FINANCIAL REPORT 2010

REFERENCE DOCUMENT

Capgemini
CONSULTING.TECHNOLOGY.OUTSOURCING

Contents

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

Serge KAMPF, chairman

Daniel BERNARD

Yann DELABRIÈRE

Laurence DORS

Paul HERMELIN, vice-chairman, chief executive officer

Michel JALABERT

Phil LASKAWY

Bernard LIAUTAUD

Thierry de MONTBRIAL

Ruud van OMMEREN

Terry OZAN

Pierre PRINGUET

Bruno ROGER

NON-VOTING DIRECTORS “CENSEURS”

Pierre HESSLER

Geoff UNWIN

STATUTORY AUDITORS

PricewaterhouseCoopers Audit
represented by Serge VILLEPELET

KPMG S.A.
represented by Jean-Luc DECORNOY

1.

FINANCIAL HIGHLIGHTS

CONSOLIDATED FINANCIAL STATEMENTS

in millions of euros	2006	2007	2008	2009	2010
Revenues	**7,700**	**8,703**	**8,710**	**8,371**	**8,697**
Operating expenses	(7,253)	(8,063)	(7,966)	(7,776)	(8,110)
Operating margin	**447**	**640**	**744**	**595**	**587**
% of revenues	5.8%	7.4%	8.5%	7.1%	6.8%
Operating profit	**334**	**493**	**586**	**333**	**489**
% of revenues	4.3%	5.7%	6.7%	4.0%	5.6%
Profit for the year	**293**	**440**	**451**	**178**	**280**
% of revenues	3.8%	5.1%	5.2%	2.1%	3.2%
Earnings per share					
Number of shares at December 31	*144,081,808*	*145,425,510*	*145,844,938*	*154,177,396*	*155,770,362*
Earnings per share at December 31 (in euros)	2.03	3.03	3.09	1.16	1.80
Dividend per share for the year (in euros)	0.70	1.00	1.00	0.80	1.00*
NET CASH AND CASH EQUIVALENTS AT DECEMBER 31	**1,632**	**889**	**774**	**1,269**	**1,063**
Average number of employees	**64,013**	**79,213**	**86,495**	**90,238**	**97,571**
Number of employees at December 31	**67,889**	**83,508**	**91,621**	**90,516**	**108,698**

* Subject to approval by the Combined Shareholders' Meeting of May 26, 2011.

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Financial Direction

Deputy General Manager
and Chief Financial Officer: **Nicolas Dufourcq**

to whom report directly:

GROUP FUNCTIONS

Finance Director
Alain de Marcellus

Risk Management and Corporate Finance
Lucia Sinapi-Thomas

Business Control
Anne Trizac

Transformation
Eric Jahn

Mergers and Acquisitions
José Gonzalo

Financial Communications and Investor Relations
Walter Vejdovsky

STRATEGIC BUSINESS UNITS

Application Services 1
Christophe du Vignaux

Application Services 2
Eric Hanania

Infrastructure Services
Luc Bourguignon

Consulting
Michel Ginet

BPO
Oliver Pfeil

Sogeti
Laurent Llavall

MAIN COUNTRIES

United States
Richard Plessner

United Kingdom
Tony Deans

Netherlands
Andy Berrens

France
Eric Michel

India
Cyrille Desjonquères

2.

INTRODUCTION TO THE CAPGEMINI GROUP

2

2.1 Major milestones in the Group's history

1967 Formation of SoGETI by Serge Kampf, on October 1, in Grenoble (France).

1970 SoGETI and OBM (Organization Bossard Michel) agree to combining IT and consulting services.

1971 Creation of Eurinfor, "facilities management" company, by SoGETI with the Cofradel Group and Lyonnaise de Banque.

1973 The 7th "Rencontres SoGETI" in Djerba (Tunisia), the last 'Rencontres" to which all Group employees (440) are invited.

1974 SoGETI takes control of C.A.P. (the leading French IT service company at the time) and of Gemini Computer Systems (US).

1975 January 1 marks the official birth of the Cap Gemini Sogeti Group, which, with a headcount of 1,000, becomes Europe's top IT services company. 9th "Rencontres" in Istanbul (Turkey), with 270 participants.

1976 The Group moves it headquarters to 17, avenue Georges V, Paris. The first Annual Report is published (financial year 1975).

1977 The French authorities veto EDS acquiring a stake in the Group.

1978 The Group takes on the US market and sets up its first "outpost" in Washington DC (Cap Gemini Inc.).

1980 After a long tussle with the SESA, the Group gets the DGT contract to produce the French electronic phonebook by the DGT.

1981 The sale of SORINFOR marks the Group's withdrawal from processing activities.

1982 Revenues exceed the one billion French franc (150 million euros) mark, of which half is generated outside France.

1984 To general surprise, Serge Kampf declares that English is to be the Group's official language.

1985 Spectacular initial public offering of the Group's shares on the Paris stock exchange (with demand 123 times the offer).

1986 The group takes control of SESA, having held a 42% stake since 1982.

1989 The Group reports a year-end after-tax profit of 7.4%, a record not yet broken.

1990 17th "Rencontres" in Marrakesh (Morocco): the 550 participants decided on an aggressive strategy including, if necessary, joining up with an industrial group. Shortly after, the Group makes several acquisitions: SCS in Germany, Hoskyns, the European leader in "outsourcing" activities, and two US companies (URC and Mac Group) to comprise the Group's consulting "pole." The invasion of Kuwait starts off a global economic crisis, which lasted four years.

1991 Daimler-Benz takes a 34% stake in the holding company Sogeti (which itself controls 60% of the Group).

1992 Acquisition of Volmac in the Netherlands (3,200 employees) and Progamator in Sweden (1,600 employees). At the 18th "Rencontres," which unites 700 managers in Prague (Czechoslovakia), GENESIS is launched. This is Group's first transformation program, and mobilizes up to 5,000 employees for over a year. By the year-end, Cap Gemini—after 25 years of consecutive growth—announces the first losses in its history (it will be a similar story in 1993 and 1994).

1996 Under the combined pressure of the two other major shareholders, Serge Kampf accepts the "amalgamation" of the two-tiered control of SKIP and SOGETI within the listed company Cap Gemini Sogeti.

1997 Daimler-Benz exits from its shareholding in Group Brossard Consultants (in which Capgemini has held a 49% stake for more than 20 years!) and the latter is integrated into the Group's "consulting" arm. Celebration of the Group's 30th birthday during a memorable evening at the Louvre Carrousel, Paris.

1998 Cap Gemini rejoins the Paris stock exchange's CAC40 index (it had been on the index from August 1988 to November 1993),

2000 Acquisition of Ernst & Young Consulting (employing more than 12,000 consultants). The Cap Gemini share price rose to its highest ever level of 368.9 euros in March, making a stock market capitalization on that day of 44.5 billion euros.

2002 Creation of a subsidiary specializing in local services and taking over the Sogeti name.

2003 Sogeti acquires Transiciel (7,000 employees); the Group signs a major multi-year contract with the British tax authorities and opens its first "offshore" production center in Mumbai (India)

2006 Launch of the I.cube (Industrialization, Innovation, Intimacy) transformation program.

2007 Acquisition of Kanbay International, a US company with a strong presence in India and specializing in financial services (7,000 employees). Capgemini is the main sponsor of the 6th Rugby XV World Cup. Celebratory evening in the Louvre Carrousel, Paris, to mark the Group's 40th birthday.

2008 A number of small acquisitions, including Getronics PinkRoccade in the Netherlands.

2009 Acquisitions in Romania, Vietnam and Australia. Launch of five global service lines.

2010 Acquisition of IBX in Sweden and CPM Braxis in Brazil (5,000 employees); 23rd Group "Rencontres" in Barcelona (Spain) around the theme "la niaque" (fighting spirit). The Group ends the year with a headcount in excess of 100,000.

2.2 The Group's activities

Present in almost 30 countries, the Capgemini Group's mission is to help its clients improve their performance and competitive positioning. It proposes to its clients a range of services that combine perfect command of its four business lines, strong sector expertise and "packaged" offers integrating the best available technologies.

FOUR MAJOR BUSINESSES

- **Consulting Services** (Capgemini Consulting): the aim is to help the Group's clients identify, build and carry through transformation projects that will improve growth and sharpen their competitive edge on a long-term basis;
- **Systems Integration Services** (TS): these include the design, development and implementation of a wide range of technology projects that cover complex systems integration and IT application development;
- **Local Professional Services** (LPS) **(Sogeti):** this delivers professional technology services to suit local requirements for infrastructures, applications, engineering, testing and operations;
- **Outsourcing Services** (OS): this involves guiding and supporting a client's (or a group of several clients'), either wholly or partly, information systems and associated activities (BPO) for an average period of five years, but which could extend to ten years, or even longer.

The past few years have seen radical and permanent transformations in market demand and production methods.

- Within a single decade, market demand has been affected by two economic crises—the first in 2002, followed by the crisis that spread across the globe between 2008 and 2009. The consequences have been greater rationalization of IT systems, stricter budgets (with purchasing departments closely involved in the decision-making process), a demand for greater flexibility in business processes, and quantifiable results for each project.
  To this list, must be added the desire to turn investments—capital tied up to acquire expensive IT infrastructures—into operating costs, with the idea that you only pay for what you consume. In short, at one and the same time, companies worry about reducing costs, satisfying strong demand for innovation, and keeping close tabs on their purchases.
- To meet these expectations, the Capgemini Group has taken steps to:
  - equip itself with a flexible, global production capacity (Rightshore®) linked to greater processes standardization, in line with Capability Maturity Model Integration (CMMI) standards, the international certification system for software production;
  - build, alongside its major technology partners, an ecosystem that allows it rapidly to derive maximum benefit from technological breakthroughs;
  - put in place a large portfolio of innovative offers in key areas (such as cloud computing, intelligent data management and application testing) or in certain sectors, such as energy.

A strong brand

The Group chose to go "100% digital" to launch its new brand slogan, "People matter, results count."
Launched on November 15, 2010, the global advertising campaign showcases Capgemini specialists who share business proof points to demonstrate concretely what they can deliver to their clients. Web users are able to discover these experts on more than 50 general, business and specialist IT websites. By clicking on the banners or by visiting the Capgemini website, they can interact directly with Capgemini specialists.

The Group developed and launched five major global business lines between the end of 2009 and March 2011. Part of the Business as Unusual program, this rich portfolio now boasts 20 offers, and new offers will be proposed to take account of major market and sector trends.
In areas of activity such as BPO, the Group hosts technology platforms (especially in purchasing, following its acquisition of IBX, and in energy, with the purchase of Skvader). These may be proposed to clients in place of specific solutions, which are generally more difficult to standardize and market to other companies.
All the while, Capgemini has continued to foster a close relationship based on trust and mutual respect with its clients, so as to provide them with the kind of results they expect from the Group.

SIX SECTORS

The Group's sector-wide experience means that it is on the same wavelength as its clients, able to understand their needs and propose the best solutions for their specific objectives. The Group has particularly strong expertise in the following economic sectors:

- **Public Sector:** supporting public sector organizations, public agencies and local authorities to modernize their services, while incorporating significant budget reforms.
- **Energy, Utilities & Chemicals:** helping companies to rise to the twin challenges of constant changes in regulations and increasing environmental concerns. The Group is global leader in IT systems for smart electricity grids and meters.
- **Financial Services:** rationalizing the applications and IT infrastructures of financial organizations, while also staying ahead of the curve to supply business model innovations, particularly in mobility and smart data management.
- **Manufacturing:** manufacturing has entered a new growth cycle, but is facing major and continual raw materials price hikes. The Group offers its clients solutions, especially in outsourcing and BPO, enabling them to make large savings in the management of IT systems and their main business activities.
- **Consumer Products, Retail, Distribution & Transportation:** this sector is also having to confront rising raw materials prices.

Capgemini provides the technological back-up—especially in cloud computing—and the expertise to build e-commerce platforms combining flexibility and speed.

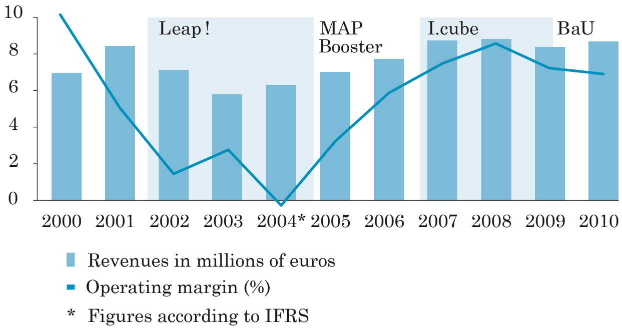
- **Telecom, Media & Entertainment:** operators in this sector are facing many challenges—lower revenues from their traditional activities, digital content competition from players in other sectors, and saturated networks following the explosion in digital content. With more than 30 years' experience in the sector, Capgemini offers innovative solutions based on its deep sector and digital knowledge, and its technological expertise in networks.
- The services sector also has strong growth potential.

