is specified, however, that (i) within the context of this authorization, treasury stock should be taken into account to ensure that the Company does not own, at any time, over 10% of its own share capital, and (ii) treasury stock to be tendered in payment or exchange in the context of a merger, de-merger or contribution may not represent more than 5% of the share capital.

The General Shareholders' Meeting resolves that the maximum purchase price for shares under the buyback program may not exceed €70 per share of a nominal value of €8 and that the total funds invested in the share buybacks may therefore not exceed €1,017,978,570 (€70 x 14,542,551 shares).

In the case of a capital increase paid up by capitalizing additional paid-in capital, reserves, profit or other amounts by allocating shares without consideration during the period of validity of this authorization, as well as in the case of a stock-split or reverse stock-split, the above maximum price per share will be adjusted based on the ratio between the number of shares issued and outstanding before and after the transaction.

The General Shareholders' Meeting gives full powers to the Board of Directors (including the power of delegation subject to the applicable law) to:

- implement this authorization,
- place any and all buy and sell orders and enter into any and all agreements, in particular for the keeping of registers of share purchases and sales, in accordance with the applicable Stock Exchange regulations,
- carry out any and all filings and other formalities and generally do whatever is necessary.

The Board of Directors will be required to report to the shareholders at each Annual General Meeting on all of the transactions carried out during the year under this authorization.

This authorization is given for a period of 18 months as from the date of this Shareholders' Meeting and replaces the authorization

given in the seventh resolution adopted by the Ordinary Shareholders' Meeting of April 26, 2007.

## II – RESOLUTIONS PRESENTED AT THE EXTRAORDINARY SHAREHOLDERS' MEETING

### Twelfth resolution

#### **Authorization to the Board of Directors to cancel shares acquired by the Company under the share buyback programs**

After hearing the report of the Board of Directors and the Statutory Auditors' special report, the General Shareholders' Meeting authorizes the Board of Directors to:

- cancel – in accordance with article L. 225-209 of the French Commercial Code – on one or several occasions at its sole discretion, all or some of the Capgemini shares held by the Company, provided that the aggregate number of shares cancelled in any given period of twenty-four months does not exceed 10% of the Company's capital, and to reduce the capital accordingly,
- charge the difference between the purchase price of the cancelled shares and their nominal value to additional paid-in capital or any distributable reserves.

The General Shareholders' Meeting gives full powers to the Board of Directors to use the authorization given in this resolution, to amend the bylaws to reflect the new capital and to carry out all necessary formalities.

This authorization is granted for a period of 24 months as from the date of this Shareholders' Meeting, and replaces the authorization given in the eighth resolution adopted by the Extraordinary Shareholders' Meeting of April 26, 2007.

### Thirteenth resolution

#### **Delegation of authority to the Board of Directors to carry out a capital increase by capitalizing reserves**

In accordance with articles L. 225-129-2 and L. 225-130 of the French Commercial Code, and after hearing the report of the Board of Directors, the General Shareholders' Meeting:

- authorizes the Board of Directors to decide to increase the share capital on one or several occasions by capitalizing additional paid-in capital, reserves, profit or other amounts in the form of an allocation of shares without consideration or by raising the nominal value of existing shares,
- but decides that, within the scope of this authorization, the nominal amount of the increases in capital by capitalizing

reserves may not exceed €1.5 billion.

Within the scope of this authorization, the Board of Directors may decide that fractional rights will not be transferable, that the corresponding shares will be sold and that the proceeds from the sale will be allocated to the holders of said rights.

This authorization is given for a period of 26 months as from the date of this Shareholders' Meeting and replaces the delegation of authority given in the twenty-second resolution adopted by the Extraordinary Shareholders' Meeting of May 11, 2006.

### Fourteenth resolution

#### **Delegation of authority to the Board of Directors to issue shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company or granting a right to allocation of debt instruments with pre-emptive subscription rights**

In accordance with articles L. 225-129-2 and L. 228-92 of the French Commercial Code, and after hearing the report of the Board of Directors and the Statutory Auditors' special report, the General Shareholders' Meeting:

- authorizes the Board of Directors to decide, on one or several occasions, on the issue, in France or other countries, of new shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for shares, immediately and/or in the future, or granting a right to the allocation of debt instruments issued by the Company. These securities may be denominated either in euros, or in foreign currencies, or in any monetary unit established by reference to several currencies,
- resolves that the shares and securities issued within the scope of this authorization will be subject to the following ceilings:
  - the total nominal amount (excluding share premiums) of capital increases that may thus be carried out by issuing shares or securities convertible, redeemable, exchangeable or otherwise exercisable for shares may not exceed €465 million (approximately 40% of the share capital as of December 31, 2007), to which will be added, where applicable, the additional amount of the shares to be issued in order to preserve the rights of holders of securities convertible, redeemable, exchangeable or otherwise exercisable for shares as provided for by law. In the case of a share issue by capitalizing additional paid-in capital, reserves, profit or other amounts by allocating shares without consideration during the period of validity of this delegation of authority, the maximum nominal amount (excluding share premiums) referred to above will be adjusted based on the ratio between the number of shares issued and outstanding before and after the transaction,

- the aggregate amount of the issue of securities convertible, redeemable, exchangeable or otherwise exercisable for shares or granting a right to allocation of debt instruments may not exceed €3.5 billion,

- resolves that, if the Board of Directors makes use of this delegation of authority, the shareholders will have a pre-emptive right, in proportion to the amount of their shares, to subscribe for issues of shares or securities issued pursuant to this resolution, it being specified that if the subscriptions by shareholders pursuant to their priority rights pro rata to their existing holdings, as well as to any shares not taken up by other shareholders, do not cover the total value of the share issue, the Board of Directors may notably offer all or some of the shares not subscribed to the public,
- gives powers to the Board of Directors to charge the share issuance costs against the related premiums.

This delegation of authority is given for a period of 26 months as from the date of this Shareholders' Meeting and replaces the delegation of authority given in the twenty-third resolution adopted by the Extraordinary Shareholders' Meeting of May 11, 2006.

### **Fifteenth resolution**

#### **Delegation of authority to the Board of Directors to issue shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company or granting a right to allocation of debt instruments without pre-emptive subscription rights**

In accordance with articles L. 225-129-2, L. 225-135 and L. 228-92 of the French Commercial Code, and after hearing the report of the Board of Directors and the Statutory Auditors' special report, the General Shareholders' Meeting:

- authorizes the Board of Directors to decide, on one or several occasions, on the issue, in France or other countries, of new shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for shares, immediately and/or in the future, or granting a right to the allocation of debt instruments issued by the Company. These securities may be denominated either in euros, or in foreign currencies, or in any monetary unit established by reference to several currencies,
- resolves that the shares and securities issued within the scope of this authorization will be subject to the following ceilings:
  - the total nominal amount (excluding share premiums) of capital increases that may thus be carried out by issuing shares or securities convertible, redeemable, exchangeable or otherwise exercisable for shares may not exceed €200 million (approximately 17% of the share capital as of December 31, 2007), to which will be added, where applicable, the additional amount of the shares to be issued in order to preserve the rights of holders of securities convertible, redeemable, exchangeable or otherwise exercisable for shares as provided for by law. In the case of a share issue by capitalizing additional paid-in capital, reserves, profit or other amounts by allocating shares without consideration during the period of validity of this delegation of authority, the maximum nominal amount (excluding share premiums) referred to above

will be adjusted based on the ratio between the number of shares issued and outstanding before and after the transaction,

- the aggregate amount of the issue of securities convertible, redeemable, exchangeable or otherwise exercisable for shares or granting a right to allocation of debt instruments may not exceed €1.5 billion;
- resolves to eliminate the shareholders' pre-emptive subscription right to these shares and securities convertible, redeemable, exchangeable or otherwise exercisable for shares to be issued under this delegation of authority, giving the Board of Directors the power, however, to provide for a priority right for the shareholders to subscribe for said shares pursuant to the provisions of article L. 225-135 of the French Commercial Code and to set, in such event, the period for exercising the priority right,
- resolves that the price of the shares issued, or the shares to which the securities convertible, redeemable, exchangeable or otherwise exercisable for shares which are issued in accordance with this authorization may give the right, shall be at least equal to the weighted average price for the Company's shares during the three trading days preceding the date on which the price is set. This price may be reduced by a discount of up to 5%,
- authorizes the Board of Directors to charge the share issuance costs against the related premiums.

This delegation of authority is given for a period of 26 months as from the date of this Shareholders' Meeting and replaces the delegation of authority given in the twenty-fourth resolution adopted by the Extraordinary Shareholders' Meeting of May 11, 2006.

### **Sixteenth resolution**

#### **Delegation of authority to the Board of Directors to increase the amount of the issues in the scope of options for over-allocation («Greenshoe» options)**

After hearing the report of the Board of Directors and the Statutory Auditors' special report, the General Shareholders' Meeting resolves that, within the scope of the issues decided based on the authorizations granted to the Board of Directors pursuant to the fourteenth and fifteenth resolutions above, the number of shares to be issued in accordance with the terms and conditions of the relevant issue may be increased, if requests for shares exceed the number of shares on offer, under the conditions and within the limits provided for by articles L. 225-135-1 and R. 225-118 of the French Commercial Code and within the limit of the ceilings provided for in such resolutions.

### **Seventeenth resolution**

#### **Delegation of authority to the Board of Directors to issue shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company or granting a right to allocation of debt instruments as payment for shares tendered to any public exchange offer made by the Company or for contributions in kind to the Company of shares or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares**

In accordance with articles L. 225-147, L. 225-148, L. 225-129 and L. 228-92 of the French Commercial Code, and after hearing the report of the Board of Directors and the Statutory Auditors'

special report, the General Shareholders' Meeting:

- authorizes the Board of Directors to decide, on one or several occasions, on the issue of shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company or granting a right to the allocation of debt instruments as payment for shares tendered to any public exchange offer made by the Company in France or any other country concerning the shares of another company traded on one of the regulated markets set out in said article L. 225-148,
- delegates to the Board of Directors the powers required to carry out, within a limit of 10% of the Company's current share capital (subject to the specifications of the following paragraph), an issue of shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for shares or granting the right to allocation of debt instruments, as payment for contributions in kind made to the Company composed of shares or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares, where the provisions of article L. 225-148 of the French Commercial Code do not apply,
- resolves that the shares and securities issued within the scope of this authorization will be subject to the following ceilings:
  - the total nominal amount (excluding share premiums) of capital increases that may thus be carried out by issuing shares or securities convertible, redeemable, exchangeable or otherwise exercisable for shares may not exceed €200 million, to which will be added, where applicable, the additional amount of the shares to be issued in order to preserve the rights of holders of securities convertible, redeemable, exchangeable or otherwise exercisable for shares as provided for by law. In the case of a share issue by capitalizing additional paid-in capital, reserves, profit or other amounts by allocating shares without consideration during the period of validity of this delegation of authority, the maximum nominal amount (excluding share premiums) referred to above will be adjusted based on the ratio between the number of shares issued and outstanding before and after the transaction,
  - the aggregate amount of the issue of securities convertible, redeemable, exchangeable or otherwise exercisable for shares or granting a right to allocation of debt instruments may not exceed €1.5 billion,
- resolves that the issue of shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for shares or granting the right to allocation of debt instruments pursuant to this authorization shall be charged against the ceilings referred to in the second point of the fifteenth resolution above,
- notes that existing shareholders of the Company shall not have a pre-emptive right to subscribe for any shares and/or

other securities issued pursuant to this authorization, as the exclusive purpose of said issues shall be to provide payment for contributions in kind and to the holders of securities tendered to public exchange offers made by the Company,

- notes that the price of the shares and other securities issued under this authorization will be set based on the laws applicable to contributions in kind or public exchange offers,
- authorizes the Board of Directors, or a representative duly authorized in accordance with the law, to use this authorization and to charge the share issuance costs against the related premiums.