Capgemini's sectoral skills may be combined with one another in order to improve clients' business processes across the board. For example, for Anglian Water, a UK water supply company, Capgemini drew together its experience in outsourcing and utilities with its expertise in energy and retailing. Anglian Water was intrigued by the solutions provided by Capgemini for oil companies piloting their Norwegian drilling platforms by remote control, and for one British retailer, ahead of the pack in client relations, in managing its call center.

TRANSFORMATIONAL ABILITY

Capgemini has proved its capacity to weather macroeconomic storms and to make the very most of innovations and technological breakthroughs. This resistance is largely attributable to the Group's double positioning within both the "businesses" and "sectors" in its area of activity, to the strategic decisions it took at the end of the 1990s (reduced exposure to cyclical activities in favor of recurring outsourcing activities) and to its major transformation programs (see graph below).

MAJOR STEPS IN THE GROUP'S TRANSFORMATION SINCE 2000



In 2002, **Leap!** turned outsourcing and BPO into the Group's fourth major businesses. The challenge for Capgemini was to draw on its global presence and distinctive business model to stand out as one of the leaders in the field.

Launched in the first quarter of 2005, **Booster** aimed to permanently turn around the Group's North American operations. The plan took a three-pronged approach: simplified structures, reduced costs, renewed management.

In September of the same year, the Margin Acceleration Plan (**MAP**) was launched to improve growth and profits in outsourcing.

With similar ambitions to the 2000 Genesis program, the **I.cube** (Industrialization, Innovation, Intimacy with the client) transformation program was launched in 2007. Its aim was to adapt Capgemini's offers and organization to profound market changes and to strengthen Group resilience in times of crisis.

The most recent transformation program, launched in the last quarter of 2009, Business as Unusual (**BaU**) contains three aspects: the global launch of five new service lines, lean management, and a new approach to human resources management aimed at turning Capgemini into a "talented company."

2.3 The market and competitive environment

The Capgemini Group operates in what US market analysis company Gartner calls the IT services market, with the aggregate worldwide market totaling 483 billion euros in 2010.[1] Capgemini is regarded as seventh largest global player and in fifth place if the Japanese market, where the Group is not present, is excluded.[2]
North America, the number one IT services market estimated at 202 billion euros in 2010, [1] represents an important part of the Group's business, although Capgemini is not the leader there.
Western Europe is the second global market, estimated at 142 billion euros [1] in 2010: here the group ranks second overall but is market leader in France and the Netherlands.[2] Other markets (excluding Japan) were worth an estimated 69 billion euros in 2010, with more rapid growth (+11% in 2010 compared with +1% for the whole of North America and Western Europe).[1]
The Group's global market share was around 1.8% in 2010: in Western Europe it stands at around 4.7%.[2]
Gartner segments the market into the following categories: Consulting, Development & Integration (D&I), IT Management and Business Process Management. This categorization more or less correlates with the Group's businesses, although Gartner's IT Management and Process Management are grouped together under Outsourcing Services (OS), while, for Capgemini, Development & Integration come under Systems Integration and Local Professional Services (LPS). Since the different markets are closely related, there are overlaps in areas such as applications—which encompass both development and maintenance activities and are close to three Group businesses (TS, OS and LPS)—and IT infrastructures.

The Consulting market totals 54 billion euros.[1] Overall, the Group is regarded as the number ten global player, with strong positions in Europe. Consulting is the most cyclical of all the segments.

The Development & Integration market is estimated at 170 billion euros.[1] The Group is regarded as ninth player worldwide and second in Europe. D&I is also relatively cyclical, especially in local professional services, which function in short cycles and contracts, while systems integration activities have slightly longer time frames.
Consulting and D&I mainly comprise investments on behalf of Group clients, making these cyclical markets too.
IT and process management both involve, for the most part, maintenance and operations, with longer cycles and contracts, making them more resilient. The IT management market is estimated at 164 billion euros, [1] and the Group is regarded as the ninth global player. The process management market is estimated at 95 billion euros, [1] but the Group is not among the leaders in this segment.

1 Gartner Dataquest Forecast: IT Services Worldwide 2007–2014, March 14, 2011, Professional Services.
2 Gartner Dataquest Market Share: IT Services 2010, March 31, 2011, Professional Services.

THE COMPETITION

Capgemini's competitors may be divided into three groups: global, offshore and regional players.

Global players include the two information technology giants, IBM and HP (the latter doubling its presence with the purchase of EDS in 2008). Their presence in other, closely related, hardware and software technology markets enables them to capitalize on their client relationships in a larger market. The pure IT service players, Accenture and CSC, come next. Capgemini can claim to belong to this small group of global players, its most direct competitors. In this group are also included groups of Japanese origin, such as Fujitsu and NTT Data, mainly present in Japan but who are developing their presence elsewhere.

The offshore players (essentially Indian in origin) are the emerging players in IT services and, the biggest amongst them, such as TCS, Infosys, Wipro, Cognizant or HCL, can claim to compete against the global players.

Lastly, the regional players, of which there are many, given that there are few entry barriers in IT services. Generally, they do not have the deep offers or the geographical coverage of the global players. The largest are Atos Origin, T-Systems, Siemens IT Services, Logica, Indra and Steria in Europe, and Lockheed Martin, SAIC, CGI, Deloitte and Xerox in North America.

MARKET TRENDS

The marked change in IT service market structure is mainly due to the spectacular development of offshore that first surfaced in 2000, driven by Indian service companies. These attacked the North American markets by providing them with offshore manpower, well-trained and low-cost, which enabled them to slash their prices. This is how they were able to win market share rapidly, especially in the most accessible market segments (re-engineering, maintenance and application development) and in the English-speaking world (the United States, but also the United Kingdom and Canada). Today, they are gradually moving into more complex market segments (installation of software packages) and into non-English speaking countries (first the Nordic countries, then the Netherlands and Germany and, most recently, France). In order to face up to the competition, all the players, particularly global companies such as Capgemini, have strongly stepped up their presence in India, adjusting their delivery models so as to allow their offshore teams to participate and, subsequently, to increase their involvement in the development of clients' projects: in this way, they have been able to restore their margins and lower their prices, so keeping a competitive edge. The offshore players, on the other hand, have responded by strengthening their local presence to develop client proximity and grow in market segments where remote work is difficult to handle, as in consulting.

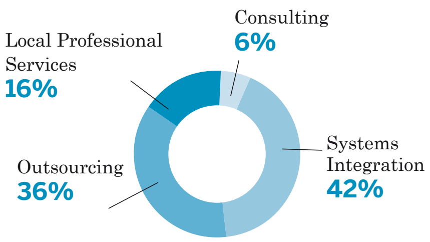
2010 also saw the return of several operations aimed at consolidating the sector, medium-sized operations mainly with the aim of geographical diversification. Thus, the NTT Group acquired Dimension Data to strengthen its presence in Africa, the Middle East and Australia. NTT DATA strongly improved its visibility in the United States with the acquisition of Keane. For its part, Capgemini acquired CPM Braxis, to strengthen its position in Brazil. In Europe, Atos Origin announced a link-up with Siemens IT Services.

2.4 Return to growth in 2010

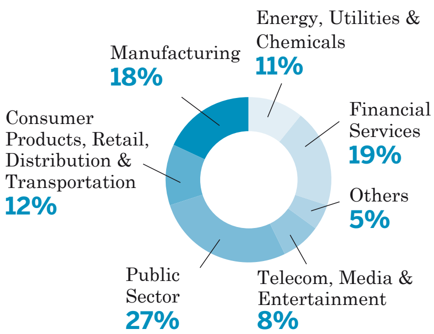
KEY FIGURES

(in millions of euros)	
Revenues	8,697
Operating margin	587
Operating profit	489
Profit for the year	280
Net cash position	1,063

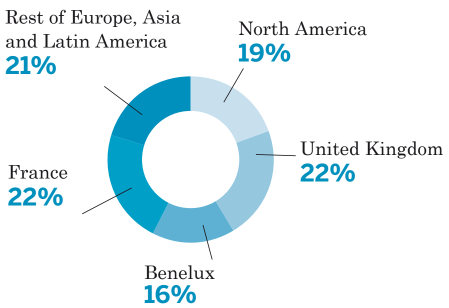
BREAKDOWN OF REVENUE BY BUSINESS



BREAKDOWN OF REVENUE BY SECTOR



BREAKDOWN OF REVENUE BY COUNTRY OR REGION



FIVE GLOBAL SERVICE LINES

In last year's Reference Document, Group CEO Paul Hermelin declared that *"2010 must be the year of recovery."* He went on to emphasize: *"We must take advantage of the fact that companies are again interested in technological innovation. So we must develop a particularly attractive offering for this purpose."*
New cross-disciplinary offers were deployed between October 2009 and March 2010 as five global service lines, as follows:

- **Business Information Management** (BIM): maximizing the benefit of business intelligence, throughout the data lifecycle by extracting the wealth contained within the data.
- **Application Lifecycle Services** (ALS): comprehensive multi-year management of all or part of a client's application portfolio across the entire lifecycle including operation, integration, testing and maintenance.
- **Testing Services:** a comprehensive Capgemini and Sogeti portfolio of testing services, including industrialization and structured software testing and quality assurance.
- **Infostructure Transformation Services** (ITS): helps clients to optimize their infrastructures and speed up their journey to cloud services and computing.
- **Smart Energy Services** (SES): helping energy supply and distribution clients to transform their parks of networks and smart terminals.

The Group set a target to win new orders totaling 800 million euros from 2010. Not only did it achieve this objective, but the results greatly exceeded expectations. The five global service lines represented 30% of total revenues (around 2.6 billion euros) and 37% of order bookings (around 3.7 billion euros). These exceptionally strong performances enabled the Group to announce 2010 revenues 3.9% higher than forecast. *"We have come through the crisis,"* explains Paul Hermelin. *"We sense that our clients have a large appetite for investment, for example around cloud computing and mobility, with the boom in smart phones and PC tablets, which are changing the way in which the world of business and consumers are accessing information. IT spending has now become an indispensable investment for transforming and making companies more competitive."*
"Companies are making efforts to rationalize their applications portfolio to reduce running costs: in fact, it can be estimated that, in general terms, the largest global companies host, on average, more than 10,000 applications, combined with an average volume of data to process which is growing by 5% each month", explains **Salil Parekh,** head of the new SBU Application Services. *"Such volumes represent a real challenge in terms of cost and efficiency. These applications must be sorted and adapted to take account of companies' actual needs and objectives."* Today, the market is looking for innovative solutions that globalize the lifecycle management of IT applications (rather than the classic model which separates development and maintenance). Clients have therefore warmly welcomed the **ALS** line of services (see "Contracts Won" on page 16) which is, in terms of activity, the biggest of the five global service lines and makes a strong argument for both renewing contracts with existing clients and conquering new clients.

The **Testing Services** offer, which aims to optimize software testing, is also a clear winner because companies can no longer allow the slightest delay in bringing their products and services to market, making the need to identify design flaws quickly an imperative. All the majors in distribution, logistics, telecoms, air travel, and at least one large government department in Europe, are now using the Group's testing services.
The three other service lines (**ITS,** especially with the virtualization of servers offer, **BIM** and **SES**) have not yet reached the levels achieved by **ALS,** but are nonetheless key motors for growth given growing client interest in these types of offer.
"A number of companies have begun using cloud computing technologies: they use SaaS (Software as a Service) for the supply of business software solutions or they have even virtualized all or part of their data processing centers," remarks **Patrick Nicolet**, head of the new SBU Infrastructure Services. *"As to IT manufacturers, they have called on cloud computing capacities to access the infrastructures needed for new developments."*
Cloud computing provides distant access to IT power as well as a range of software solutions on a pay-as-you-go basis. Clients thus avoid investment in their own infrastructures (and so capital being tied up, energy and IT maintenance costs) and in acquiring the licenses necessary to use the software (license fees, maintenance and updating costs). Cloud computing thus eliminates the "entry ticket" to the IT world and is therefore a driver for savings. Cloud computing's technological breakthrough also contributes to companies' flexibility and speed, two vital elements in today's economy.

The data challenge

Companies are also very interested in innovative offers concerning "smart" management to get closer to their customers, and even to anticipate market trends and behaviors. The Big Data phenomenon (the explosion in the volume of available data) presents companies with a real challenge: one zettaoctet (10^{12} or one thousand billion billions of octets) of data were generated in the world in 2010, 80% of which remain unstructured, in other words, "readable" by a computer. And this volume is set to grow by 30% each year. Technological responses to this data flood are "real time," the merger of external data, predictive analysis and semantics. The real impact on business functions such as more rapid decision-making, longer supply chains, better fraud detection, or even the development of new search engines, cannot be over-estimated.