This authorization is given for a period of 26 months as from the date of this Shareholders' Meeting, and replaces the authorization given in the twenty-sixth resolution adopted by the Extraordinary Shareholders' Meeting of May 11, 2006.

### **Eighteenth resolution**

#### **General ceiling on the delegations of authority resulting from the four previous resolutions**

After hearing the report of the Board of Directors, the General Shareholders' Meeting resolves that the total amount of share issues that may be carried out pursuant to the authorizations given to the Board of Directors in the fourteenth, fifteenth, sixteenth and seventeenth resolutions above shall be as follows:

- the total nominal amount (excluding share premiums) of capital increases that may thus be carried out by issuing shares or securities convertible, redeemable, exchangeable or otherwise exercisable for shares may not exceed €465 million, to which will be added, where applicable, the additional amount of the shares to be issued in order to protect the rights of holders of securities convertible, redeemable, exchangeable or otherwise exercisable for shares as provided for by law, it being specified that this limit will not apply to capital increases by capitalizing additional paid-in capital, reserves, profit or other amounts. In the case of a capital increase by capitalizing additional paid-in capital, reserves, profit or other amounts by allocating shares without consideration during the period of validity of this delegation of authority, the maximum nominal amount (excluding share premiums) referred to above will be adjusted based on the ratio between the number of shares issued and outstanding before and after the transaction,
- the aggregate amount of the issue of securities convertible, redeemable, exchangeable or otherwise exercisable for shares or granting a right to allocation of debt instruments may not exceed €3.5 billion.

## **Nineteenth resolution**

### **Delegation of authority to the Board of Directors to issue equity warrants without consideration (“Breton” warrants) within the framework of a public offer to acquire the shares of the Company**

In accordance with articles L. 233-32 II and L. 233-33 of the French Commercial Code and after hearing the report of the Board of Directors and the Statutory Auditors’ special report, the General Shareholders’ Meeting:

1. authorizes the Board of Directors to decide, in the event of a public offer concerning the Company:
  - to issue warrants, on one or several occasions, in the proportions and at the times it deems appropriate, enabling subscription for one or several share(s) of the Company under preferential conditions,
  - to allocate said warrants, without consideration, to all the Company’s shareholders having shareholder status prior to the expiration of the public offer period, and
  - the conditions of exercise and the characteristics of the warrants, such as the exercise price and, more generally, the terms and conditions of any issue carried out pursuant to this resolution;
2. resolves that the Board of Directors shall, at the time the warrants are issued, justify said issue in a report drawn up by a bank having no common interests with the Company. The report must explain:
  - the circumstances and the reasons why the offer is contrary to the shareholders’ interests, and
  - the criteria and methods chosen to determine the exercise price of the warrants;
3. resolves that the total nominal amount of the capital increase potentially resulting from the exercise of these equity warrants would be capped at 25% of the nominal amount of the share capital at the time of the issue, it being specified that this ceiling is set independently of all other ceilings relating to the issue of equity instruments or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company authorized by this General Shareholders’ Meeting or a previous General Shareholders’ Meeting. This maximum amount will be increased by an amount corresponding to the nominal value of the securities required to make any adjustments that may be necessary in accordance with applicable legal and regulatory provisions (for example, in the event of a change in the nominal value of the shares, a capital increase paid up by capitalizing reserves, or the issue of new equity instruments with pre-emptive subscription rights for the shareholders) and, where appropriate, contractual provisions providing for other adjustments, in order to protect the rights of the holders of the warrants described above;
4. resolves that the total number of warrants issued may not exceed the number of shares making up the share capital at the time the warrants are issued;
5. resolves that this delegation of authority may only be used within the framework of a public offer concerning the Company;
6. resolves that the Board of Directors - or the Chief Executive

Officer pursuant to a sub-delegation of authority subject to the limitations set forth in the bylaws or under French law - will be given full powers to implement this delegation of authority.

The equity warrants will automatically lapse in the event that the public offer, and any competing offer, should fail, be withdrawn or lapse. Warrants having lapsed by operation of law will not be taken into account when calculating the maximum number of warrants that can be issued, as indicated in paragraph 4 above.

The General Shareholders’ Meeting notes that the shareholders will waive their pre-emptive subscription rights to the common shares of the Company underlying the warrants issued pursuant to this authorization.

This delegation of authority to the Board of Directors is valid for any and all issues of equity warrants within the framework of a public offer filed within a period of 18 months as from the date of this General Shareholders’ Meeting.

## **Twentieth resolution**

### **Authorization to be given to the Board of Directors to allocate performance shares to employees and corporate officers of the Company and its French and non-French subsidiaries**

In accordance with articles L. 225-197-1 and seq. of the French Commercial Code, and after hearing the report of the Board of Directors and the Statutory Auditors’ special report, the General Shareholders’ Meeting:

1. authorizes the Board of Directors – subject to the achievement of the performance target defined below and for a number of shares not exceeding 1% of the share capital as of the date of the decision - to allocate shares of the Company (existing or to be issued), to employees of the Company and its French and non-French subsidiaries;
2. resolves that up to 5% of this total number of performance shares (0.05% of the share capital) may also be allocated to corporate officers of the Company or its subsidiaries, it being specified that in this case, the shares may not be transferred by their beneficiary until the end of the beneficiary’s term of office within the Company, or on the Board of Directors of the Company or one of its subsidiaries;
3. resolves that these performance shares will only vest at the end of:
  - a) a period of two years, in which case the beneficiary will be required to hold the shares for an additional period of at least two years from the date on which they vest, or
  - b) a period of four years, in which case there will be no minimum holding requirement.The Board of Directors may decide between the above two options and apply them alternately or concurrently, depending on regulatory provisions in force in the country of residence of the beneficiaries. However, the shares will vest before the expiration of the above periods and with no minimum holding period in the event of the death or incapacity of a beneficiary, corresponding to a Category 2 or 3 disability in France, as defined in article L. 341-4 of the French Social Security Code;



4. resolves that the exact number of shares vesting at the end of the two- or four-year period (depending on whether option 3a) or option 3b) is chosen) following the date of initial notification of the allocation, will be equal to the number of shares indicated on the allocation notice, multiplied by the percentage of achievement of the chosen performance target, it being specified that:

- unless the Board of Directors subsequently makes a duly reasoned decision to the contrary, the performance target to be met in order for the shares to vest will be the performance of the Cap Gemini share (measured over the year preceding the date on which the shares vest) compared to the average performance, measured over the same period, of a basket of ten securities of listed companies operating in the same sector as the Group in at least five countries in which the Group is firmly established (France, the United States, India, etc.),
- this performance will be measured by comparing the market capitalization of Cap Gemini with the average market capitalization (expressed in euros and based on constant exchange rates) of the ten companies comprising the basket,
- no shares will vest if, during the year preceding the date on which the shares should have vested, the performance of the Cap Gemini share is less than 90% of said average performance,
- the number of shares which vest will be equal to:
  - 60% of the number of shares initially allocated if the performance of the Cap Gemini share is at least equal to 90% of said average performance,
  - 100% of the number of shares initially allocated if the performance of the Cap Gemini share is higher than or equal to 110% of said average performance,
 and where the performance of Cap Gemini varies between 90% and 110% of said average performance, 2% of additional shares will vest for each tenth of a percentage point within said range;

5. resolves that, by derogation, shares not subject to performance conditions may be allocated to certain employees, excluding members of the Group Management Board. These shares will be limited to 15% of the total number of shares allocated pursuant to this authorization and to 1,000 shares per beneficiary;

6. gives powers to the Board of Directors to implement this authorization, and in particular:

- to set the share allocation date,
- to draw up one or more list(s) of beneficiaries,
- to decide, in the event that transactions are carried out before the shares vest that affect the Company's issued capital, whether to adjust the number of the shares allocated in order to protect the rights of the beneficiaries and, if so, to define the terms and conditions of such adjustment,
- to draw any amount from the reserves and/or additional paid-

in capital of the Company in order to carry out the capital increase or increases following the definitive allocations of shares to be issued, to set the entitlement dates applicable to the new shares, and to amend the bylaws accordingly,

- to carry out all formalities and, more generally, to do whatever is necessary.

This authorization is given for a period of 12 months as from the date of this General Shareholders' Meeting.

### **Twenty-first resolution**

#### **Delegation of authority to the Board of Directors to issue redeemable equity warrants (BSAAR) to employees and corporate officers of the Company and its subsidiaries, without pre-emptive subscription rights for the shareholders**

In accordance with articles L. 228-91 et seq, L. 225-129 et seq. and L. 225-138 of the French Commercial Code, and after hearing the report of the Board of Directors and the Statutory Auditors' special report, the General Shareholders' Meeting:

- 1- authorizes the Board of Directors, or a representative duly authorized in accordance with the law, to decide to issue redeemable equity warrants (BSAAR), on one or several occasions;
2. sets at €24 million the maximum nominal amount of capital increases that may be carried out pursuant to this delegation, corresponding to a maximum of 3 million shares of a nominal value of €8 each. This amount does not take into account additional shares to be issued, where appropriate, to protect the rights of the holders of securities convertible, redeemable, exchangeable or otherwise exercisable for shares of the Company;
3. resolves, in accordance with article L. 225-138 of the French Commercial Code, to eliminate the shareholders' pre-emptive subscription right to these redeemable equity warrants and to reserve the right to subscribe for such warrants to employees and corporate officers of the Company and its French and non-French subsidiaries. The Board of Directors will draw up the list of persons eligible for redeemable equity warrants (the "Beneficiaries") and the maximum number of warrants that may be granted to each Beneficiary;
4. resolves that the Board of Directors (or the Chief Executive Officer pursuant to a delegation of authority by the Board) will determine:
  - a) the characteristics of the warrants, including the subscription price, which will be set on the basis of the opinion of an independent appraiser, taking account of the usual factors

affecting their value (such as the exercise price, period of non-transferability, exercise period, trigger price and redemption period of the warrants, the interest rates, dividend distribution policy, price and volatility of the Company's share), as well as the conditions of the issue and the terms and conditions of the issue agreement,

- b) the subscription or purchase price for the shares underlying the warrants, it being specified that one redeemable equity warrant will entitle the Beneficiary to subscribe for or purchase one share of the Company. The subscription or purchase price will be equal to at least 120% of the average closing prices quoted for the Company's shares over a period of 20 consecutive trading days preceding the date on which the terms and conditions of the issue and the characteristics of the equity warrants are decided;
5. notes that the shareholders will automatically waive their pre-emptive subscription rights to the shares issued upon the exercise of the redeemable equity warrants in favor of the holders of such warrants, in accordance with the last paragraph of article L. 225-132 of the French Commercial Code;
6. gives full powers to the Board of Directors, or a representative duly authorized in accordance with the law, to take all measures, enter into all agreements and accomplish all formalities with respect to completing the issue of the redeemable equity warrants, to report the completion of the resulting capital increases, update the bylaws, and make such amendments as it subsequently deems necessary to the issue agreement, subject to the consent of the warrant holders;
7. in accordance with article L. 225-138 of the French Commercial Code, the Board of Directors will prepare an additional report to be submitted to the next General Shareholders' Meeting, on the conditions in which this authorization has been used.

This authorization is given for a period of 18 months as from the date of this General Shareholders' Meeting.

## **Twenty-second resolution**

### **Delegation of authority to the Board of Directors to carry out a capital increase via a share issue reserved for members of Capgemini Group company savings plans (PEE)**

In accordance with articles L. 225-129-2, L. 225-138 and L. 225-138-1 of the French Commercial Code and articles L. 443-1 et seq. of the French Labor Code and in order to meet the requirements set forth in article L. 225-129-6 of the French Commercial Code, and after hearing the report of the Board of Directors and the Statutory Auditors' special report, the General Shareholders' Meeting:

1. authorizes the Board of Directors to (i) increase the capital, on one or more occasions, by issuing new shares or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares, reserved for members of a Capgemini Group company savings plan (PEE) and (ii) allocate without consideration, where appropriate, shares or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares, in total or partial substitution for the discount referred to in paragraph

3 below, in accordance with the conditions and subject to the limitations set forth in the fourth paragraph of article L. 443-5 of the French Labor Code, it being specified that the Board of Directors may sell existing treasury shares, under the same conditions, in total or partial substitution for this capital increase;

2. resolves that the number of shares potentially resulting from all of the share issues carried out pursuant to this authorization, including those resulting from the potential allocation without consideration of shares or securities convertible, redeemable, exchangeable or otherwise exercisable for shares in total or partial substitution for the discount, under the conditions set forth in article L. 443-5 of the French Labor Code, shall not exceed six million (6,000,000) shares. This number will be increased, where appropriate, by the number of additional shares to be issued in order to preserve the rights of holders of securities convertible, redeemable, exchangeable or otherwise exercisable for shares of the Company;
3. resolves that (i) the issue price for the new shares may not be higher than the average of the opening prices quoted for the Company's existing shares on the Eurolist market of Euronext Paris S.A. over the 20 consecutive trading days preceding the decision of the Board of Directors or the Chief Executive Officer setting the start date of the subscription period, or over 20% lower than said average; it is specified that the Board of Directors or the Chief Executive Officer may, where appropriate, reduce or eliminate any discount applied, to take into account legal and tax systems in countries other than France, or to allocate, without consideration, shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for shares of the Company in total or partial substitution for this maximum 20% discount, and (ii) the issue price for the securities convertible, redeemable, exchangeable or otherwise exercisable for shares of the Company shall be set in accordance with the provisions of paragraph 4 of article L. 443-5 and article R. 443-8-1 of the French Labor Code;
4. resolves to eliminate, in favor of the members of Capgemini Group company savings plans, the shareholders' pre-emptive subscription rights to the shares or securities convertible, redeemable, exchangeable or otherwise exercisable for shares of the Company that may be issued pursuant to this authorization and to waive all rights to shares and securities convertible, redeemable, exchangeable or otherwise exercisable for shares of the Company that may be allocated without consideration pursuant to this resolution;
5. gives full powers to the Board of Directors, or a representative duly authorized in accordance with the law, to:
  - decide whether the shares should be directly subscribed to by the employees participating in a Capgemini Group company savings plan or through a corporate mutual fund (FCPE) or an employee stock ownership mutual fund (SICAVAS),
  - determine the companies whose employees will be eligible for the subscription offer,
  - decide whether to set a time limit for the payment by the



- employees of their subscriptions,
- define the terms and conditions of membership of the Capgemini Group company savings plan(s); draw up or amend the plan rules,
- set the start and end dates of the subscription period and the share issue price,
- allocate, subject to the limitations set forth in article L. 443-5 of the French Labor Code, without consideration, shares or securities convertible, redeemable, exchangeable or otherwise exercisable for shares of the Company and determine the type of reserves, profit or paid-in capital to be capitalized,
- set the number of new shares to be issued and define rules for reducing subscriptions if they exceed the number of shares on offer,
- charge the issuance costs of the shares and other securities convertible, redeemable, exchangeable or otherwise exercisable for shares of the Company against the related premiums and deduct from the premiums the amounts necessary to raise the legal reserve to one-tenth of the new capital after each issue.

This authorization is given for a period of 26 months as from the date of this General Shareholders' Meeting, and replaces the authorization given in the twenty-eighth resolution adopted by the Extraordinary Shareholders' Meeting of May 11, 2006.

### **Twenty-third resolution**

**Delegation of authority to the Board of Directors to carry out a capital increase reserved for a Group company designated for this purpose and offering the employees of certain non-French subsidiaries that have not subscribed to Cap Gemini shares through a corporate mutual fund (FCPE) the possibility to participate in employee savings plans under similar conditions to those of the employees concerned by the previous resolution**

In accordance with articles L. 225-129-2 and L. 225-138 of the French Commercial Code, and after hearing the report of the Board of Directors and the Statutory Auditors' special report, the General Shareholders' Meeting:

1. notes that the employees of the non-French companies of Capgemini Group falling within the scope of article L. 233-16 of the French Commercial Code, whose registered office is located in a country where it would be difficult to implement the employee stock ownership plans referred to in the previous resolution due to legal or tax constraints are defined as «Employees of Non-French Companies»;
2. authorizes the Board of Directors to increase the Company's capital, on one or several occasions, by issuing shares reserved for Capgemini Employees Worldwide S.A.S., a French société

par actions simplifiée (simplified joint stock company) with a share capital of €100,000, having its registered office at 11 rue de Tilsitt, 75017 Paris, France, registered with the Paris Trade and Companies Registry under number 440 330 090 (hereinafter referred to as the «Beneficiary»);

3. resolves to eliminate, in favor of the Beneficiary, the shareholders' pre-emptive subscription rights to the shares that may be issued pursuant to this authorization;
4. resolves that the Board of Directors may not use such an authorization until the entire share capital of Capgemini Employees Worldwide S.A.S., has been transferred, on an unrestricted ownership basis, to one or several credit institutions or investment service providers;
5. resolves that, in the event that the Board uses this authorization, the issue price for the new shares subscribed to by the Beneficiary will be determined under the same conditions as the price for the shares offered to the members of Capgemini Group company savings plans pursuant to the previous resolution;
6. resolves that the capital increase(s) decided pursuant to this authorization may not give rise to the subscription of more than two million (2,000,000) shares and that the total number of shares issued pursuant to this resolution and the previous resolution will be capped at six million (6,000,000) shares with a nominal value of eight (8) euros each;
7. resolves that the Board of Directors, or a representative duly authorized in accordance with the law, will have full powers to use this delegation, on one or several occasions, to:
  - determine the subscription options that will be offered to the employees in each country concerned, taking account of local legal constraints, and select the relevant countries and subsidiaries whose employees will be eligible for the issue,
  - set the maximum number of shares to be issued, subject to the limitations set forth under this resolution, and record the final amount of each capital increase,
  - set the dates and all other terms and conditions of the capital increases including, in accordance with the law, the threshold below which subscriptions would not be reduced,
  - charge the share issuance costs against the related premiums and deduct from the premiums the amounts necessary to raise the legal reserve to one-tenth of the new capital after each issue.

This authorization is given for a period of 18 months as from the date of this General Shareholders' Meeting.

## **Twenty-fourth resolution**

### **Updating the bylaws to bring the time limit for reporting the crossing of the disclosure thresholds specified therein into line with the time limit for reporting the crossing of legal disclosure thresholds**

The General Shareholders' Meeting resolves to bring the time limit for reporting the crossing of the disclosure thresholds specified in the bylaws into line with the time limit for reporting the crossing of legal disclosure thresholds, by amending the first paragraph of article 10 of the Company's bylaws (relating to disclosure thresholds) to read as follows:

*“When an individual or corporate shareholder crosses the disclosure threshold of 1% of the share capital or the voting rights and then any multiple of said percentage, up to one third of the share capital or the voting rights, said shareholder must inform the Company of the total number of shares and voting rights held by that shareholder, by registered letter with acknowledgement of receipt, within five trading days of the threshold being crossed.”*

## **Twenty-fifth resolution**

### **Powers to carry out formalities**

After hearing the report of the Board of Directors, the General Shareholders' Meeting authorizes the bearer of a copy or extract of the minutes of this meeting to execute all filing, publication and other formalities required under French law.

# SPECIFIC INFORMATION

## Company name and head office

Name: Cap Gemini

Head office: 11, rue de Tilsitt, 75017 Paris, France

## Legal form and governing law

The company is a *société anonyme* governed by the French Companies Act of July 24, 1966 (Law no. 66-537) and Decree no. 67-236 of March 23, 1967 (modified by Decree no. 2006-1566 of December 11, 2006).

Date of incorporation and term

The Company was incorporated on September 17, 1984. It was registered on October 4, 1984.

The Company was set up for a period of ninety-nine years from the date of its registration. It may be wound up in advance or have its term extended by decision of the Extraordinary Shareholders' Meeting.

## Corporate purpose (article 3 of the bylaws)

The Company's purpose is to assist companies in France and abroad in managing and developing their businesses by providing them with the benefit of its knowledge of their industry, its knowhow in the area of business process engineering and re-engineering, and its expertise in the area of information technologies.

To fulfill this purpose, the Company carries out on behalf of clients, either directly or through its subsidiaries or affiliates, one or more of the following activities, on an individual or integrated basis:

### 1. Management consulting

Working closely with clients, the Company provides change management assistance to companies by helping them to redefine or redirect their strategy, change their product and service lines, re-engineer their structures and business processes, restore staff motivation and achieve other changes. To this end, the Company uses all the possibilities offered by the latest information technologies wherever appropriate.