The Group's **BIM** business line reported satisfactory activity in 2010. Clients and partners value the offer's pertinence regarding solutions, expertise and execution. Furthermore, the specialized IT business intelligence centers, which the Group opened in India (Rightshore® BI Service Center) sets the Group apart from the competition, the Indian players included. Among companies that placed their confidence in the Group's **BIM** offer in 2010 were an agro-food business, a telecoms operator and a specialist retailer. Analysts Gartner placed Capgemini in the top quartet in its recent study devoted to suppliers of IT business intelligence services and the management of intelligence and performances.[1] This result was obtained thanks to the Group's *"execution skills"* and the *"breadth of its vision."*

Merlin: reducing the global environmental impact of IT

In October 2010, Capgemini opened a state-of-the art data processing center called Merlin in the United Kingdom. The architecturally innovative center sets new standards for energy efficiency. The cooling system, for example, makes use of the supply of external air. This ensures that Merlin uses half the electricity of a classic data center, with maintenance costs four times smaller. The Group had to expand its park of data processing centers to meet strong and growing demand for its outsourcing and cloud computing solutions. It was vital to respond to clients' needs in terms of agility, cost optimization and risk management. The Group has, therefore, supplemented its traditional offers with services wholly managed, virtualized or in the form of private clouds. Merlin also opens the way to a new generation of sustainable and efficient data processing centers. It will act as a model for the different installations being introduced to respond to clients' needs. Capgemini has already invested 100 million euros in the construction of 25 data process centers serving more than 26,000 severs in Germany, Canada, China, Spain, the United States, Finland, France, the Netherlands, the United Kingdom and Switzerland.

Finally, as everyone is all too well aware, energy lies at the heart of current preoccupations and is the justification for the **SES** service line. Governments and companies have gradually woken up to the need for smarter management of electricity via distribution networks and meters. Sweden and Italy have almost 100% penetration of "smart" meters. The United Kingdom, Ireland, Norway, Finland, France and Spain have also significant deployment projects. In the United States, the government has decided to favor the development of "smart" distribution networks by granting credits of 2.5 billion euros for developments in this area. Capgemini has projects to roll out metering in the United States, Canada, the United Kingdom, Italy, Spain and India, two contracts for the management of "smart" meter (parks) in Sweden (with electricity companies Fortum, for 860,000 units and, thanks to its acquisition of Skvader, with E.ON, for 400,000 units). The Group is also well placed to benefit from commercial opportunities in China. In addition, it has a center of excellence in India, where its know-how and innovative skills are grouped, allowing for standardized solutions and offers throughout the Group.

1 Gartner Inc.: "Magic Quadrant for Global Business Intelligence and Performance Management Service Providers," Alex Soejarto, Neil Chandler, January 27, 2011.

DEVELOPING ITS PORTFOLIO OF OFFERS

Buoyed up by the rapid success of its first five global service lines, Capgemini has widened its offers portfolio in two directions: "horizontal" offers aimed at all sectors, and "vertical" offers for certain sectors.

Horizontal offers

The Group has bolstered its BIM service line with a new offer called Collaboration+, which proposes collaborative portals integrating solutions proposed by the US software publishers EMC and Microsoft. The close links Capgemini has forged with Microsoft and EMC in content management allows for a solution that will considerably improve companies' information management. So, for example, Network Rail, one the main rail infrastructure operators in the United Kingdom, chose this new offer: *"We were already using Microsoft's SQL and SharePoint and EMC's Documentum solutions, and wanted to develop an integrated approach to information management,"* explains Dennis Rocks, Network Rail's head of information management. *"Capgemini's expertise in the two products and its knowledge of how they integrate led us to choose Collaboration+. The aim is to build a global platform to enable us to make the most of our information."*

Also in 2010, Capgemini launched the SAP Lifecycle Services offer. This new type of service optimizes the use of the SAP Business Suite 7 and aims to reduce considerably the cost of lifecycle ownership and time-to-market. Clients benefit from non-stop access to the latest SAP functionality and enhancements. Clients will be able to select services from a menu card of options, to manage their use of services as and when required.
"With this offer, we are radically changing our approach. Today, we no longer propose our SAP suite of services on the basis of individual integration projects, but instead on a subscription-based model," explains **Olivier Sevillia,** head of the SBU Applications Services 2. *"The result is more certainty on costs and gains in flexibility to highlight innovation. It means that we are in a position to offer our clients 'Innovation-as-a-Service.' They can, therefore, benefit from cutting-edge technologies via Capgemini's cloud computing and pick the services that best suit them, which gives them better control over the cost and perimeter of their SAP installation."*

In the field of software testing, and in partnership with US software publisher Oracle, in India the Group opened Oracle Software Testing Center of Excellence (OSTCE), with a mission to help clients more effectively manage and standardize their testing processes. The tool Tmap NEXT®, developed by Sogeti, will be integrated into the publisher's software testing programs. A similar agreement has been reached with HP, resulting in the launch by Capgemini and Sogeti of Tmap® Accelerator for HP Quality Center, a test tool based on several models enabling companies to manage each step in a quality approach to software. *"By combining the testing assets of Capgemini and Sogeti, especially in India's centers of excellence, we have at our disposal a powerful lever for generating large economies of scale, developing the Group's intellectual property for tools such as the 'accelerators' and working in a standardized way throughout the Group with our Tmap® technology,"* explains **Luc-François Salvador,** Sogeti Chairman and CEO.

In cloud computing, the Group has developed Capgemini Immediate as part of the ITS global service line. This new offer creates an "ecosystem" designed to bring together several independent suppliers whose services are integrated within a single global solution, with Capgemini playing the role of integrator and order-giver. This ecosystem may evolve rapidly, in line with the transformation in the client's activity. If, for example, a company needs to rapidly create a platform for new e-commerce activities, Capgemini Immediate will provide the solution for developing the new application without delay. Effectively, cloud computing allows services to be changed within a few days or weeks, whereas using traditional IT the same changes would have taken several months or even years to effect. The model also reduces the risks associated with technological choices, by allowing quick, cheap exploration of solutions during a pilot phase, before proceeding to full deployment.

Vertical offers

Capitalizing on its sectoral expertise and mastery of technology, Capgemini is bringing to market new offers targeted at specific sectors. The Group kicked off in 2010 with the Smart Analytics offer for utilities and will roll out other sector-specific offers during 2011. Smart Analytics provide analytical and reporting capabilities to utilities across functional areas, as well as delivering an integrated platform for business intelligence roll out. In an increasingly competitive environment, utilities have to interpret and extract value from a wide range of complex data generated within their organizations, as well as by networks and "smart" terminals. In its report "Smart Analytics for the Utility Sector," Capgemini highlights the urgent need for companies to interpret consumer usage patterns and develop competencies to forecast demand and proactively plan for future requirements. Smart Analytics pushes actionable intelligence to all levels of the organization.

TECHNOLOGY PARTNERS

So that its clients will fully benefit from technology and rise to the challenges faced by their businesses, Capgemini has created an ecosystem with its major technology partners, divided into three categories (see the table on page 16). With each of them, the Group wants to concentrate on no more than one to three innovations. Working with the majority of the big names in IT will also keep Capgemini independent, a condition to which it is deeply attached, because it enables the Group to carry out its advisory role vis-à-vis its clients with total impartiality. *"The interest of partnerships is to position the Group as a leader in the field of key technologies and to create new opportunities for growth,"* explains CEO **Paul Hermelin.** *"This development must be piloted via the Group's entities, working in close collaboration with our people and the Capgemini University to enable our employees to benefit from the most rapid access to technology architectures and its partners' innovations. We foster links at the highest level between Capgemini and its partners—and treat these as if they were major client accounts."*

Some examples of alliances and partnerships:

- Capgemini, a cloud computer partner of Microsoft, will commercialize, via its Infostructure Transformation Services (ITS) offer the Microsoft Business Productivity on Line suite, which proposes message, communication and collaboration services on the SasS model, with a pay-as-you-go system.
- Partner of Oracle in the public sector, the Group has concluded an agreement with this software publisher to commercialize (under the name Oracle Revenue Management for Public Sector Authorities) Oracle solutions combined with Capgemini's expertise in the area of tax collection. This offer was rolled out in the United States and Australia.
- Capgemini is also a partner of Palantir Technologies, a supplier of integration, analysis and data protection systems for the public sector: the two companies are uniting their skills and expertise in order to supply governments with technical platforms for the fight against fraud, crime and terrorism, with in-built guarantees for individual liberties.
- The partnership with WMware will enable the Group to propose, as part of its ITS offer, a new suite of virtualization services (V2B) that provide the insight, roadmap and support to help clients achieve infrastructure agility and cost reductions.
- Partner with Intel in home automation, the Group works alongside utilities in the deployment of Intel's new domestic control panel for the smart use of energy within the home. Capgemini will develop two types of applications: the first to enable secure communications between the control panel and the utilities' information systems, the second to provide new services to consumers.

As well as these technological partnerships, Capgemini Consulting is collaborating with the Massachusetts Institute of Technology (MIT) Center for Digital Business on a three-year research program. Capgemini Consulting will conduct a joint research study into digital transformation through interviews with management-level executives from 30 of the world's leading companies in sectors such as financial services, pharmaceuticals, retail and the public sector. The study will examine how companies around the world are managing and benefiting from digital transformation and the processes and best practices involved. The findings will provide Capgemini Consulting with detailed market insights to inform its experts and, ultimately, its clients.
For **Pierre-Yves Cros,** head of Capgemini Consulting, *"Digital transformation goes well beyond technology. It is about the impact that digitization is having on the business, from strategy to people through to operations. This is also about a new transformation agenda for companies: making customer experiences coherent within the multitude of channels now available. It is about making better and smarter decisions based on an ever increasing flow of data, creating open companies with strong links to customers and suppliers."*

The Group's Global Partners

Strategic partners	Strong-growth partners
HP	Adobe
IBM	Amazon Web Services
Microsoft	Cisco
Oracle	EMC
SAP	Google
	Intel
	Pega
	Salesforce
	SAS
	Teradata
	VMware

CONTRACTS WON

More buoyant macroeconomic conditions in 2010 were translated into a gradual upturn in companies' IT systems investments. Sectors such as Financial Services and Manufacturing saw even healthier spending. As a result, Capgemini was able to post an excellent performance, with bookings hovering around the 10 billion dollar mark, 9% higher than in 2009. The Consumer Products, Retail, Distribution & Transportation sector saw its order book grow by as much as 29%, while the Financial Services sector also recorded a healthy growth of 9%.

The year 2010 also saw the renewal of several existing contracts (for example, General Motors in the United States, Hydro One in Canada, the Metropolitan Police in the United Kingdom and GDF-Suez in France). This proves that our clients continue to place their confidence in Capgemini's ability to help them carry out their transformation programs. The Group continued with its policy of growing the utilities sector (Anglian Water in the United Kingdom), the public sector in the United States (Department of Agriculture, State of Nevada), and in France (Budget Ministry) and in BPO (Nokia Siemens Networks, Kraft Foods).
The fourth quarter of 2010 saw a particularly sustained pace for the signature of new contracts: the three businesses most exposed to economic conditions (Consulting, Systems Integration and Local Professional Services) all registered an average increase of 11% in order bookings compared with the fourth quarter of 2009. The contracts with Dutch bank ABN Amro, Air France-KLM, the Dutch Ministry for territorial development and the environment, EDF in France, BMW Bank in Germany, S Group (a Swedish retail company), or with the medical materials company Synthes in the United States—are all proof of the buoyant business climate at the end of 2010.

Following positive market developments in the spring of 2010, the Group marginally increased its forecasts last July.

Commenting on the results for the year, Group Deputy General Manager and Chief Financial Officer, **Nicolas Dufourcq,** was able to declare: *"We have lived up to our promises."* And to underline this: *"We find ourselves in a classic period of coming out of a crisis, although it is gradual. While the upturn in activities varies according to businesses and geographical zones, all the Group's regions have seen renewed growth in the fourth quarter. We have demonstrated our strong capacity to stand fast."*

EXTERNAL GROWTH: ACQUISITIONS IN 2010

The Group was very active in 2010, acquiring ten companies who declared combined annual revenues of 534 million euros over the financial year.

Strategic positioning	Companies acquired	Revenues 2010 *(in millions of euros)*
New business model	Skvader (Sweden)	4
BPO	IBX (Sweden) Unilever BPO subsidiary	29
Strengthening of core activities	Strategic Systems Solutions (United Kingdom) Uphantis (Netherlands) BluWater (United States) Thesys (India) Abaco Mobile (United States) Plaisir Informatique (France)	75
Fast-growth economies	CPM Braxis (Brazil)	426
TOTAL	**10 acquisitions**	**534**

The Group's acquisitions strategy favors highly targeted operations: Capgemini wants to carry out medium-sized operations—that is to say, in the region of hundreds of millions of euros. In particular it is aiming to develop in emerging countries while, at the same time, buying up small companies geared toward tomorrow's disciplines such as cloud computing.

Europe remains a major market for the Group, as does the United States, where the Group has a small presence and would be keen to make an acquisition. At the end of 2010, the Group announced its acquisition of the German CS Consulting in the financial services sector.