### 2. Information systems development

The Company designs and installs information systems. Its services include the development of customized software, the installation of software applications available on the market or developed internally, the integration of systems incorporating hardware, communication systems, customized software, software packages and other components. The Company also supports clients' IT projects by providing consulting, project management, training and assistance services.

### 3. Outsourcing

The Company manages all or part of its clients' IT resources on their

behalf. Where requested by clients, the Company may perform all or part of this service using its own hardware, telecommunications systems and other equipment.

The Company may also manage the IT-based services offered to its clients' own clientele. In addition, it may work in partnership with clients within a structure conducting all or some of these activities.

In order to fulfill its corporate purpose, the Company may decide to:

- create specialist subsidiaries or acquire interests in the capital of other companies and manage their business in exchange for a fee. Management services include the provision of technical, marketing, legal and financial assistance, promotion of a consistent image, organization of financial structures, assistance in negotiations to help these companies win new contracts, training, research and development support, etc.,
- invest and manage the Company's available funds, make cash advances, and provide any and all guarantees or collateral on behalf of subsidiaries and affiliates,
- obtain or acquire and use any and all patents and manufacturing processes and sell, contribute or license any such patents and processes.

In broader terms, the Company's purpose is to carry out any and all commercial, industrial, securities, real estate or financial transactions related directly or indirectly to any of the above purposes or any similar or related purpose or which is likely to facilitate the fulfillment or furtherance of said purposes.

## Incorporation details

The Company is registered with the Paris Companies Registry (*Registre du Commerce et des Sociétés*) under number 330 703 844. APE business identifier code: 741 J.

## Consultation of legal documents

Documents relating to the Company, including the bylaws, the financial statements, the reports of the Board of Directors (or the Directoire, from May 24, 1996 through May 23, 2000) to the General Shareholders' Meetings, and the Statutory Auditors' reports are available for consultation at the Company's head office at 11, rue de Tilsitt, 75017 Paris, France.

## Fiscal year

The Company's fiscal year commences on January 1 and ends on December 31.

## Appropriation and distribution of earnings

The General Shareholders' Meeting has sole discretionary powers to decide on the appropriation of distributable income, as defined

by French company law. Consequently, the General Shareholders' Meeting may decide to appropriate all or part of distributable earnings to revenue reserves, special reserves or retained earnings, or to distribute all or part of the amount to shareholders.

The General Shareholders' Meeting also decides the terms and conditions of payment of dividends. In particular, shareholders may be offered a stock dividend alternative, in which case the related dividends will be paid in the form of new shares credited as fully paid, in compliance with the applicable laws and regulations. The above provisions also apply to the distribution of interim dividends, subject to compliance with French company law.

In addition, the General Shareholders' Meeting may decide to distribute a dividend out of distributable reserves, subject to compliance with French company law.

### **General Shareholders' Meetings**

Shareholders may participate in General Meetings in person, by proxy or by casting a postal vote, subject to submitting evidence of their identity and ownership of the shares. Ownership of the shares is evidenced by an entry in the Company's share register in the name of the shareholder (or of the intermediary acting on their behalf if they are domiciled outside France), or in the register of bearer shares held by the applicable authorized intermediary. Such entries must be recorded by 12:00 a.m. (Paris time) on the third working day preceding the Meeting and any related notices must be filed at the address indicated in the notice of meeting.

Shareholders who have informed the Company that they wish to participate in a Meeting in person, by proxy or by casting a postal vote may not alter their method of participation. However, attendance at a Meeting by a shareholder in person shall cancel any proxy or postal votes cast.

To be taken into account, postal votes or proxy forms must be received by the Company at least three days prior to the date of the Meeting.

Where a shareholder has given proxy to a third party and has also sent in a postal voting form, if there is any difference in the two votes, the postal vote will be taken into account and the proxy ignored.

### **Disclosure thresholds**

The Extraordinary Shareholders' Meeting of April 25, 2002 added specific disclosure obligations to the Company's bylaws. The bylaws now state that shareholders are required to notify the Company if their interest in the Company's capital or voting rights is increased to above or reduced to below 1% or any multiple thereof. In the event of failure to comply with these disclosure rules, at the request

of one or several shareholders with combined holdings representing at least 1% of the Company's capital or voting rights, the undisclosed shares will be stripped of voting rights. Said sanction will apply for all General Shareholders' Meetings for a period of two years from the date on which the failure to disclose is rectified. Said request and the decision of the General Shareholders' Meeting must be recorded in the minutes of the Meeting.

### **Shareholder identification**

The Company is authorized to obtain details of identifiable holders of bearer shares.

The Extraordinary Shareholders' Meeting of April 25, 2002 added a new article to the Company's bylaws according to which the Company may request from the share transaction clearing organization, the name, address, nationality and year of birth for an individual or the name, address and date of registration for a Company, of any holders of shares and securities convertible, exchangeable, redeemable or otherwise exercisable for shares carrying voting rights at General Shareholders' Meetings. The Company may also obtain details of how many shares are held by each shareholder and any applicable restrictions on said shares.

### **Voting rights**

The voting right attached to shares is proportionate to the capital represented by the shares. All shares have the same par value and they therefore all carry one vote per share.

No shares have double voting rights.

There are no bonus shares. All registered and bearer shares carry one vote per share.

### **Changes in share capital and related rights**

Changes in the capital or the rights attached to shares may be carried out subject to compliance with French company law and the specific provisions of the bylaws, summarized below.

## **SHARE CAPITAL**

### **Amount of capital**

As of December 31, 2007, the Company's share capital amounted to €1,163,404,080, represented by 145,425,510 fully paid-up common shares with a par value of €8 each.

Shares may be issued in either registered or bearer form, at the shareholder's discretion.

### **Financial authorizations**

#### **Financial authorizations currently applicable**

The Ordinary and Extraordinary Shareholders' Meeting of May 11, 2006 authorized the Board of Directors to carry out various

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transactions in respect of the Company's capital. Under these authorizations, the Board of Directors may increase capital by a

maximum nominal amount of €450 million (excluding capital increase through capitalization of retained earnings or reserved for

employees) and carry out issues for an aggregate amount of €3 billion, subject to the limits indicated in the following table:

<b>Type of securities</b>	<b>Maximum amount (in euros)</b>	<b>Date of authorization</b>	<b>Expiration date of authorization</b>
Common shares paid up by capitalizing retained earnings, income or additional paid-in capital	1.5 billion (nominal value)	May 11, 2006	July 11, 2008
Common shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company, or granting a right to allocation of debt instruments, with PSR	450 million (nominal value) (1) 3 billion (2)	May 11, 2006	July 11, 2008
Common shares and/or other securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company, or granting a right to allocation of debt instruments, without PSR (3)	200 million (nominal value) (1) 1.5 billion (2)	May 11, 2006	July 11, 2008
Common shares without PSR (French law on employee savings plans)	28 million (nominal value)	May 11, 2006	July 11, 2008

PSR = pre-emptive subscription rights

- (1) Ceiling for increases in the Company's share capital (nominal value) permissible through the issuance of shares or of securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company.
- (2) Overall ceiling for the issuance of securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company, or granting a right to allocation of debt instruments.
- (3) Including those issued to provide payment for shares/securities tendered to a share exchange offer initiated by the Company for shares in a company listed on a regulated market, or as payment for contributions in kind to the Company of shares and/or securities. Apart from the specific ceilings set out in the table above, capital increases carried out as payment for contributions in kind are also capped at 10% of the Company's current share capital.

In the event that securities are issued without pre-emptive subscription rights, shareholders may be given a non transferable priority right to subscribe for the securities by the Board of Directors.

The Board of Directors did not issue any shares further to a delegation of authority during 2007.

## Proposed renewals of financial authorizations (Ordinary and Extraordinary Shareholders' Meeting of April 17, 2008)

The Board of Directors will propose the renewal of the existing delegations of authority to the Ordinary and Extraordinary Shareholders' Meeting of April 17, 2008. The overall limits on the amounts of the issues that may be decided pursuant to the new delegations of authority given to the Board would increase slightly (except for the authorization to implement capital increases paid up by capitalizing retained earnings and the authorization to issue new shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company or granting a right to allocation of debt instruments, without pre-emptive subscription rights) in order to reflect growth over the last two years and the current level of equity within the Group. The new limits would be as follows:

- a maximum nominal amount of €465 million (i.e., approximately 40% of the Company's share capital as of December 31, 2007) for capital increases with pre-emptive subscription rights (compared to €450 million under the previous delegation), enabling the share capital to be increased to a maximum nominal amount of approximately €1.6 billion, and a maximum of €3.5 billion in

total issuance amounts (compared to €3 billion under the previous delegation);

- a maximum nominal amount of €200 million for capital increases without pre-emptive subscription rights (the same amount as under the previous delegation), enabling the share capital to be increased to a maximum nominal amount of approximately 1.4 billion, and a maximum of €1.5 billion in total issuance amounts (the same amount as under the previous delegation); In other words, in the event of the elimination of pre-emptive subscription rights, the total nominal amount of capital increases (unchanged from the previous delegation) would be capped at approximately 17% of the share capital as of December 31, 2007.

The proposed delegations of authority to be submitted for approval at the Ordinary and Extraordinary Shareholders' Meeting of April 17, 2008 will enable the Board of Directors to increase capital by a maximum nominal amount of €465 million (excluding the capitalization of retained earnings) and carry out issues for an aggregate amount of €3.5 billion, subject to the limits indicated in the following table:

Type of securities	Maximum amount (in euros)	Date of authorization	Expiration date of authorization
Common shares paid up by capitalizing retained earnings, income or additional paid-in capital	1.5 billion (nominal value)	April 17, 2008	June 17, 2010
Common shares and/or securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company, or granting a right to allocation of debt instruments, with PSR	465 million (nominal value) (1) 3.5 billion (2)	April 17, 2008	October 17, 2010
Common shares and/or other securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company, or granting a right to allocation of debt instruments, without PSR (3)	200 million (nominal value) (1) 1.5 billion (2)	April 17, 2008	June 17, 2010

PSR = pre-emptive subscription rights

- (1) Ceiling for increases in the Company's share capital (nominal value) permissible through the issuance of shares or of securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company.
- (2) Overall ceiling for the issuance of securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company, or granting a right to allocation of debt instruments.
- (3) Including those issued to provide payment for shares/securities tendered to a share exchange offer initiated by the Company for shares in a company listed on a regulated market, or as payment for contributions in kind to the Company of shares and/or securities. Apart from the specific ceilings set out in the table above, capital increases carried out as payment for contributions in kind are also capped at 10% of the Company's current share capital.