Acquisitions in 2010 are aimed at:

- Reinforcing the Group's presence in fast-growing markets and working alongside growth-seeking companies such as telecom operators and banks. With its majority stake in the Brazilian CPM Braxis, Capgemini has become a major player in one of the world's fastest-growing economies. *"We would like to replicate the CPM Braxis operation in other emerging countries,"* says **Paul Spence,** Deputy General Manager and Director of Development. *"However, this does not mean that we are going to acquire companies worth 500 million euros in India or China."* As **Paul Hermelin** makes clear: *"The fact is that China does not have large IT service companies. We are targeting entities of between 500 and 5,000 employees. These are difficult operations to carry off and the price will be high. The company must be won over and believe that they would enjoy a more flourishing future within Capgemini than elsewhere, without forgetting that the Chinese have strong national ambitions themselves."*
- Putting in place new business models and proposing new forms of engagement to our clients. So, for example, with the acquisition of Skvader, Capgemini is in a stronger market position for "smart" electricity networks and owns a platform adaptable to the needs of several of its major clients.
- Developing a portfolio of "core business" activities and stimulating the BPO activity.

The acquisition of Thesys, an Indian company specializing in financial services, strengthens the Group's capacities with regard to Temenos, the software publisher for banks. The acquisition of Abaco Mobile in the United States brings an expertise in mobility around the SAP package, and finally, the acquisition of the Swedish company IBX has enabled the Group to launch a new offer, Procurements-as-a-Service.

Among these acquisitions, CPM Braxis contributed 5,500 new employees and helped—with the continuation of offshore hirings—to bring about a noticeable change in the regional distribution of the Group's headcount. At December 31, 2010, total headcount rose to 108,698, of which 88% is based in the ten countries with the highest number of employees (with 28% in India, which became the top Group country in terms of headcount in 2009).

2

THE TOP 10 COUNTRIES BY HEADCOUNT *		31/12/2009	31/12/2010	Variation	
				Number	%
1	India	22,178	30,859	+ 8,681	+ 39%
2	France	19,771	19,927	+ 156	+ 0.8%
3	Netherlands	9,474	9,037	- 437	- 4.6%
4	United Kingdom	7,777	8,443	+ 666	+ 8.6%
5	United States	6,438	7,089	+ 651	+ 10.1%
6	Brazil	394	6,795	+ 6,401	(+++)
7	Spain	4,582	4,391	- 191	- 4.2%
8	Poland	3,762	4,010	+ 248	+ 6.6%
9	Germany	3,307	3,198	- 109	- 3.3%
10	Sweden	2,100	2,315	+ 215	+ 10.2%
TOTAL OF TOP TEN		**79,783**	**96,064**	**+ 16,281**	**+ 20.4%**
Other countries		**10,733**	**12,634**	**+ 1,901**	**+ 17.7%**
GROUP TOTAL		**90,516**	**108,698**	**+ 18,182**	**+ 20.1%**

* The calculation of numbers of employees in any one country excludes offshore staff carrying out operations destined for that country.

2.5 New conquests in 2011

Determined to continue playing in the top team within the IT services "league of champions" the Group is targeting improved profits and accelerated growth. To achieve those aims, it has decided to:

- Achieve greater operational efficiency
- Launch new offers
- Strengthen its presence in fast-growth countries
- Develop new services
- Increase its offshore presence
- Continue to acquire strategic companies.

AN ORGANIZATION READY FOR NEW CHALLENGES

A new organizational structure has been up and running since January 1, 2011. It allows the Group to capitalize on successes to date (the global service lines of the Business as Unusual growth program). The Group's operating structure is now more closely in harmony with market needs, with the launch of seven major strategic business units to mirror today's major technological developments. Five new entities have been created: Infrastructure Services, Business Process Services, Emerging countries with strong-growth and two Application Services units. The latter regroup within two geographical entities all the Group's capacities for the development and maintenance of IT applications. The global service lines ITS and ALS become solutions managed, respectively, by the new SBU Infrastructure Services and the two SBU Application Services. Two entities remain unchanged under the new organizational structure: Capgemini Consulting and Sogeti.

SUPPORTING OUR NEW OFFERS

Capgemini recently launched Infrastructure-as-a-Service offers as a growth initiative in the battle for IT infrastructures and to derive maximum advantage from cloud computing's potential. The basic offer is enhanced by new services such as "Capgemini Immediate." This sees the Group acting as a services integrator, not just as a systems integrator. New cloud computing offers will be unveiled in Business Process Management—in vertical services or decision-making IT, thus:

- In the pursuit of Business Information Management (BIM), a Master Data Management (MDM) offer was launched in February 2011. This incorporates a broad range of services including advisory, implementation and outsourcing. MDM responds to clients' growing need for information solutions to manage increasing data volumes, produce accurate data and join up businesses' and customers' social information.
- Still in the area of smart data management, Capgemini, in partnership with Oracle, launched Global Business Analytics Service for Telecommunications Companies. The aim is to help telecom operators better understand their clients' needs. As companies make ever more sophisticated use of data analysis, they are looking for information solutions adapted to their business objectives. This new offer from Capgemini highlights the Group's capacity to invest in the most cutting-edge analytical tools for key sectors.
- The launch of a new global service line, Business Process Management, offers clients market-specific solutions in highly technical areas of their businesses (for example, automation of claims for an insurance company). According to Gartner this market was worth an estimated 1.9 billion dollars in 2009 and could reach 3.4 billion dollars in 2014. [1]

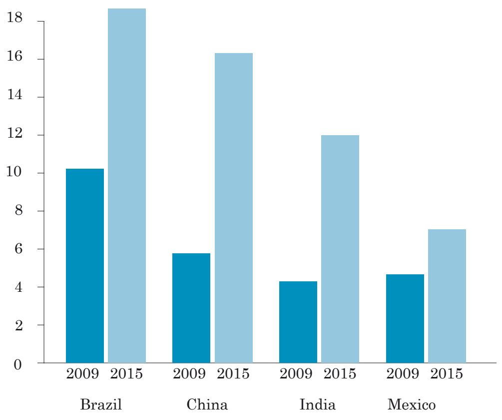
GREATER PRESENCE IN FAST-GROWTH COUNTRIES

The acquisition of CPM Braxis has increased the proportion of emerging countries in Capgemini's total revenues to 5%. The Group's ambition is to target global growth and derive 10% of total revenues from fast-growth economies by 2013. Information technology needs in these countries (see the graph on page 20) are growing rapidly as their consumers demand more sophisticated goods and services (such as mobile telephones and e-commerce). The bulk of direct investments in emerging countries goes into services—financial, retail, transportation and telecoms. Capgemini's presence in Brazil may also provide opportunities to tap into commercial flows between emerging countries. Brazil, currently ranked the seventh global economy ahead of Italy, has seen its Chinese exports multiply by 15 since 2000, and China has become its main trading partner.

1 Gartner: "Forecast: Enterprise Software Markets, Worldwide, 2009-2014, 4Q10 Update," Colleen Graham, Joanne M. Correia, Fabrizio Biscotti, Matthew Cheung, Ruggero Contu, Alan Dayley, Yanna Dharmasthira, Tom Eid, Chad Eschinger, Bianca Francesca Granetto, Hai Hong Swinehart, Teresa Jones, Sharon A. Mertz, Rene Millman, Chris Pang, Asheesh Raina, Dan Sommer, Bhavish Sood, Laurie F. Wurster, December 6, 2010.

STRONG-GROWTH COUNTRIES:

Spending on IT services
(in billions of dollars)



Source: Capgemini

DEVELOPING NEW SERVICES

Business Process Outsourcing (BPO)—the management of a company's central business transactions—is a dynamic market. By entrusting all or part of its functions—for example, purchasing, accounting, human resources management or logistics—to an external supplier, a company reduces its costs and is free to concentrate on its core business. Capgemini has been active in this area since the beginning of the 2000s, and today counts industry majors such as Kraft Foods, Syngenta or Nokia Siemens Networks among its clients. *"We need to broaden our field of activities and take not only a small part of the purchasing function, for example, but the entire chain, from referencing to strategy,"* confides **Hubert Giraud,** Director of Business Process Outsourcing (BPO). *"We must also include more IT intelligence in our activities. Also, we will be including more vertical offers in our portfolio—for example, creating a new BPO services unit targeted at financial services."* The economic crisis has highlighted the serious economic challenges faced by banks and insurance companies, who often turn to externalization as a way of dealing with cost pressures, risk management and better control of processes. The continual rise in the costs of raw materials is also leading many industries to look for new cost savings.

With its 2010 acquisition of the Swedish company IBX (which already counted Ericsson, Ikea, Deutsche Post DHL, LegoSystem, Skanska and Deutsche Lufthansa among its clients), Capgemini is now able to offer its clients the first integrated solution for the management of the purchasing function. Software-as-a-Service (SaaS) rolls out the Group's purchasing platform, delivering rapid, bottom-line business benefits to companies that externalize their processes. The Group also helps clients to select the supplier(s) best able to manage their various functions.

Capgemini is preparing to seize this new growth opportunity by rolling out its production platforms—in India, China, Poland and Brazil—as well as its global production model Rightshore®.

Major contracts won since the beginning of 2011

The first quarter appears to confirm market trends already visible at the end of 2010, with several major contracts signed:

- In the United Kingdom, for example, Capgemini agreed a three-year outsourcing contract worth around 120 million euros with EDF Energy. Some 15,000 of the electricity supplier's employees will be able to take advantage of a wide range of services, from technical support and materials purchasing to workstation management.
- BAA, the airport authority that operates six airports in the United Kingdom (including Heathrow), has agreed a five-year contract worth around 120 million euros with a consortium headed by Capgemini. The Group will be responsible for outsourcing the main applications and infrastructures of BAA's IT system, and will be overseeing a number of IT projects, all to serve 10,000 users. Capgemini's aims are to simplify the IT system and improve service quality while at the same time reducing costs.
- In Canada, the Group has signed a three-year contract worth around 48 million euros with BC Hydro, the country's third largest electricity company, for the deployment of "smart" computers in the province of British Columbia (BC). This contract is part of BC Hydro's Smart Metering & Infrastructure program aimed at modernizing its electricity network. Capgemini will provide system integration services and project management to facilitate the design and realization of this program, which sees the replacement of more than 1.8 million traditional meters with "smart" meters. Capgemini will also install the IT and telecommunications infrastructures needed for communications between BC Hydro and its clients.

In the utilities sector, the Group acquired Skvader Systems AB, a Swedish supplier of IT and BPO services, specialist in the deployment and management of "smart" meters and the supply of innovative solutions invoiced according to the number of meters installed (Managed Business Services).
This operation has led to the development of the Smart Energy Services (SES) offer. This solution integrates all the processes involved in the successful deployment and day-to-day management of meters. The solution is proposed either as SaaS, or under a license agreement, the software being installed in the client's IT centers.

This represents a new delivery model for the Group, which until now has not owned software solutions and did not include the cost of service consumption in its invoicing. The global service line SES, in a market estimated by Capgemini at more than 300 million euros in the Nordic Countries alone over the next three years, is to become the heart of a new entity, the New Business Model (NBM). The NBM will see the Group transforming the nature of the relationship with clients, with new forms of engagement being proposed.

INCREASING OFFSHORE PRODUCTION

The Group intends to continue growing its overseas workforce: at the end of the first quarter of 2011 overseas employees represented around 39% of the Group's total workforce and are targeted to hit 50% in two to three years' time. Key advantages are competitive pricing, the capacity to develop more projects to take advantage of the coming economic upturn, and also innovation with the development of centers of excellence, whether in horizontal areas (for example, software testing and BIM) or vertical (such as energy and telecoms). Offshore not only provides an additional production capacity and the arrival of a true industrialization of services, but it has also become, over the course of several years, a lever for qualitative growth, thanks to the development of centers devoted to innovation.

PURSUING STRATEGIC ACQUISITIONS

Capgemini intends continuing its policy of targeted acquisitions in 2011. It has the means to do so, thanks notably to its buoyant cash flow position. Already during the first quarter the Group acquired two French companies active in strong-growth markets:

- Artesys, one of the leading French experts on infrastructure solutions;
- Avantias, a specialist in the installation of ECM (Enterprise Content Management) solutions.

These two acquisitions strengthen the Group's positioning on two particularly dynamic French markets and are fully in line with its growth program. The total amount of these 100% acquisitions, 40 million euros, was wholly financed from the Group's net cash position.
The Group intends to prioritize investments in the French market, which represents more than 22% of its earnings and where growth is progressively returning. The two recent acquisitions place Cagemini in pole position with regard to offers with a strong value-added component for clients across the whole value chain. The Group does not hide its ambition to become a dominant player in the French cloud computing market. The year 2011 will see 4,500 new hires in France, crowning the Group's success in one of its "historic" markets.

The acquisition of Artesys and Avantias will help to grow the following two global services lines:

- Infrastructure Transformation Services (ITS), which, within the new strategic entity Infrastructure Services, aims to help private and public organizations to access the benefits of cloud computing while rationalizing their costs. According to a study by the French research firm Pierre Audoin Consultants (PAC), the services infrastructure market in France will be worth more than 9 billion euros in 2011 and will grow by an average of 5% each year between 2010 and 2014.[1]
- Business Information Management (BIM), which has a mission to manage and valorize the "informational wealth" held within companies and organizations and make it serve their strategic objectives. Thus, for example, the global ECM software market is predicted to grow, according to Gartner, by more 10% a year until 2014, to exceed 5.7 billion dollars.[2]

1 PAC: brochure: France 2010—SITSI® Countries—Analysis & Trends by IT Services, August, 2010.
2 Gartner Inc.: "Magic Quadrant for Enterprise Content Management," Toby Bell, Karen M. Shegda, Mark R. Gilbert, Kenneth Chin, November 16, 2010.

2.6 Main Group subsidiaries and simplified organization chart

MAIN GROUP SUBSIDIARIES

The Group performs its business activities through 136 consolidated subsidiaries as listed in Note 30 to the consolidated financial statements for the year ended December 31, 2010 ("List of the main consolidated companies by country").

The Group's policy is not to own its business premises. Consequently, the Group's sole real estate assets at December 31, 2010 consisted of a building, held by S.C.I. Paris Etoile, where Cap Gemini S.A.'s headquarters are located, the Group's University in Gouvieux, and approximately one-third of the office space used by the Group in India.

The vast majority of the Group's subsidiaries rent their business premises from third-party lessors. There is no relationship between these lessors and the Group and its senior executive management.

Cap Gemini S.A holds:

- a 99.99% stake in S.C.I. Paris Etoile, which owns a building located in Paris (Place de l'Etoile, 75017 Paris), rented out to Capgemini Service S.A.S. and Cap Gemini S.A.;
- the entire capital of a limited liability company (S.A.R.L.), which provides 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;
- the entire capital of an inter-company service company known as 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

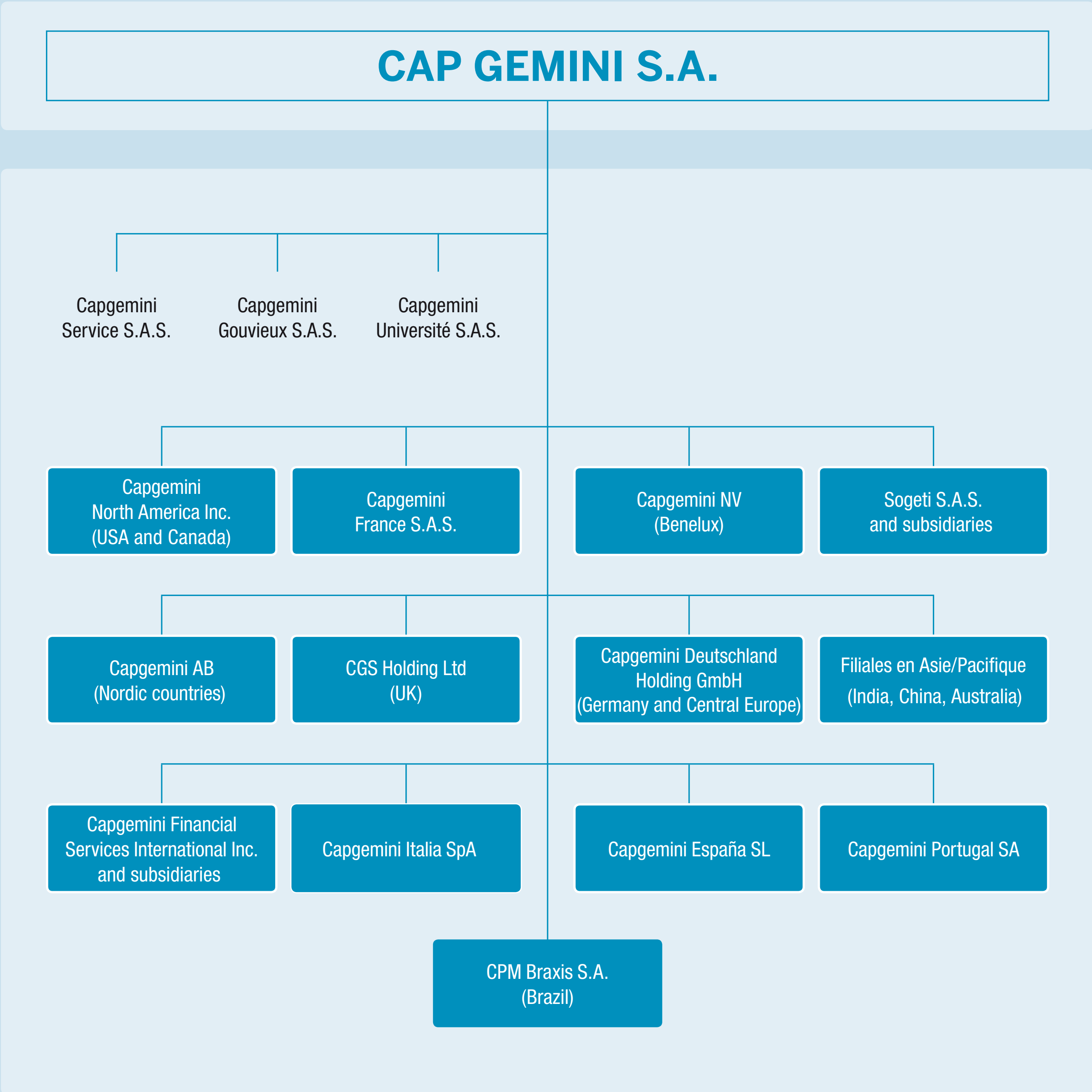
The Group is composed of seven Strategic Business Units:

- **4 global strategic business units:**
  - Consulting
  - Infrastructure Services, i.e. the design, installation and maintenance of client infrastructures
  - BPO (business process outsourcing)
  - Local Professional Services, provided by the SOGETI sub-group and its subsidiaries
- **2 systems integration and applicative maintenance strategic business units (generally known as "APP.S" for "Application Services") in the following regions and countries:**
  - APP.S 1: North America, UK and the Asia/Pacific region (excluding China), including global responsibility for the Financial Services sector
  - APP.S 2: France, Benelux, the Nordic countries, Germany and Central Europe, Southern European and Latin America (excluding Brazil)
- **1 strategic business unit with responsibility for high-growth emerging countries (currently Brazil and China) and new business models.**

The Group is also present in around thirty countries, which are in turn grouped into eight geographic areas:

- North America: USA, Canada
- the United Kingdom and Ireland
- France, to which our branch in Morocco is associated
- Benelux
- Nordic countries: Denmark, Norway, Sweden, Finland
- Germany and Central European countries: Switzerland, Austria, Poland, Czech Republic, Romania, Hungary, etc.
- Southern Europe (Italy, Spain, Portugal) to which Latin America is associated: Mexico, Brazil, Argentina, Chile, etc.
- and finally the Asia/Pacific region: India, China, Singapore, Hong-Kong, Australia.

The main Group subsidiaries (regional holding companies, operating, support and resource companies) directly or indirectly wholly-owned by Cap Gemini S.A., with the exception of CPM Braxis S.A. (held 56.06%), are presented below:



2.7 The Group's investment policy

After performing only a few transactions in 2009, the Group resumed its external growth policy in 2010, with an upturn in both volume and amount.
The adopted strategy consisted in strengthening the Group's presence in emerging countries, consolidating its leading position in certain high potential industries and finally acquiring companies possessing specific expertise in their market sector.

The Group's main transaction in 2010 was the acquisition of a controlling 56.06% stake in the Brazilian IT services company, CPM Braxis. Completed in September, this transaction enabled the Group to strengthen its position in the largest IT services market in Latin America, a market which has also enjoyed the highest growth rate in the region over the last five years. Thanks to this transaction, the Group extended its client base and will be better able to assist its international clients in their expansion activities in Brazil. CPM Braxis has a diversified business portfolio in applications development and maintenance and infrastructure management.
Capgemini holds a call option for the remaining share capital of CPM Braxis which may be exercised between years three and five, while the other shareholders hold put options covering their residual investments which may be exercised under the same conditions.

The Group also performed a number of targeted acquisitions to strengthen its traditional businesses. These transactions primarily focused on the financial sector, with the acquisition of the remaining share capital of the UK-based company, Strategic System Solution, in which the Group already held a minority interest, the Indian company Thesys and the French company Plaisir Informatique.

Thanks to the acquisition of the Swedish e-purchasing solutions provider, IBX, the Group was the first in the market to offer an integrated solution for the management of the corporate procurement function.

Another acquisition in the Nordic countries, the Swedish company Skvader, enabled the Group to strengthen its Smart Energy Services line.

Finally, Sogeti was strengthened by two targeted acquisitions in the Netherlands and the United States.

In 2011, the external growth policy will hold the cap set in 2010, thereby satisfying the Group's ambitions in terms of geographical coverage and technological portfolio development, with continuing focus on our presence in emerging countries.
These acquisitions will be possible thanks to the Group's very solid financial position, which they should not comprise.

2.8 Risk analysis

IDENTIFICATION OF RISKS

Group 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 stringently they are applied, these procedures can only provide reasonable assurance - and not an absolute guarantee – against all risks.

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 timeframe and to the required level of quality; or (iii) infringement, notably through human error, of obligations liable to affect the operations of a client or third party.

Risks concerning project performance

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 performance. 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 performed 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 assigned to them. The Group also has a pro-active policy of seeking external certification (CCM, ISO, etc.) for its production sites.

Contract performance is monitored using Group-defined management and control procedures, and complex projects are subject to dedicated control processes. Internal Audit 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.

Despite the formal approval procedure for all client project commitments undertaken by the Group, in some cases, difficulties with respect to project performance and/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 (which make up approximately half of the Group's business) 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. Some of these guarantees, concerning a very restricted number of clients whose projects represented approximately 15% of Group revenues in 2010, are not for fixed amounts.

Despite the stringent control procedures that the Group applies in the project performance 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 are not, or cannot 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 satisfy 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 Management has published a Code of business ethics and oversees its application. Nevertheless, in the event of an industrial dispute or non-compliance with local regulations and/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. The systems used to publish the Group's consolidated financial statements comprise a specific risk in view of the strict reporting deadlines. The Group is aware of the importance of internal communication network security, and protects its networks 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 part of its services to sites or countries other than those in which the services are used or in which the Group's clients are located and particularly India, Poland, China, Vietnam and Latin America. The development of this model has made the Group more reliant 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 the corporate responsibility and sustainability section (Section 3.5, 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 major British public body, contributes 10% of Group revenues, while the second-largest client accounts for just 2%. The top 10 clients collectively account for just over 23% of Group revenues, and the top 30 represent just over 37%. The credit-worthiness of these major clients and the sheer diversity of the other smaller clients 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 primarily India, which now represents approximately 28% of the Group's total headcount. Consequently, Capgemini is now more exposed to the risk of natural disasters in South East Asia and Latin America, political instability in certain regions of India and adjoining countries, and even terrorist attacks.

From an economic standpoint, the Group is also exposed to risks stemming from the negative effects of insufficiently controlled growth (wage inflation, which is particularly rife 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 transactions, one of the cornerstones of the Group's development strategy, also contain an 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 transaction 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 integration costs and/or lower savings or synergies than initially forecast. If a material unidentified liability subsequently comes 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 Capgemini's other key business segments. 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.

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.

Draft agreements are submitted to the Legal department for review when their terms and conditions derogate from the principles governing the Group's contractual relations. However, in spite of the stringent control procedures that the Group applies regarding the terms and conditions of the agreements to which it is party, it is impossible to guarantee that all risks have been contained and eliminated.

Contractual risks may notably arise when the Group's liability for failing to fulfill certain obligations is unlimited, when there is no liability protection clause in relation to services affecting health and safety or the environment, and when the rights of third parties are not respected.

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 stringent 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.

There are no other governmental, legal or arbitration proceedings, including any proceedings of which the Group is aware, that are pending or liable to arise, which are likely to have or have had in the last 12 months a material impact on the Group's financial position or profitability other than those that are recognized in the financial statements or disclosed in the notes thereto.

FINANCIAL RISKS

Detailed information concerning these risks is provided in Note 19 to Capgemini's consolidated financial statements in this Reference Document.

Equity risk

The Group does not hold any shares for financial investment purposes, and does not have any interests in listed companies. However, it holds 2,175,000 treasury shares acquired under its share buyback program.

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. The hedging agreements entered into with financial institutions pursuant to its policy for managing currency and interest rate risks also exposes the Group to credit and counterparty risk.

Liquidity risk

The financial liabilities whose early repayment could expose the Group to liquidity risk are mainly the two convertible bonds (“OCEANE 2005” and “OCEANE 2009”).

Interest rate risk

The Group's exposure to interest rate risk should be analyzed in light of its cash position. The significant liquidity at its disposal (€2,378 million in cash and cash equivalents at December 31, 2010) is generally invested at floating rates, while the Group's debt (€1,306 million at December 31, 2010) – primarily comprising OCEANE bonds - is mainly at fixed rates.