### New share equivalents (Ordinary and Extraordinary Shareholders' Meeting of April 17, 2008)

The following delegations of authority will be submitted for approval at the Ordinary and Extraordinary Shareholders' Meeting of April 17, 2008 allowing the Board of Directors to:

- issue equity warrants without consideration («Breton warrants») within the framework of a public offer to acquire the shares of the Company. This authorization would require shareholders to waive their pre-emptive subscription rights to the shares of the Company underlying the warrants. The number of issuable warrants would be limited to the number of shares comprising the share capital at the issue date and the total amount of the increase in capital resulting from the exercising of the warrants would be capped at 25% of the Company's share capital;
- grant performance-related shares to the employees and corporate officers of the Company and its subsidiaries. The number of shares granted may not represent more than 1% of the Company's

nominal share capital as of the date of the Board's decision.

- issue redeemable equity warrants (BSAARs) to the employees and corporate officers of the Company and its subsidiaries. The nominal amount of the resulting increase in capital is capped at €24 million (i.e., 3 million shares or 2.06% of share capital at December 31, 2007);
- carry out a capital increase via a share issue reserved for employees of the Group (both members and non-members of Group savings plans). The nominal amount of this increase in capital may not exceed €48 million (i.e., 6 million shares or 4.12% of the Company's share capital at December 31, 2007).

The following tables summarize the aforementioned delegations of authority:

Type of securities	Maximum amount (in euros)	Date of authorization	Expiration date of authorization
Common shares paid up upon exercise of the stock options issued in the event of a public exchange offer for the Company's shares	25% of the nominal amount of share capital at the issue date	April 17, 2008	October 17, 2009
Performance-related shares	1% of the nominal amount of share capital as of the grant date	April 17, 2008	April 17, 2009
Common shares paid up upon issue of redeemable equity warrants (BSAARs)	24 million (nominal value)	April 17, 2008	June 17, 2009
Common shares issued within the scope of the international employee share ownership plan:			
a) members of Group savings plans	48 million (nominal value) (1)	April 17, 2008	June 17, 2010
b) not restricted to members of Group savings plans, but subject to similar conditions	16 million (nominal value) (1)	April 17, 2008	October 17, 2009

(1) The total amount of increases in the Company's share capital pursuant to a) and b) is capped at a maximum nominal amount of €48 million



## Share equivalents

### Stock options

At the May 23, 2000 and May 12, 2005 Annual Shareholders' Meetings, the Board of Directors were given a five-year authorization in respect of the May 23, 2000 plan ("2000 Plan"), and an authorization period of 38 months in respect of the

May 12, 2005 plan ("2005 Plan"), to grant stock options to certain Group employees on one or several occasions.

The main features of these plans and their bases of calculation are set out in the table below:

### Summary presentation

	2000 Plan (plan no. 5)	2005 Plan (plan no. 6)	Total
Date of Shareholders' Meeting	May 23, 2000	May 12, 2005	
Total number of stock options that may be subscribed	12,000,000	6,000,000	
First options granted on:	September 1, 2000	October 1, 2001	October 1, 2005
Exercise period	6 years	5 years	5 years
Exercise price as a % of the average of prices quoted for Cap Gemini shares over twenty days preceding the grant date	80%	100%	100%
Exercise price per share:			
– Minimum	139.00	21.00	30.00
– Maximum	139.00	40.00	55.00
Number of shares at December 31, 2006 that may be subscribed in respect of options previously granted and not yet exercised	6,665,265	3,853,445	10,518,710
Number of new options granted during the year	Plan terminated	2,332,500	2,332,500
Number of options that lapsed or were cancelled during the year	850,486	365,850	1,216,336
Number of options exercised at December 31, 2007	1,296,776 (1)	46,925 (2)	1,343,701
Number of shares at December 31, 2007 that may be subscribed in respect of options granted previously that have not been exercised	4,518,003 (3)	5,773,170 (4)	10,291,173
Weighted average residual life	1.68	3.84	

(1) At December 31, 2007, the following stock options had been exercised: 834,959 stock options granted at a price of €24, 101,150 stock options granted at a price of €40, 30,874 stock options granted at a price of €31 euros, 231,894 stock options granted at a price of €21 euros, and 97,899 stock options granted at a price of €27.

(2) Representing 45,825 stock options purchased at a price of €30 and 1,100 stock options purchased at a price of €43.

(3) Representing 752,350 shares purchased at a price of €40, 201,842 shares at €31, 2,455,161 shares at €21 and 1,108,650 shares at €27.

(4) Representing 1,574,870 shares purchased at a price of €30, 1,950,800 shares at €43, 323,000 shares at €55 and 1,924,500 shares at €44.

The Group has no contractual or implicit obligations to purchase or settle the options in cash.

In the event of a notice of authorization of a tender offer or public exchange offer for some or all of the Company's shares published by Euronext, option holders would be entitled, if they so wish, to exercise all of their remaining unexercised options immediately.

The potential number of shares to be created on the exercise of options outstanding as of December 31, 2007 totaled 10,291,173. If all of these options were exercised at December 31, 2007, the dilutive effect would be 6.61% irrespective of whether the exercise price is higher than the market price and irrespective of the exercise date. If only "in-the-market" stock options are taken into account, i.e., stock options with an exercise price that is lower than the market share price at December 31, 2007 (€43), and irrespective of the exercise date, the dilutive effect would be 4.02%.

### Issuance of bonds convertible into new shares and/or exchangeable for existing Cap Gemini S.A. shares (OCEANES)

On June 24, 2003, Cap Gemini S.A. issued bonds convertible into new shares and/or exchangeable for existing shares maturing on January 1, 2010 (OCEANE 2003) in the amount of €460 million. The 9,019,607 OCEANES created on July 2, 2003 have a nominal

value of €51 each. A prospectus concerning this bond issue was approved by the *Commission des Opérations de Bourse* on June 24, 2003 under number 03-607.

On June 16, 2005, Cap Gemini S.A. issued bonds convertible into new shares and/or exchangeable for existing shares maturing on January 1, 2012 (OCEANE 2005) in the amount of €437 million. The 11,810,810 OCEANES created on June 24, 2005 have a nominal value of €37 each.

A prospectus concerning this bond issue was approved by the French Financial Markets Authority (AMF) on June 16, 2005 under number 05-564.

If these bonds were converted into new Cap Gemini shares as of December 31, 2007, the dilutive impact would be 12.53%. It should, however, be pointed out that the potential dilutive impact of the 2003 OCEANES would be fully neutralized if the Company exercised its stock options acquired on June 27, 2005. In this case, the dilutive impact of the 2005 OCEANES would be 7.51%.

### Other securities giving access to the Company's capital

As of December 31, 2007, if the maximum number of potential shares was issued through the exercise of stock options and the conversion of OCEANE bonds issued in 2003 and 2005, the dilutive impact would be 17.63% (11.79% taking into account the dilutive impact of the 2005 OCEANES only).

### Changes in the Company's capital over the past five years

	Number of shares	Share capital (in euros)	Additional paid-in capital (in euros)
<b>AS OF JANUARY 1, 2003</b>	<b>125,479,105</b>	<b>1,003,832,840</b>	<b>11,771,737,543</b>
<b>Net loss for 2002 and losses brought forward from prior year</b>	-	-	(5,806,779,517)
<b>Capital reduction:</b>			
– by cancellation of shares returned by former Ernst & Young partners who have left the Group	(41,360)	(330,880)	(1,193,207)
<b>Increase in share capital:</b>			
– upon the public exchange offer for Transiciel shares	5,689,304	45,514,432	156,114,502
– share issuance costs charged against additional paid-in capital	-	-	(4,675,700)
<b>Issuance of shares for cash:</b>			
– shares issued upon exercise of stock options	38,300	306,400	612,800
<b>AS OF DECEMBER 31, 2003</b>	<b>131,165,349</b>	<b>1,049,322,792</b>	<b>6,055,816,421</b>
<b>Increase in share capital:</b>			
– shares issued upon extension of the public exchange offer for Transiciel shares	211,129	1,689,032	5,793,380
– share issuance costs charged against additional paid-in capital	-	-	(679,180)
<b>Issuance of shares for cash:</b>			
– shares issued upon exercise of stock options	6,700	53,600	107,200
<b>AS OF DECEMBER 31, 2004</b>	<b>131,383,178</b>	<b>1,051,065,424</b>	<b>6,061,037,821</b>
<b>Net loss for 2004 and losses for the prior year charged against additional paid-in capital</b>	-	-	(990,396,277)
<b>Issuance of shares for cash:</b>			
– shares issued upon exercise of stock options	198,800	1,590,400	3,094,400
<b>AS OF DECEMBER 31, 2005</b>	<b>131,581,978</b>	<b>1,052,655,824</b>	<b>5,073,735,944</b>
<b>Increase in share capital:</b>			
– upon exercise of the warrants issued during the public exchange offer for Transiciel shares	312,127	2,497,016	8,564,765
– share issuance costs charged against additional paid-in capital	-	-	(237,000)
<b>Issuance of shares for cash:</b>			
– By subscription of 11,397,310 shares issued at 44.5 euros	11,397,310	91,178,480,	416,001,815
– share issuance costs charged against additional paid-in capital	-	-	(8,735,175)
– shares issued upon exercise of stock options	790,393	6,323,144	12,629,847
<b>AS OF DECEMBER 31, 2006</b>	<b>144,081,808</b>	<b>1,152,654,464</b>	<b>5,501,960,196</b>
<b>Increase in share capital:</b>			
Share issuance costs	-	-	(67 499)
<b>Issuance of shares for cash:</b>			
- shares issued upon exercise of stock options	1,343,701	10,749,608	23,227,599
- shares issued upon conversion of OCEANE bonds	1	8	29
<b>AS OF DECEMBER 31, 2007</b>	<b>145,425,510</b>	<b>1,163,404,080</b>	<b>5,525,120,325</b>

## Current ownership structure

The ownership structure as of December 31, 2007 is presented on page 17. No shares carry double voting rights.

As of December 31, 2007, the Company held 127,040 of its own shares acquired under the liquidity contract which was set up by CA Cheuvreux. In accordance with French company law, these shares are stripped of their voting rights.

As of December 31, 2007, there were 1,587 holders of registered shares.

As of December 31, 2007, on the basis of information received by the Company, no shareholder held, directly or indirectly, more than 5% of the share capital or rights to vote in the Shareholders' meetings of our Company.

In accordance with article 10 of the Company's bylaws, the companies listed below made the following disclosures to the Company during the 2007 fiscal year:

- Barclays Bank Plc disclosed that it had exceeded the threshold

of 1% of the Company's capital and voting rights;

- Natexis Asset Management disclosed that it had exceeded the threshold of 3% of the Company's capital and voting rights;
- Crédit Agricole Asset Management disclosed that it had exceeded the threshold of 3%, then 4% of the Company's capital and voting rights;
- UBS Investment Bank disclosed that it had exceeded the threshold of 2%, then 4%, and had subsequently successively fallen below the threshold of 3%, then 2%, and then 1%, and then exceeded the threshold of 1%, and then fallen below the threshold of 1%, and then exceeded the threshold of 1%, and finally fallen below the threshold of 1% of the Company's capital and voting rights;
- Crédit Suisse disclosed that it had exceeded and then fallen below the threshold of 1%, and had subsequently successively exceeded and fallen below the threshold of 1%, and exceeded and then fallen below the threshold of 1%, and exceeded and then fallen below the threshold of 1%, and exceeded and then fallen below the threshold of 1%, and finally exceeded the threshold of 1% of the Company's capital and voting rights.