Currency risk

The Group is exposed to two types of currency risk that could impact earnings and equity: risks arising in connection with the consolidation process on the translation of the foreign currency accounts of consolidated subsidiaries whose functional currency is not the euro, and currency risks arising on operating and financial cash flows which are not denominated in the entities' functional currency. The growing use of offshore production centers in Poland, India, China and Vietnam exposes Capgemini to currency risk with respect to some of its production costs. Capgemini is also exposed to the risk of exchange rate fluctuations in respect of inter-company financing transactions and fees paid to the Group by subsidiaries whose functional currency is not the euro.

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. 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. Pension plan assets, which are invested in different categories of assets (including 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.

INSURANCE

The Group Insurance Manager is part of the Group Finance department and 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 departments 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 conceivable 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 changes in the Group's activities, the position on insurance markets and risk exposures.

The primary layer of this program, totaling €30 million, is reinsured through a consolidated reinsurance subsidiary 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. With an average surface area of 2,500 square meters, these premises concern almost 500 companies. 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 6,000 people in a number of different buildings. No building at any of the Group's sites houses more than 2,000 employees.

Other risks

Travel assistance and repatriation coverage for employees working outside their home countries, and crime and fidelity coverage (especially for information systems) are managed centrally at Group level via global insurance policies. All other risks – including motor vehicle, 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 any countries in which it operates. The Group has also decided that, unless coverage is compulsory and readily available, it is not necessary to systematically insure against terrorism-related risks. Certain risks are excluded from coverage under the general conditions imposed by the insurance market.

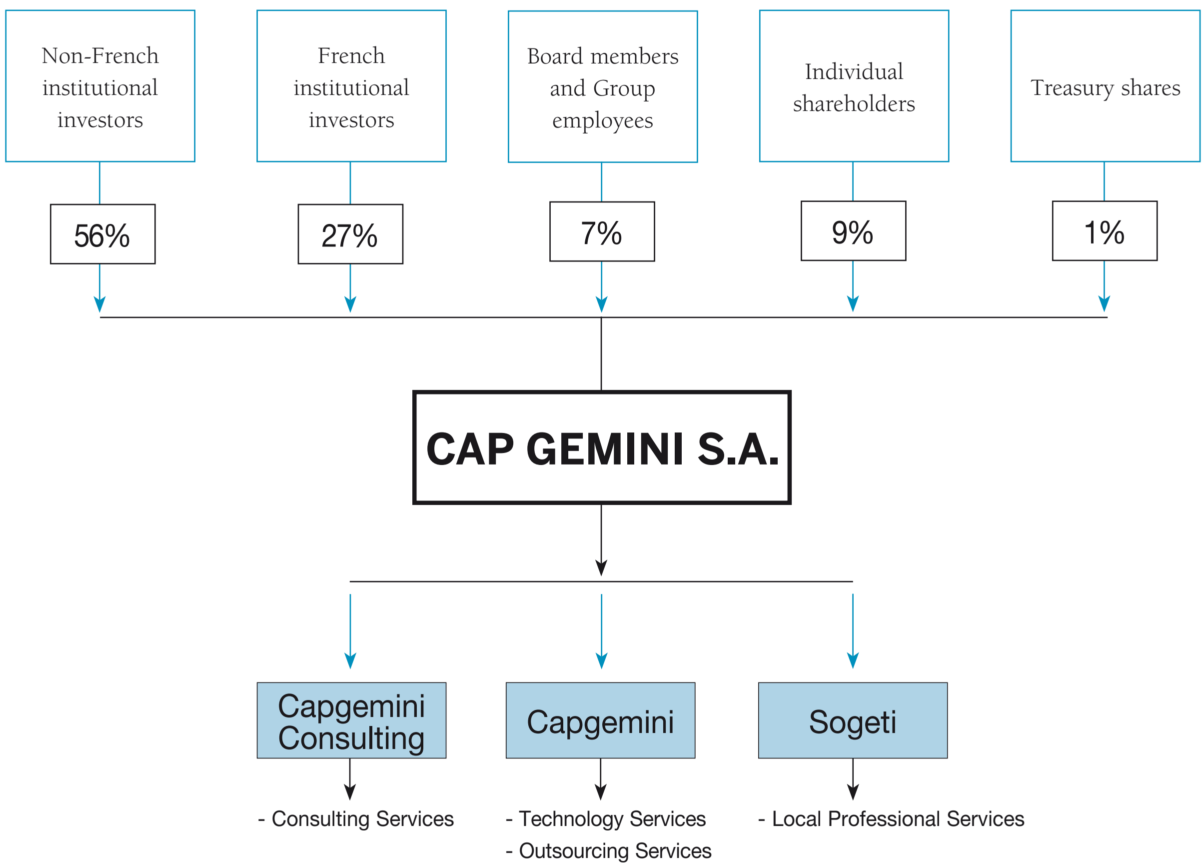
2.9 Cap Gemini S.A. and the Stock Market

At December 31, 2010, the share capital of Cap Gemini S.A. comprised 155,770,362 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 1,592,966 as a result of the issue of new shares upon the exercise of stock options granted in prior years to Group employees.

Cap Gemini shares are included in the CAC40 and the Euronext 100 indexes and the Dow Jones STOXX and Dow Jones Euro STOXX. Between January 1 and December 31, 2010, the Cap Gemini share price on “Euronext Paris” increased from €31.97 to €34.93.

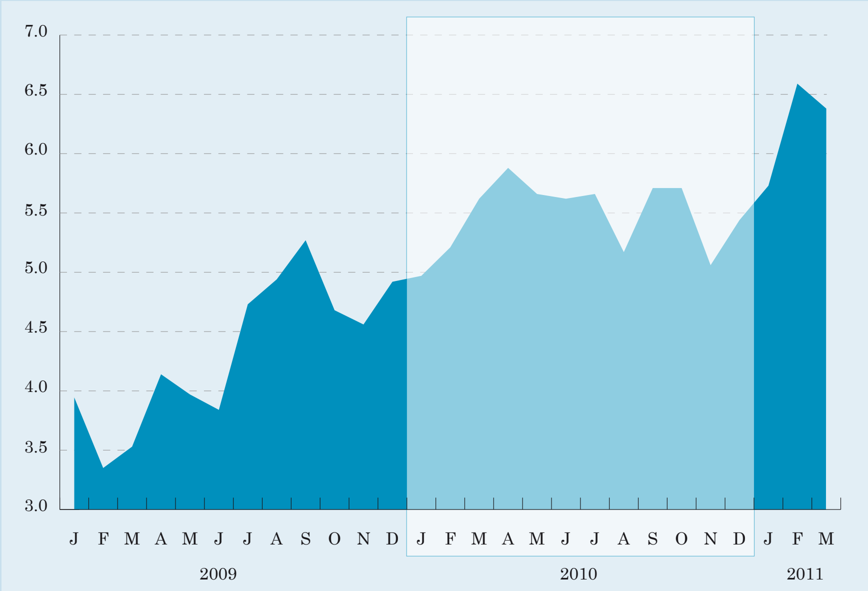
CAP GEMINI S.A. SHARE OWNERSHIP STRUCTURE AT DECEMBER 31, 2010 (based on a shareholder survey)



Stock market capitalization

From January 2009 to March 2011

In billions of euros



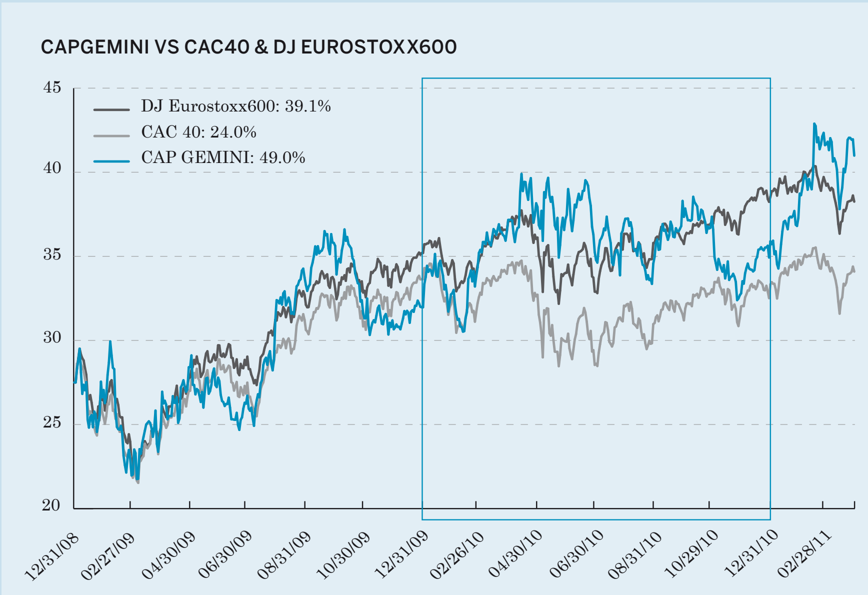
Source: Euronext

Share performance

From December 31, 2008

to March 31, 2011

In euros

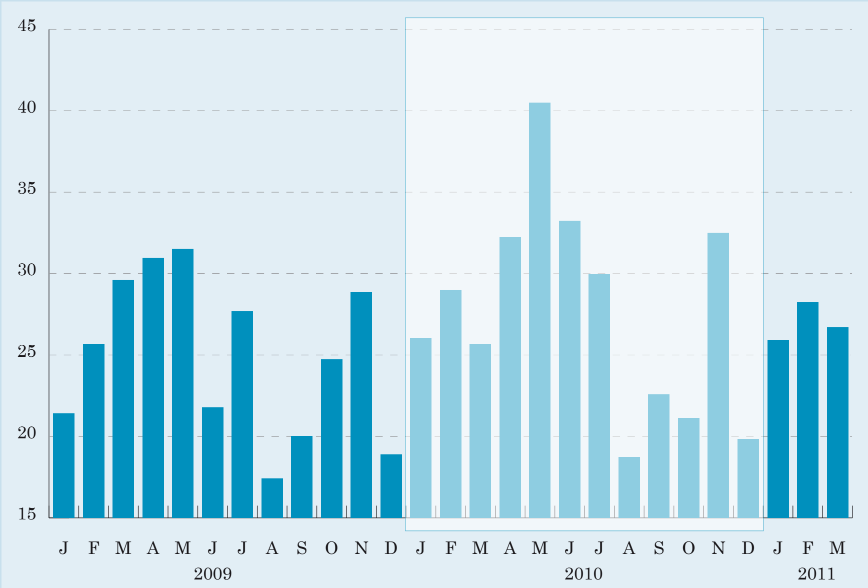


Source: Reuters

Number of trades per month

From January 2009 to March 2011

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 Number of shares		Value
		high	average*	low	total	average (daily)	(millions of euros)
April 09	20	28.64	26.35	23.44	30,956,544	1,547,827	844.9
May 09	20	29.11	27.28	25.60	31,513,880	1,575,694	889.1
June 09	22	28.14	26.04	24.45	21,781,565	990,071	581.0
July 09	23	32.50	27.74	24.79	27,669,580	1,203,025	789.1
August 09	21	35.00	32.76	30.92	17,425,893	829,804	576.6
September 09	22	36.68	35.05	32.59	20,023,567	910,162	717.1
October 09	22	36.99	34.68	31.61	24,712,766	1,123,308	883.6
November 09	21	32.69	31.25	29.94	28,840,416	1,373,353	915.7
December 09	22	32.49	31.44	30.06	18,876,303	858,014	592.5
January 10	20	35.60	33.77	31.50	26,043,209	1,302,160	897.0
February 10	20	34.42	32.30	30.21	28,993,315	1,449,666	965.4
March 10	23	37.26	36.02	34.00	25,692,743	1,117,076	934.0
April 10	20	40.30	38.03	35.68	32,236,386	1,611,819	1,254.0
May 10	21	40.27	37.59	34.88	40,489,850	1,928,088	1,567.1
June 10	22	39.79	38.13	36.13	33,249,672	1,511,349	1,307.0
July 10	22	37.75	35.71	33.87	29,954,505	1,361,568	1,129.2
August 10	22	37.93	35.41	32.98	18,720,169	850,917	674.8
September 10	22	37.42	36.18	33.17	22,588,390	1,026,745	834.5
October 10	21	38.65	37.44	36.37	21,131,876	1,006,280	803.9
November 10	22	37.75	34.39	32.26	32,487,917	1,476,724	1,116.6
December 10	23	35.91	34.56	32.32	19,834,456	862,368	679.5
January 11	21	38.00	36.29	34.02	25,910,260	1,233,822	936.3
February 11	20	43.39	40.21	36.69	28,241,416	1,412,071	1,143.7
March 11	23	43.29	40.80	37.65	26,701,250	1,160,924	1,084.4

*Average price weighted for trading volume.

Source: Bloomberg

Dividends paid by Cap Gemini

Year ended December 31	Distribution of dividends In millions	In % of net income	Number of shares	Dividend per share
2005	€66	47%	131,581,978	€0.50
2006	€101	34%	144,081,809	€0.70
2007	€145	33%	145,425,510	€1.00
2008	€146	33%	145,844,938	€1.00
2009	€123	69%	154,177,396	€0.80
2010	€156	56%	155,770,362	€1.00*

* Recommended dividend submitted to the Annual Shareholders' Meeting of May 26, 2011

3.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

Capgemini has recognized that the principles of Corporate Social Responsibility (CSR) & Sustainability must extend beyond legal compliance and philanthropy. Hence our focus has been on embedding them into our business strategy, our processes and our ways of working. They are no longer specialist or peripheral activities but rather a real requirement for all organizations. These principles, grounded in our shared values, have been encapsulated in our Code of Business Ethics and guide our relationships with our stakeholders and the communities and environment in which we operate.

Our Ethics & Compliance Program was launched in 2009 by the Group Board of Directors. This Program is based and built upon the ethical culture that has existed within the Group since its creation in 1967. As part of the Program, a Code of Business Ethics was launched in 2010 and a network of Ethics & Compliance Officers established across the Group.

At the October 2010 Rencontres in Barcelona, Spain, Group CEO Paul Hermelin called for the Group as a whole to use its passion and spirit as well as its intellectual capability. He referred to this as la niaque. This calls for a culture that reflects our values and history, respects our people, acknowledges performance, and inspires drive and ambition. In 2010, Capgemini launched a new brand tagline to reflect this culture: “People matter, results count” alongside a new advertising campaign.

Capgemini’s approach to CSR & Sustainability contributes to its potential to succeed and achieve this ambition. The Ethics & Compliance program contributes to attracting, developing and retaining the best people. Both strengthen our reputation, helping us to win business and to take our place in the “Champions League”.

3.1 Our commitment and strategy

Capgemini is committed to responsible and sustainable business practices, delivering value to its stakeholders, which include customers, shareholders, investors, business partners, suppliers, employees, the community, and the environment. In 2004, the Group joined the UN Global Compact. The member companies of this program support and respect ten principles in the areas of human rights, the environment, labor rights, and anti-corruption. As a basic rule, the Group respects the national and local laws and regulations in the countries in which it operates while supporting international laws and regulations, in particular the International Labor Organization fundamental conventions on labor standards. In December 2007, the Group signed up to the UN Global Compact "Caring for Climate" initiative.

Our CSR & Sustainability priorities are based on six pillars, which underpin all aspects of our business. Under each pillar, we have identified the key areas that are material to our business, areas in which Capgemini has an impact, which are important to our stakeholders. We have set objectives for each pillar in order to improve our internal reporting processes and monitor our performance.

1. **Leadership, Values & Ethics.** The way we work and behave. We embrace the core Values of Honesty, Boldness, Trust, Freedom, Team Spirit/Solidarity, Modesty and Fun. Capgemini maintains a strong Code of Business Ethics, which underpins all of its business practices.

2. **Our People.** 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. As a people-oriented business, our focus is on the professional development and well-being of all our employees. We have a culture whereby we respect and value the diversity of our people as individuals. We all have a right to be treated and a duty to treat others with respect and courtesy. We believe that effective communication is a prerequisite for an open and inclusive culture.

3. **Clients.** Collaborating with our clients. We undertake to understand their real business needs and we are dedicated to delivering profitable and sustainable growth by working together with our clients to deliver value through our expertise and behavior. We take customer dialogue and feedback very seriously. We also look to embed CSR & Sustainability considerations, notably Green IT, into our service offerings.

4. **Communities.** Ensuring a positive impact on the communities in which we live and operate. As a major global employer, we work on the national and international levels with local authorities and other organizations on community projects. We encourage the active involvement of our employees in community development.

5. **Suppliers & Business Partners.** Working closely with suppliers and business partners. We work with our suppliers and commit to sound and sustainable procurement procedures. We expect our suppliers to comply fully with the laws in the countries in which they operate. We work with business partners to bring added value to our clients, and expect our partners to comply fully with the law.

6. **The Environment.** Recognizing our impact on the environment. We strive to reduce any negative environmental impact of the Group's business activities. These include: greenhouse gas emissions from energy consumption in our offices, data centers and business travel; waste created by our operations; and our procurement activities. Long-term sustainability is the key and we endeavor to reduce our negative impact, raise employee awareness and increase our positive contribution.

More information on our six pillars can be found in our CSR & Sustainability report: "The Other Face of Capgemini".

Our approach to the six pillars is to provide global top-down leadership and strategic vision, and to ensure we create the right environment for our people to be able to apply their creativity, experience and expertise individually to developing innovative and effective solutions adapted to their areas of work and influence.

OUR VALUES

Since the creation of the Group in 1967, our culture and business practices have been inspired and guided by our seven core Values. These are the guiding principles that we collectively and individually stand for and that are at the heart of our approach as an ethical and responsible business.

These Values are not only rules of behavior but also provide the basis for our rules of conduct and principles of action. They shape our sustainable ethical culture, our "Group DNA," producing a mindset encompassing integrity and ethical behavior.

Our Values are important in respecting, defending and upholding the Group as an ethical and responsible business and in protecting our reputation.

The first Value is **Honesty**, denoting integrity, loyalty, uprightness, and a complete refusal to use any underhand 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, once proven, any lack of openness and integrity in business dealings will be penalized immediately.

Boldness implies a flair for entrepreneurship, a desire to take considered risks and to show commitment (clearly 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 being willing 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 can become reckless.

Trust means the willingness to empower both individuals and teams; 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 widespread idea and information sharing.

Freedom indicates independence in thought, judgment and deed, entrepreneurial spirit and creativity. It also means tolerance, respect for others and for different cultures and customs – essential qualities for 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 support common efforts when the storm is raging.

Modesty signifies simplicity, the very opposite of affectation, pretension, pomposity, arrogance and boastfulness. Simplicity does not imply naivety; it is more 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.

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 operation. The "Blue Book," so called because it is blue in color, was therefore 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.

The Blue Book contains:
- Group fundamentals
  - Group mission & expertise, fundamental objectives, values, Code of Business 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, including ethical purchasing and supplier selection
- 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. The Group Blue Book is reviewed on a regular basis and updated to reflect changes and increased focus on our CSR & Sustainability. We will also review our Blue Book to include the Code of Business Ethics in 2011. The Blue Book is accessible online to all Group employees.

HOW DO WE MEASURE UP?

Analyst measurement of CSR & Sustainability performance is taken seriously by Capgemini. We also welcome measurement by respected third parties. The Global Analyst Relations Team builds relationships with key market analysts and provides them with information on Capgemini's capabilities. In addition, they give our people information on the analysts' opinions of the firm. The Group cooperates with several external ratings agencies that evaluate the performance of companies in terms of social, environmental and corporate responsibility. This gives us a clearer vision and evaluation of our achievements, targets and priorities in each area.

Analysts

Forrester

Forrester's report on Sustainability Consulting Services evaluated the level of capability providers had for each service offering in three different categories: IT energy and resource efficiency (Green IT); IT-enabled green business processes (IT for Green); and corporate sustainability planning & governance (Green Business). Forrester predicts a $9.6 billion market in 2015 [1] for sustainability consulting services.

The report highlights the importance of sustainability in our business: "Sustainability is core to Capgemini's strategy, which is reflected in its organization as an international team

1 Capitalizing on the Sustainability Consulting Services Opportunity, Forrester Research, Inc., October 1, 2010

with key contact personnel in each respective country"[1], "The firm's engagement model is based on a 3-phase approach: starting with discussing issues around the client's footprint and developing a business plan scenario; advising the client and finding core levers in which to progress; and, finally, implementing the proposed solution"[2]. The closing notes of the report offer advice to market leaders: "We recommend that vendor strategists and green practice leaders continue to broaden their service offerings, helping clients to fit Green IT within a broader context of corporate sustainability initiatives"[3].

"Capgemini was positioned by Forrester, Inc. as a 'leader' for Applications Outsourcing EMEA Q4 2010"[4] Capgemini has "a strong vision for managed outcome relationships and also is a leader in developing innovation programs that involve the customer directly. Capgemini has also been on the forefront of new AO technologies, including cloud computing, by virtue of its relationships with Amazon and Google"[5]. The analyst reports Capgemini as "a strong player in testing with a generally mature value proposition."[6] The report also notes that our "top three applications outsourcing verticals comprise Public Sector, Energy and Manufacturing"[7].

The results of Forrester's Green IT survey of enterprises, including small and medium-size businesses(SMBs), indicate that Green IT adoption remained steady in 2010 and that it still forms a vital part of many IT organizations' strategy. Cost continues to be the core underlying motivation behind the implementation of Green IT. The report identifies a move towards a focus on IT for Green, emphasizing, for example: smart grids, unified communications, and supply chain optimization. This move presents significant new growth opportunities for providers. "Evidence already exists of the increased importance of IT for Green: Capgemini, for instance, launched its new global service line (GLS) Smart Energy Services, which supports the utility service industry"[8]. Other opportunities for service providers identified in the report included eliminating redundant applications in data centers, printer consolidation and PC power management.

1 Capitalizing on the Sustainability Consulting Services Opportunity, Forrester Research, Inc., October 1, 2010
2 Capitalizing on the Sustainability Consulting Services Opportunity, Forrester Research, Inc., October 1, 2010
3 Capitalizing on the Sustainability Consulting Services Opportunity, Forrester Research, Inc., October 1, 2010
4 The Forrester Wave: EMEA Applications Outsourcing Q4 2010, Forrester Research, Inc., December 20, 2010
5 The Forrester Wave: EMEA Applications Outsourcing Q4 2010, Forrester Research, Inc., December 20, 2010
6 The Forrester Wave: EMEA Applications Outsourcing Q4 2010, Forrester Research, Inc., December 20, 2010
7 The Forrester Wave: EMEA Applications Outsourcing Q4 2010, Forrester Research, Inc., December 20, 2010
8 Market Update: The State Of Green IT Adoption Q2 2010, Forrester Research, Inc., July 12, 2010

NelsonHall

NelsonHall recently reported on the opening of Merlin, Capgemini's new green data center in Swindon, UK, commenting that "overall, the opening of the Merlin data center puts Capgemini in a space where it was not expecting it to be. So far, Green IT was a topic reserved for hardware and data center equipment manufacturers, not IT service vendors"[9]. The analyst wrote that "Capgemini has taken the approach that the cost of operating a green data center should not be more expensive than a classic one"[10].

NelsonHall reported on the launch of Capgemini's new Global Service Line (GLS) Smart Energy Services, which marks the last of five initiatives in Capgemini's "Business As Unusual" program: "In combining its global resources in Energy & Utilities (E&U) under a single organization to create this GLS, Capgemini has made a clear statement of the Group's intention to aggressively target these market opportunities".[11] The analyst commented that "Capgemini can point to longstanding presence in E&U, both for IT services and for BPO, and to having gained early experience in large-scale smart meter roll outs in Ontario for Hydro One". [11] "Capgemini is also well positioned for new smart grid opportunities in China (where it has a close relationship with China Southern Power Grid, India (where it is qualified as an IT implementation agency for the R-APDRP program), and Australia". [11]

The report adds "Capgemini estimates that over the next 10 years it has the opportunity to generate up to €4bn (~$5.6bn) revenue from its activities in smart meter projects, and potentially at least as much from initiatives around the Smart Home and €12bn (~$16.8bn) in revenue from its activities supporting smart grid initiatives". [11]

Verdantix

A report by another independent analyst firm identified Capgemini as a "Specialist" supplier of sustainable technology services. The Green Quadrant Matrix methodology is a comparison, which characterizes market alternatives for buyers of a product or service. Capgemini was compared with 14 other suppliers of sustainable technology services using 49 weighted criteria under the categories of capabilities and market momentum. Firms in the Specialist quadrant are typified by deep capabilities in focused technology areas, broad portfolios of emerging sustainable technology services and internal sustainability programs under development. Compared to the other firms, Capgemini scored "best in class" for data center energy efficiency: "through their Merlin data center, [they] have developed one of the World's most sustainable and energy efficient data centers". In terms of communicating its offerings to clients, 80% of respondents believed their level of

9 NelsonHall: Capgemini Opens New Energy-Efficient Datacenter in UK, Dominique Raviart, October 11, 2010
10 NelsonHall: Capgemini Opens New Energy-Efficient Datacenter in UK, Dominique Raviart, October 11, 2010
11 NelsonHall:Capgemini Launches 'Smart Energy' Global Service Line Rachael Stormonth, March 18, 2010

awareness of Capgemini's sustainable technology services as being either "moderate" or "high". [Verdantix: Green Quadrant Sustainable Technology Services, January 2011].

VIGEO

According to the 2010 ratings report, Capgemini's cooperation level is assessed as responsive with an information rate of 90% compared to the industry average of 67%. The Group achieved a global score of 56/100, taking 3rd place in the Software and IT services sector. In the Environment, Community Involvement and Corporate Governance spheres, CSR performance for the period is in line with that of its peers in the Software and IT Services sector. Capgemini's performance is above average on Human Rights and Business Behavior. Human Resources performance has improved since the last ratings report, its high rank owing to the strong commitments expressed by the Group on the issues currently under review in addition to the implementation of appropriate resources for professional development. Capgemini's environmental training, management commitment and monitoring of indicators contributed to a strong score in environmental strategy and drivers for eco-design. Our overall performance has improved since 2009.