Shares held by members of the Board of Directors represent 4% of the Company's capital.

## Changes in ownership structure over the last three years

	As of December 31, 2005			As of December 31, 2006			As of December 31, 2007		
	Number of shares	% interest	% voting rights	Number of shares	% interest	% voting rights	Number of shares	% interest	% voting rights
Wendel Investissement	2,068,514	1.6	1.6	NS	NS	NS	NS	NS	NS
Serge Kampf	6,121,641	4.6	4.6	5,951,641	4.1	4.1	5,568,156	3.8	3.8
Paul Hermelin	140,048	0.1	0.1	140,048	0.1	0.1	185,048	0.1	0.1
Public (1) (bearer + registered)	123,165,891	93.6	93.7	137,909,839	95.8	95.8	139,545,266	96.0	96.0
Treasury stock (2)	85,884	0.1	0	80,280	NS	NS	127,040	0.0	0.0
Own shares	-	-	-	-	-	-	-	0.08	0.08
<b>TOTAL</b>	<b>131,581,978</b>	<b>100.0</b>	<b>100.0</b>	<b>144,081,808</b>	<b>100.0</b>	<b>100.0</b>	<b>145,425,510</b>	<b>100.0</b>	<b>100.0</b>

(1) Including capital held by managers, particularly those who have exercised stock options in the past and retained their shares, as well as shares received in May 2000 by former Ernst & Young Consulting partners who became Group employees after the acquisition of the Ernst & Young Consulting businesses.

(2) As of December 31, 2007, the Company held 127,040 of its own shares which were acquired under the liquidity contract set up by CA Cheuvreux. These shares are stripped of voting rights in accordance with the law.

The Company does not hold any "own shares" other than those classified as treasury stock.

Based on a study carried out on December 31, 2007, the Company has 108,384 identifiable holders of bearer shares holding at least 10 shares.

No shares carry double voting rights.

## Shareholders' agreement

There are no shareholder pacts or agreements in force.

## CORPORATE GOVERNANCE

To avoid repetition, please refer to Chapter I of the Chairman's Report for further details.

### Board of Directors

• **Members:** 11 Directors

– Directors:

• Serge KAMPF,  
*Chairman*

• Daniel BERNARD

• Yann DELABRIÈRE

• Jean-René FOURTOU

• Paul HERMELIN,

*CEO*

• Michel JALABERT

• Phil LASKAWY

• Thierry de MONTBRIAL

• Ruud van OMMEREN

• Terry OZAN

• Bruno ROGER

After extensive examination of their personal situations, the 7 directors whose names have been underlined were considered by the Board as being “independent”.

• **Term of office: 4 years**

Given that the Shareholders' Meeting of May 11, 2006 decided, in response to the proposal of the Board of Directors, to reduce the term of office of directors of the Company from 6 years to 4 years (with this measure being applied immediately to the current terms of office),

– the term of office of Mr. Daniel Bernard and that of Mr. Thierry de Montbrial, directors appointed by the Shareholders' Meeting of May 12, 2005, will end on the date of the Ordinary Shareholders' Meeting which will be convened in spring 2009 to approve the financial statements of the year ending December 31, 2008,

– the terms of office of Messrs. Yann Delabrière, Jean-René Fourtou, Paul Hermelin, Michel Jalabert, Serge Kampf, Phil Laskawy, Ruud van Ommeren, Terry Ozan and Bruno Roger, renewed by the Shareholders' Meeting of May 11, 2006, will end on the date of the Ordinary Shareholders' Meeting which will be convened in spring 2010 to approve the financial statements of the year ending December 31, 2009.

• **Minimum number of shares:**

Each director must personally hold at least 100 shares in the Company. Non-voting directors are not subject to this obligation.

• **Meetings:**

- at least 6 times per year at the registered office of the Company in Paris (or at any other venue stated in the notice of meeting).
- Attendance rate in 2007: 94% (the Board met 6 times in 2007, including one Board meeting convened in India).

### Non-voting membership

• **Members:** 3 non-voting members

- Pierre HESSLER
- Marcel ROULET
- Geoff UNWIN

• **Term of office: 2 years.**

Given that the General Shareholders' Meeting of May 11, 2006 decided in response to the proposal of the Board of Directors, to reduce the term of office of non-voting directors from 6 to 2 years (with this measure being applied immediately to the current terms of office),

– the term of office of Mr. Pierre Hessler and that of Mr. Geoff Unwin, renewed by the Shareholders' Meeting of May 11, 2006, will end on April 17, 2008 on the date of the Shareholders' Meeting,

– the term of office of Mr. Marcel Roulet, renewed by the Shareholders' Meeting of April 26, 2007, will end on the date of the Ordinary Shareholders' Meeting which will be convened in spring 2009 to approve the financial statements of the year ending December 31, 2008.

### Rules of Procedure

The Board has established Rules of Procedure (which it amended on July 26, 2006), principally in order to specify the breakdown of tasks between the Board itself, the Committees set up by (and within) the latter, the Chairman and the CEO. It also sets out the list of obligations from the “Ethical Code of Conduct” that directors and non-voting members undertake to abide by.

### Specialized Committees

The general purpose of such Committees is to examine or to prepare certain resolutions involving their particular areas of expertise, to draft proposals and to transmit viewpoints or recommendations to the Board with regard to any decisions to be made. They have no decision-making authority – decisions being taken by the Board of Directors, meeting according to the requisite procedure – and may not treat subjects outside their own fields of competence.



There are four such Committees:

- **Audit Committee**
  - Chairman: Yann Delabrière
  - Other directors: Michel Jalabert, Phil Laskawy and Marcel Roulet (non-voting director)
  - Meetings: 6 in 2007, with an attendance rate of 92%
- **Selection & Compensation Committee**
  - Chairman: Ruud van Ommeren
  - Other directors: Michel Jalabert, Thierry de Montbrial, Terry Ozan and Pierre Hessler (non-voting director)
  - Meetings: 7 in 2007, with an attendance rate of 91%
- **Ethics and Corporate Governance Committee**
  - Chairman: Serge Kampf
  - Other directors: Daniel Bernard, Paul Hermelin, Phil Laskawy and Bruno Roger
  - Meetings: 3 in 2007, with an attendance rate of 87%
- **Strategy and Investment Committee**
  - Chairman: Jean-René Fourtou
  - Other directors: Daniel Bernard, Paul Hermelin, Thierry de Montbrial, Bruno Roger and Geoff Unwin (non-voting director)
  - Meetings: 3 in 2007, with an attendance rate of 94%

### List of directorships and other offices held by members of the Board of Directors

Directorships and other offices held by the 11 voting members of the Board of Directors in 2007 are as follows:

MEMBERS OF THE BOARD	FIRST APPOINTMENT AND EXPIRATION* OF TERM OF OFFICE	OFFICES HELD IN 2007 AND TODAY	OTHER OFFICES HELD DURING THE LAST FIVE YEARS OUTSIDE THE GROUP
<b>Serge Kampf</b> Date of birth: October 13, 1934	2000-2009	<u>Principal office:</u> <b>Chairman of the Board of Directors of:</b> • CAP GEMINI S.A. <u>Other offices:</u> <b>Chairman of:</b> • Capgemini Service S.A.S. • Capgemini Suisse S.A. <b>Director of:</b> • Capgemini North America Inc. (U.S.A.) <u>Number of shares held as of December 31, 2007:</u> 5,568,156	<b>Director of:</b> • SANOFI-AVENTIS S.A.  <b>Member of the Supervisory Board and Chairman of the Selection and Remuneration Committee of:</b> • AVENTIS  <b>Member of the Selection, Remuneration and Corporate Governance Committee of:</b> • SANOFI-AVENTIS S.A.
<b>Daniel Bernard</b> Date of birth: February 18, 1946	2005 -2008	<u>Principal office:</u> <b>Chairman of:</b> • PROVESTIS <u>Other offices:</u> <b>Vice-Chairman of the Board of Directors of:</b> • KINGFISHER <b>Director of:</b> • ALCATEL LUCENT • CAP GEMINI S.A. <u>Number of shares held as of December 31, 2007:</u> 150	<b>Chairman and Chief Executive Officer of:</b> • Groupe CARREFOUR <b>Director of:</b> • SAINT-GOBAIN

\* At the date of the Shareholders' Meeting held to approve the financial statements of the year concerned

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MEMBERS OF THE BOARD	FIRST APPOINTMENT AND EXPIRATION* OF TERM OF OFFICE	OFFICES HELD IN 2007 AND TODAY	OTHER OFFICES HELD DURING THE LAST FIVE YEARS OUTSIDE THE GROUP
<b>Yann Delabrière</b> <b>Date of birth:</b> <b>December 19, 1950</b>	2004-2009	<u>Principal office:</u> <b>Chairman and Chief Executive Officer of:</b> <ul style="list-style-type: none"> <li>• FAURECIA</li> </ul> <u>Other offices:</u> <b>Director of:</b> <ul style="list-style-type: none"> <li>• CAP GEMINI S.A.</li> </ul> <u>Number of shares held as of December 31, 2007:</u> 1,900	<b>Member of the Executive Committee and Chief Financial Officer of:</b> <ul style="list-style-type: none"> <li>• PSA PEUGEOT CITROËN</li> </ul> <b>Chairman and Chief Executive Officer of:</b> <ul style="list-style-type: none"> <li>• BANQUE PSA FINANCE</li> <li>• CREDIPAR (Compagnie Générale de Crédit aux Particuliers)</li> </ul> <b>Chairman of the Supervisory Board of:</b> <ul style="list-style-type: none"> <li>• PEUGEOT FINANCE INTERNATIONAL NV</li> </ul> <b>Chairman of the Board of Directors of:</b> <ul style="list-style-type: none"> <li>• PEUGEOT CITROËN ARGENTINE</li> <li>• PERGOLESE INVESTISSEMENTS</li> </ul> <b>Vice-Chairman and Managing Director of:</b> <ul style="list-style-type: none"> <li>• PSA INTERNATIONAL</li> </ul> <b>Director of:</b> <ul style="list-style-type: none"> <li>• PEUGEOT CITROËN AUTOMOBILES</li> <li>• AUTOMOBILES CITROËN</li> <li>• GEFCO</li> </ul> <b>Manager (Gérant) of:</b> <ul style="list-style-type: none"> <li>• GIE PEUGEOT CITROËN Finance et Comptabilité (Belgium)</li> <li>• PSA Services S.R.L. (Italy)</li> </ul>
<b>Jean-René Fourtou</b> <b>Date of birth:</b> <b>June 20, 1939</b>	2002-2009	<u>Principal office:</u> <b>Chairman of the Supervisory Board of:</b> <ul style="list-style-type: none"> <li>• VIVENDI</li> </ul> <u>Other offices:</u> <b>Chairman of the Supervisory Board of:</b> <ul style="list-style-type: none"> <li>• GROUPE CANAL+</li> </ul> <b>Vice-chairman of the Supervisory Board of:</b> <ul style="list-style-type: none"> <li>• AXA</li> </ul> <b>Member of the Supervisory Board of:</b> <ul style="list-style-type: none"> <li>• MAROC TELECOM</li> </ul> <b>Director of:</b> <ul style="list-style-type: none"> <li>• CAP GEMINI S.A.</li> <li>• SANOFI-AVENTIS S.A.</li> <li>• NBC UNIVERSAL INC. (USA)</li> <li>• NESTLE (Switzerland)</li> </ul> <b>Member of the Executive Committee of:</b> <ul style="list-style-type: none"> <li>• AXA Millesimes S.A.S</li> </ul> <b>Member of the Selection, Remuneration and Corporate Governance Committee of:</b> <ul style="list-style-type: none"> <li>• SANOFI-AVENTIS S.A.</li> </ul> <b>Honorary Chairman of:</b> <ul style="list-style-type: none"> <li>• THE INTERNATIONAL CHAMBER OF COMMERCE (ICC)</li> </ul> <u>Number of shares held as of December 31, 2007:</u> 4,000	<b>Chairman of the Supervisory Board of:</b> <ul style="list-style-type: none"> <li>• VIVENDI ENVIRONNEMENT</li> </ul> <b>Vice-chairman of the Supervisory Board and Member of the Strategic Committee of:</b> <ul style="list-style-type: none"> <li>• AVENTIS</li> </ul> <b>Chairman and Chief Executive Officer of:</b> <ul style="list-style-type: none"> <li>• VIVENDI UNIVERSAL</li> </ul> <b>Director of:</b> <ul style="list-style-type: none"> <li>• PERNOD</li> <li>• RHODIA</li> <li>• AXA FINANCIAL</li> <li>• THE EQUITABLE LIFE ASSURANCE</li> <li>• E.A.D.S.</li> <li>• SCHNEIDER</li> </ul>

\* At the date of the Shareholders' Meeting held to approve the financial statements of the year concerned

MEMBERS OF THE BOARD	FIRST APPOINTMENT AND EXPIRATION* OF TERM OF OFFICE	OFFICES HELD IN 2007 AND TODAY	OTHER OFFICES HELD DURING THE LAST FIVE YEARS OUTSIDE THE GROUP
<b>Paul HERMELIN</b> <b>Date of birth:</b> <b>April 30, 1952</b>	2000-2009	<u>Principal offices:</u> <b>Director and Chief Executive Officer of:</b> <ul style="list-style-type: none"> <li>• CAP GEMINI S.A.</li> </ul> <b>Chief Executive Officer ofw:</b> <i>Capgemini Group</i> <u>Other offices:</u> <b>Chairman of:</b> <ul style="list-style-type: none"> <li>• Capgemini France S.A.S.</li> <li>• Capgemini North America Inc. (U.S.A.)</li> <li>• Capgemini Holding Inc. (U.S.A.)</li> <li>• Capgemini Energy GP LLC (U.S.A)</li> </ul> <b>Chief Executive Officer of:</b> <ul style="list-style-type: none"> <li>• Capgemini Service S.A.S.</li> <li>• Capgemini North America Inc. (U.S.A.)</li> <li>• Capgemini Holding Inc. (U.S.A)</li> </ul> <b>Director of:</b> <ul style="list-style-type: none"> <li>• Capgemini America, Inc. (U.S.A)</li> <li>• Capgemini US LLC (U.S.A)</li> <li>• CGS Holdings Ltd (UK)</li> <li>• SOGETI S.A. (BELGIUM)</li> <li>• Capgemini Australia Pty Ltd</li> <li>• Capgemini Financial Services International Inc.</li> </ul> <b>Member of the Supervisory Board of:</b> <ul style="list-style-type: none"> <li>• Capgemini N.V.</li> </ul> <u>Number of shares held as of December 31, 2007:</u> 185,048	None
<b>Michel JALABERT</b> <b>Date of birth:</b> <b>January 20, 1933</b>	2000-2009	<u>Principal office:</u> <b>Director of:</b> <ul style="list-style-type: none"> <li>• CAP GEMINI S.A.</li> </ul> <u>Other offices:</u> None <u>Number of shares held as of December 31, 2007:</u> 425	None

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MEMBERS OF THE BOARD	FIRST APPOINTMENT AND EXPIRATION* OF TERM OF OFFICE	OFFICES HELD IN 2007 AND TODAY	OTHER OFFICES HELD DURING THE LAST FIVE YEARS OUTSIDE THE GROUP
<b>Phil LASKAWY</b> Date of birth: <b>March 31, 1941</b>	2002-2009	<u>Principal offices:</u> <b>Director of:</b> <ul style="list-style-type: none"> <li>• CAP GEMINI S.A.</li> <li>• GENERAL MOTORS CORPORATION</li> </ul> <u>Other offices</u> <b>Director of:</b> <ul style="list-style-type: none"> <li>• HENRY SCHEIN, INC.</li> <li>• LOEWS CORPORATION</li> <li>• DISCOVER FINANCIAL SERVICES</li> </ul> <u>Number of shares held as of December 31, 2007:</u> 7,600	<b>Chairman and Chief Executive Officer of:</b> <ul style="list-style-type: none"> <li>• ERNST &amp; YOUNG</li> </ul> <b>Director of:</b> <ul style="list-style-type: none"> <li>• THE GOODYEAR TIRE &amp; RUBBER Company</li> <li>• HEIDRICK &amp; STRUGGLES International, Inc.</li> <li>• THE PROGRESSIVE CORPORATION</li> </ul>
<b>Thierry de MONTBRIAL</b> Date of birth: <b>March 3, 1943</b>	2005-2008	<u>Principal office:</u> <b>Founder and Chief Executive Officer of:</b> <ul style="list-style-type: none"> <li>• L'INSTITUT FRANÇAIS DES RELATIONS INTERNATIONALES (IFRI)</li> </ul> <u>Other offices</u> <b>Chairman of:</b> <ul style="list-style-type: none"> <li>• CENTRE FRANCO-AUTRICHIEN POUR LE RAPPROCHEMENT ÉCONOMIQUE EN EUROPE</li> </ul> <b>Professor of Applied Economics and International Relations at:</b> <ul style="list-style-type: none"> <li>• CONSERVATOIRE NATIONAL DES ARTS ET MÉTIERS</li> </ul> <b>Member of :</b> <ul style="list-style-type: none"> <li>• L'INSTITUT DE FRANCE (ACADÉMIE DES SCIENCES MORALES ET POLITIQUES)</li> </ul> <u>Number of shares held as of December 31, 2007:</u> 100	<b>Director of:</b> <ul style="list-style-type: none"> <li>• SOCIETE DU LOUVRE</li> </ul>
<b>Ruud van OMMEREN</b> Date of birth: <b>September 11, 1936</b>	2000-2009	<u>Principal office:</u> <b>Director of:</b> <ul style="list-style-type: none"> <li>• CAP GEMINI S.A.</li> </ul> <u>Other offices</u> <b>Chairman of the Supervisory Board of:</b> <ul style="list-style-type: none"> <li>• Capgemini N.V.</li> <li>• GAK ONROEREND GOED V.O.F</li> </ul> <b>Member of the Supervisory Board of:</b> <ul style="list-style-type: none"> <li>• WILLEM VAN RIJN B.V.</li> <li>• KONINKLYKE GROLSCH N.V.</li> </ul> <u>Number of shares held as of December 31, 2007:</u> 100	<b>Chairman of the Supervisory Board of:</b> <ul style="list-style-type: none"> <li>• DELFTS INSTRUMENTS N.V.</li> </ul> <b>Member of the Supervisory Board of:</b> <ul style="list-style-type: none"> <li>• GTI N.V.</li> <li>• ANWB</li> </ul> <b>Member of:</b> <ul style="list-style-type: none"> <li>• NATIONAL CIVIL LIBERTIES PROTECTION COMMITTEE IN THE NETHERLANDS</li> </ul>

\* At the date of the Shareholders' Meeting held to approve the financial statements of the year concerned

MEMBERS OF THE BOARD	FIRST APPOINTMENT AND EXPIRATION* OF TERM OF OFFICE	OFFICES HELD IN 2007 AND TODAY	OTHER OFFICES HELD DURING THE LAST FIVE YEARS OUTSIDE THE GROUP
<b>Terry OZAN</b> Date of birth: July 21, 1946	2000-2009	<u>Principal office:</u> <b>Director of:</b> <ul style="list-style-type: none"> <li>• CAP GEMINI S.A.</li> </ul> <u>Other offices:</u> <b>Director of:</b> <ul style="list-style-type: none"> <li>• NOTEWORTHY MEDICAL SYSTEMS, INC.</li> <li>• COHESANT TECHNOLOGIES, INC.</li> </ul> <b>Member of the Strategy Committee of:</b> <ul style="list-style-type: none"> <li>• STATE INDUSTRIAL PRODUCTS</li> </ul> <u>Number of shares held as of December 31, 2007:</u> 24,300	<b>Director of:</b> <ul style="list-style-type: none"> <li>• KANISA Corporation</li> </ul>
<b>Bruno ROGER</b> Date of birth: August 6, 1933	2000-2009	<u>Principal office:</u> <b>Chairman of:</b> <ul style="list-style-type: none"> <li>• LAZARD FRERES S.A.S.</li> </ul> <u>Other offices:</u> <b>Chairman of:</b> <ul style="list-style-type: none"> <li>• GLOBAL INVESTMENT BANKING of LAZARD</li> </ul> <b>Director of:</b> <ul style="list-style-type: none"> <li>• CAP GEMINI S.A.</li> </ul> <b>Non-voting Director of:</b> <ul style="list-style-type: none"> <li>• EURAZEO</li> </ul> <u>Number of shares held as of December 31, 2007:</u> 20,226	<b>Member of the Supervisory Board of:</b> <ul style="list-style-type: none"> <li>• AXA</li> <li>• PINAULT PRINTEMPS REDOUTE</li> </ul> <b>Director of:</b> <ul style="list-style-type: none"> <li>• COMPAGNIE DE SAINT-GOBAIN</li> </ul>

\* At the date of the Shareholders' Meeting held to approve the financial statements of the year concerned

As far as the Company is aware, none of the current members of the Board of Directors:

- has been found guilty of fraud at any time during the last five years;
- has been involved in bankruptcy, receivership or liquidation at any time during the last five years;
- has been subject to any form of official public sanction and/or criminal liability, pronounced by a statutory or regulatory authority (including any form of professional organization, as designated);
- has been prevented by the courts from acting as a member of a governing body, supervisory board or board of directors, or from acting for purposes of managing or leading the business of an issuer at any time during the last five years.

As far as the Company is aware, there has been no:

- conflict of interest among the members of the Board of Directors between their duties towards Capgemini and their private interests and/or other duties;
- service contract binding the members of the Board of Directors to Cap Gemini S.A. or any of its subsidiaries whatsoever, granting any advantages at the term thereof.

## DIRECTORS' INTERESTS

This information is provided in paragraph 4.8 of the Management Report presented by the Board of Directors at the Ordinary and Extraordinary Shareholders' Meeting of April 17, 2008.

### Regulated agreements

No agreement falling within the scope of article L.225-38 of the French Commercial Code was authorized by the Board of Directors in the year ended December 31, 2007.

### Profit-sharing and incentive plan agreements

Stock options granted by Cap Gemini S.A. to the top ten employee grantees (non-directors) receiving the highest number of options granted and the number of options exercised by the ten non-director employees with the highest number of shares subscribed in this manner are as follows:

	Total number of options granted/shares subscribed	Weighted average exercise price (in euros)	Plan
Options granted during the year to the ten employees of all eligible companies receiving the greatest number of options	132,500	48.03	Plan no. 6
Options exercised during the year by the ten employees of all eligible companies receiving the greatest number of shares	162,600	24.51	Plan no. 5

## Loans and guarantees given to directors of the Company

None.

## EMPLOYEE PROFIT-SHARING AND INCENTIVE PLANS

### Profit-sharing and incentive plan agreements

All the French companies in the Group have signed profit-sharing agreements in accordance with French law.

## GROUP MANAGEMENT STRUCTURE

The Group's operational management structure is organized as follows:

- **The Executive Committee (\*) has 9 members (1):**

Paul Hermelin	Chief Executive Officer
Henk Broeders	Continental Europe and Asia-Pacific SBU
Pierre-Yves Cros	Strategy
Philippe Donche-Gay	Western Europe SBU and Technology Services Global Coordination
Alain Donzeaud	General Secretary and Human Resources
Nicolas Dufourcq	Deputy General Manager and Chief Financial Officer
Philippe Grangeon	Marketing and Communication
Luc-François Salvador	Local Professional Services SBU (Sogeti)
Paul Spence	Outsourcing Services SBU

- **Other Group directors**

Philippe Christelle	Internal Audit
Lany Cohen (*)	North America CS/TS SBU
Stanislas Cozon	Public Sector
Jean-Pierre Durant-des-Aulnois	Operational Control
Hubert Giraud	Business Process Outsourcing
Bernard Helders	Manufacturing, Retail & Distribution Sector
François Hucher (*)	Global Delivery

Greg Jacobsen	Telecommunications, Media & Entertainment Sector
Bertrand Lavayssière	Financial Services Sector
Colette Lewiner	Energy, Utilities & Chemicals Sector
Patrick Nicolet (*)	Sales & Partnerships
Lan O'Connor (2)	«P3» Transformation Program
Salil Parekh (*)	Coordination of Operations in India SBU
Baru Rao	Capgemini India
Isabelle Roux-Chenu	International Legal Affairs
Antonio Schnieder (*)	Consulting Services Global Coordination
Lucia Sinapi	Risk Management & Corporate Finance
Raymond J. Spencer (*) (3)	Financial Services SBU

(\*) Members of the G.M.B. (Group Management Board), of which the 9 members of the Executive Committee are also members.

(1) The role and function of this committee are described in the Report of the Chairman (section B.2 - 2.a).

(2) Lan O'Connor was not on Capgemini payroll as at December 31, 2007 and was not mentioned in Note 28 of the Consolidated Financial Statements as at December 31, 2007.

(3) Raymond J. Spencer was not on Capgemini payroll as at December 31, 2006 and was not mentioned in Note 24 of the Consolidated Financial Statements as at December 31, 2006.

## PERSONS RESPONSIBLE FOR THE AUDIT OF THE ACCOUNTS

### Statutory Auditors:

- PricewaterhouseCoopers Audit  
63, rue de Villiers, 92208 Neuilly-sur-Seine,  
represented by **Serge VILLEPELET**  
First appointed at the Shareholders' Meeting of May 24, 1996.  
Current term expiring at the close of the Shareholders' Meeting of April 17, 2008 to be called to approve the 2007 financial statements [and which is up for renewal].
- KPMG S.A.  
Immeuble le Palatin, 3, cours du Triangle, 92939 Paris La Défense Cedex  
represented by **Frédéric QUÉLIN**  
First appointed at the Ordinary Shareholders' Meeting of April 25, 2002.  
Current term expiring at the close of the Shareholders' Meeting of April 17, 2008 to be called to approve the 2007 financial statements [and which is up for renewal].

### Substitute Auditors:

- **Philippe GUEGUEN**  
20, rue Garibaldi, 69006 Lyon, France  
Substitute for PricewaterhouseCoopers Audit,  
Appointed at the Ordinary Shareholders' Meeting of May 7, 2003.  
Term of office expires at the close of the Shareholders' Meeting to be called to approve the 2007 financial statements.  
[the Ordinary Shareholders' Meeting of April 17, 2008 will vote on the proposed appointment of Etienne Boris]
- **Guillaume LIVET**  
Immeuble le Palatin, 3, cours du Triangle, 92939 Paris La Défense Cedex  
Substitute for KPMG S.A.,  
Appointed at the Ordinary Shareholders' Meeting of April 25, 2002.  
Term of office expires at the close of the Shareholders' Meeting to be called to approve the 2007 financial statements.  
[the Ordinary Shareholders' Meeting of April 17, 2008 will vote on the proposed appointment of Bertrand Vialatte]

## Fees paid by the Group to the Statutory Auditors and members of their networks

in thousands of euros

	KPMG				PWC			
	Amount		%		Amount		%	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>Audit</b>								
Statutory audit, certification of the individual company and consolidated financial statements	2,509	2,230	76 %	58 %	3,704	3,190	52 %	49 %
<i>Issuer</i>	411	307	12 %	8 %	617	463	9 %	7 %
<i>Fully consolidated subsidiaries</i>	2,098	1,923	64 %	50 %	3,087	2,727	44 %	42 %
Other work and services directly related to the statutory audit assignment	329	663	10 %	17 %	81	586	1 %	9 %
<i>Issuer</i>	34	443	1 %	11 %	52	170	1 %	3 %
<i>Fully consolidated subsidiaries</i>	295	220	9 %	6 %	29	416	-	6 %
<b>SUBTOTAL</b>	<b>2,838</b>	<b>2,893</b>	<b>86 %</b>	<b>75 %</b>	<b>3,785</b>	<b>3,776</b>	<b>53 %</b>	<b>58 %</b>
<b>Other services</b>								
Legal, tax and employee-related matters	430	811	13 %	21 %	163	213	2 %	3 %
Other (1)	34	154	1 %	4 %	3,137	2,472	44 %	39 %
<b>SUBTOTAL</b>	<b>464</b>	<b>965</b>	<b>14 %</b>	<b>25 %</b>	<b>3,300</b>	<b>2,685</b>	<b>47 %</b>	<b>42 %</b>
<b>TOTAL</b>	<b>3,302</b>	<b>3,858</b>	<b>100 %</b>	<b>100 %</b>	<b>7,085</b>	<b>6,461</b>	<b>100 %</b>	<b>100 %</b>

(1) These services essentially relate to assignments carried out with the scope of client projects and in accordance with the "SAS 70" standard. These assignments relate to sites where applications are maintained by our clients covered by the Sarbanes-Oxley Act.

## PERSON RESPONSIBLE FOR INFORMATION

Nicolas DUFOURCQ  
Chief Financial Officer  
11, rue de Tilsitt, 75017 PARIS  
Tel. : +33 (0)1 47 54 50 00



## 2008 PROVISIONAL FINANCIAL CALENDAR

First quarter 2008 revenue announcement: May 7, 2008  
Second quarter 2008 revenue announcement: July 31, 2008  
First half 2008 results announcement: July 31, 2008  
Third quarter 2008 revenue announcement: November 13, 2008  
Fourth quarter 2008 revenue announcement: February 15, 2009

This provisional calendar is provided for information purposes only and is subject to subsequent amendments

## DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

“ I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby declare that, to the best of my knowledge, the financial statements for 2007 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the other companies included in the scope of consolidation, and that the Management Report presented on page 20 gives a fair description of the material events, results and financial position of the Company and all the other companies included in the scope of consolidation, as well as a description of the main risks and contingencies with which the Company may be confronted.

I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they have read the whole of the registration document and examined the information in respect of the financial position and the historical accounts contained therein.

The statement from the Statutory Auditors does not contain any observation.”

Paul Hermelin,  
Chief Executive Officer



This registration document (document de référence) was filed with the Autorité des Marchés Financiers (AMF) on April 1, 2008, pursuant to article 212-13 of the AMF's General Regulations. It may be used in connection with a financial transaction if it is accompanied by an Information Memorandum approved by the AMF.

In accordance with article 28 of European regulation no. 809/2004 of April 29, 2004, the following information is incorporated in this registration document by reference:

### 1. Relating to the year

- ended December 31, 2006 :**
- the management report, consolidated financial statements, and the Statutory Auditors' report on the consolidated financial statements, set out in the registration document filed on April 16, 2007, under no. D. 07-0325 (pages 39 to 51 and 63 to 119, respectively).
  - the simplified parent company financial statements of Cap Gemini S.A. set out in the registration document filed on April 16, 2007 under no. D. 07-0325 (pages 120 to 122).
  - the Statutory Auditors' special report on certain related party agreements, set out in the registration document filed on April 16, 2007 under no. D. 07-0325 (pages 123 to 124).

### 2. Relating to the year

- ended December 31, 2005 :**
- the management report, consolidated financial statements, and the Statutory Auditors' report on the consolidated financial statements, set out in the registration document filed on April 25, 2006, under no. D. 06-0323 (pages 37 to 51 and 63 to 129, respectively).
  - the simplified parent company financial statements of Cap Gemini S.A. set out in the registration document filed on April 25, 2006 under no. D. 06-0323 (pages 130 to 132).
  - the Statutory Auditors' special report on certain related party agreements, set out in the registration document filed on April 25, 2006 under no. D. 06-0323 on page 133.

The information included in these two registration documents, other than that referred to above, has been replaced and/or updated where necessary, with information included in this registration document.

Copies of the registration document are available from Cap Gemini S.A., 11 rue de Tilsitt, 75017 Paris, on the website: <http://investor.capgemini.com>, and on the website of the AMF: [www.amf-france.org](http://www.amf-france.org)

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N/A: Not applicable.



## II - Information required under Annual Financial Report

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