Capgemini is included in the ASPI Eurozone Index and Ethibel Excellence Index Europe. The companies listed in these indices are those that perform best on social, environmental and ethical criteria (Vigeo Ratings Report, 2010).

Financial indexes

In 2010, Capgemini was included in the ECPI Ethical Index Economic and Monetary Union (EMU). This index was designed to select the top 150 capitalized companies in the EMU market that are eligible investments according to ECPI screening methodology. ECPI is a research agency dedicated to Environmental, Social and Governance (ESG) research and index development, calculation and publication. ECPI monitors more than 4,000 issuers (including companies, hedge fund managers, governments, agencies and supranationals) from an environmental risk, social impact, and corporate governance perspective.
Capgemini has been selected for inclusion in the Ethibel PIONEER and Ethibel EXCELLENCE Investment Registers since 2007. It was reconfirmed for inclusion in 2010 and its CSR profile has been monitored since. Forum ETHIBEL's mission is both to develop Socially Responsible Investing (SRI) and to increase awareness of sustainable development by creating high quality, visible SRI products in the market. These Investment Registers form the basis of the Collective European Quality labels "ETHIBEL PIONEER" and "ETHIBEL EXCELLENCE", which are granted to investment funds and financial products only.
Capgemini was rated by OEKOM, a leading rating agency using a comprehensive criteria base for the evaluation of companies from an ethical perspective, and Ethifinance, an independent agency specializing in CSR evaluation.

Capgemini UK has also been awarded Gold status in the annual Business in the Community (BitC) Corporate Responsibility Index for the last two years. BitC, the leading voluntary corporate responsibility benchmark in the UK, measures the way sustainability has been integrated across our business and our degree of positive impact. BitC uses the index to drive best sustainability practices across the UK business for year-on-year improvement.

Carbon disclosure project

Capgemini took part in the Carbon Disclosure Project (CDP) once again in 2010, providing information on its Carbon Footprint. This included a greenhouse gas emissions inventory for our offices, data centers, travel and hotel usage in addition to climate change management strategy statements.
Capgemini features in the first quartile of companies that participated in the 2009 Carbon Disclosure Project (CDP), with an overall score of 68 out of 100 (against an average of 39). Our response was analyzed and benchmarked against 709 other major international companies who responded to the CDP request for this information in 2009. According to the breakdown, we secured high scores in all segments, including Reporting Capabilities, Strategic Awareness, and Carbon Reduction Ambition. We scored a perfect 100 out of 100 on Implementation Practice.

Highlights from our 2010 awards include

- Group CEO Paul Hermelin was rated number two in a list of CAC 40 CEOs, judged on the positive tone of press coverage in 60 countries. Press-watcher LexisNexis compiled the list, using "semantic intelligence" software, which can detect whether the tone of a newspaper article is negative, neutral, or positive. French monthly business journal *L'Expansion*, partner of the study, put our good reputation down to the column inches generated by acquisitions in 2010, raising the Group's profile.
- Technology Services (TS) Council leader Henk Broeders was appointed Knight of the Order of Orange-Nassau, by Queen Beatrix of the Netherlands. He was also named ICT (Information and Communication Technologies) Personality of the Year 2010 during the annual National ICT Gala in the country, a prestigious event organized by ICT-Office, the Dutch IT Trade Association.
- Global Applications Outsourcing Director Mark Skilton was elected in December 2010 to co-chair The Open Group's Cloud Computing Work Group with Boeing, succeeding IBM. Ten global and regional companies participate in Cloud, although the group has a wider membership of some 300 enterprises. This is a key step forward in placing Capgemini at the heart of cloud computing thought leadership in a major industry standards body.
- Sogeti Sweden CTO Per Björkegren won the coveted IT Consultant of the Year title at the Swedish IT Business Awards. The jury recognized Peter's contributions to the IT sector in

Sweden and referred to him as "an outstanding example, for others in the business to look up to". This is the second time Sogeti has received the award.

- Capgemini Norway's CEO Ola Furu was named IT–Leader of the Year at the Norwegian Computer Society annual Rosingprisen awards, otherwise known as the "IT industry's Oscars" for Norway. The Norwegian Computer Society is the largest special interest society for Information Technology in Norway.
- The Microsoft Most Valuable Professional (MVP) awards recognize the distinct achievements of those contributing innovative solutions to products or technologies in the Microsoft world. Capgemini UK's SharePoint Assurance and Strategy expert, John Timney, won the MVP award for the twelfth time for his community contribution, which includes regular conference or user-group speaking engagements and strong ongoing activity in the community forums at Technet. In India, Sankool Shah was awarded the MVP for Client Application Development.
- Tony Madrigale from Capgemini North America was recognized as one of *Consulting Magazine's Top 25* Consultants 2010. Madrigale was elected by *Consulting Magazine* as one of the most dynamic and influential leaders in the consulting industry in its annual listing. He was recognized in the High Tech category for the publication's annual celebration of the most prominent consultants.
- Capgemini was awarded the SAS Partner of the Year at the SAS UK awards ceremony. The Partner of the Year award is given to the SAS partner who made the greatest contribution to SAS business in 2009. Matt Howell, who received the award for his role as Executive Sponsor of the relationship with SAS UK, stated: "We have seen real growth in our business with SAS in 2009. What's more, they are focused, willing to invest where they see potential, and above all a pleasure to work with."
- Capgemini UK received two awards at the annual SAP UK Partner of the Year Awards in May 2010. The first was Partner of the Year – Most Strategic Win for joint work on Centrica, SAP's largest software opportunity in 2009. The second was Partner of the Year – Business Intelligence for driving Business Object and BI software revenues in 2009 with SAP at Kingfisher and Centrica.
- Capgemini featured among the top companies in the 2010 All-Europe Executive Team rankings published by *the Institutional Investor* (II) magazine. Analysts ranked Capgemini an impressive sixth for Most Honored Companies alongside companies from a range of industries. CFO Nicolas Dufourcq topped the list as the Best CFO in the Technology/Software category. We also ranked top for Best Investor Relations Individual and Best Investor Relations Company.
- Capgemini Netherlands won an MT100 award in November 2010. The yearly Management Team 100: *Beste Adviesbureaus* measures flexibility, time planning, budget management and knowledge. Capgemini was winner in the ICT category.
- Capgemini University won the Golden Learning award from *Chief Learning Officer*, a magazine and network of publications. The University beat a host of rivals for the award, given for tying organizations' business themes to learning opportunities while enhancing and increasing local and virtual training for employees. Steven Smith, Vice President and Director of Capgemini University collected the award at the Chief Learning Officer symposium in California: "the University has always created close connections with the needs of the business and its people."
- Capgemini UK received top prize in 2010 for Public Sector IT projects in the UK, and was announced overall winner of the Government Computing Awards 2010 for its Online Free School Meals project – an effort to simplify applications for free school meals. Capgemini collaborated with the Department for Education on this project, which saved the client an estimated £7.8 million (€9.1 million) within the first seven months and is an excellent example of our full suite of Application Lifecycle Services (ALS).
- Outsourcing UK's Human Resources team made its mark at the 2010 Personnel Today Awards, designed to showcase best practices and recognize industry leaders. Outsourcing Services (OS) UK was shortlisted in the Employee Engagement category for its efforts to engage its people over the course of the past year, and took the runner-up prize.
- In October 2010, Capgemini UK's payroll team won the IPP 7th Annual Payroll and Pension Excellence award as Payroll Team of the Year. Capgemini was a finalist in the HR Excellence Awards for Most Effective Benefits Strategy and runner up in the Outsourcing HR team of the Year award.
- Capgemini China was selected, from over 200 nominations worldwide, for the Dynamic Enterprise Award by telecoms company Alcatel-Lucent. The award seeks to recognize enterprises that have successfully implemented Dynamic Enterprise and will help to further develop Capgemini's relationship with the company.
- Sogeti Netherlands was elected Best Employer by *Incompany* (a quarterly business magazine) for the second year in a row, and Best Employer in the IT Sector. The award was based on in-depth research by Blauw Research, an independent leading research company in the Netherlands.
- Capgemini India received the Organizational Development & Leadership award, sponsored by *Hindustan Times Media*, from the World HRD Congress. The award principally recognizes HR champions and paradigm pioneers who have set standards in excellence, organizations that believe in future development, mentoring and nurturing talent. Capgemini India was joint winner of the Learning and Talent Initiative Excellence award sponsored by *Star News.*
- Capgemini Poland received the Malopolska Business Award at the 20th Economic Forum in Krynica, Poland, a prestigious meeting of business leaders from Poland and other countries. The Marshal of Małopolska Voivodeship presented it to Marek Grodziński, Director BPO Poland Center, and Member of the Capgemini Poland Management Board. The purpose of this prize is to promote entrepreneurship and contributions to the local economy. Krakow, home to our Business Process Outsourcing (BPO) and Information Technology Outsourcing (ITO) centers, is located in the Malopolska region.

3.2 Ethics

OUR CODE OF BUSINESS ETHICS

Grounded in our shared values and ethics, principles of CSR & Sustainability guide all our relationships with stakeholders, and the communities and environment in which we operate. Amongst our six pillars, the Leadership, Values and Ethics pillar ranks first.
The Capgemini Group has forged its reputation in the market through longstanding values and principles, which have been continually applied. Today this reputation is a genuine asset, essential to our profitability and growth.

To protect this reputation and, to strengthen our competitive advantage in doing so, the Group launched an Ethics & Compliance Program and built a network of Ethics & Compliance Officers across the Group.

OBJECTIVES OF THE ETHICS & COMPLIANCE PROGRAM

The objectives of the program are to:
- Develop a sustainable ethical culture, which reinforces integrity and leads to ethical behavior;
- Strengthen knowledge and awareness of international regulations and national laws and internal policies applicable in the Group's companies; and
- Implement initiatives strengthening prevention and aiming at avoiding misconduct and breach in the field of ethics and compliance.

ETHICS & COMPLIANCE ORGANIZATION AND NETWORK

The Strategic Business Unit/Business Unit (SBU/BU) managers are accountable in their respective Unit(s) for ethics, and compliance with the applicable laws and regulations and internal procedures. They are also accountable for achieving the Ethics & Compliance program.

The Chief Ethics & Compliance Officer (CECO) is responsible for the Ethics & Compliance program for the entire Group. The Ethics & Compliance program and its achievements are reviewed annually by the Group Ethics and Governance Committee of the Board of Directors.

General Counsels have also been appointed as Ethics & Compliance Officers (CG ECO). They are responsible for the Ethics & Compliance program within the geography under their responsibility, and liaise with the CECO.

ETHICS & COMPLIANCE PROGRAM IN 2010

Creation of the Code of Business Ethics

Since the creation of Capgemini in 1967, the Group has always been a "values-based" organization, and its culture and business practices are inspired and guided by seven core Values.

These are the fundamental principles that we collectively and individually stand for, which are at the heart of our approach as an ethical and responsible business. These Values are not only rules of behavior; they also provide the basis for our rules of conduct and principles of action. They shape our sustainable ethical culture, our "Group DNA," producing a mindset encompassing integrity and ethical behavior.

Our Values are important in respecting, defending and upholding the Group as an ethical and responsible business, and in protecting our reputation. They are an ongoing commitment to maintain and promote business integrity and trust wherever we operate.

Encapsulating our DNA, the Code of Business Ethics is now finalized and available in 13 languages. It received the collective and individual support of the members of the Board, the Group Executive Committee and the Group VP community.

Capgemini expects all Group employees to adhere to the core seven Values and to the principles expressed in its Code of Business Ethics encompassing:
- To respect any international, national and local laws and regulations applicable;
- To apply any health and safety rules and contribute to a safe and inclusive work environment;
- As a basic rule, to act responsibly in the market place by complying with any competition laws and regulations and anti-corruption rules applicable, by avoiding conflicts of interests and insider trading, and by providing accurate and correct business and financial information;
- To build honest and clear relationships with clients, alliance or other business partners, and suppliers;
- To maintain the security and integrity of the assets of the Group and of any third parties we work with;
- To support the communities and respect the environment in which we operate; and
- To refuse the use of forced labor and child labor.

Distribution of the Code of Business Ethics

A hard copy of the Code of Business Ethics in English was sent, together with a letter of acknowledgement from the CEO, to all vice-presidents (VPs) (approximately 1,200 people at the time of publication) for signature.

In June, more than 50 Business Unit managers began to circulate the Code of Business Ethics to their employees, in electronic format. Managers sent a personal email in their own language to all their employees, asking them to download the Code of Business Ethics from the intranet site where it is available in 13 languages. Each employee was also able to freely acknowledge his/her approval of the Code of Business Ethics electronically. An E-Learning module is available in four different languages for all employees. The aim of this decentralized process is to encourage support for and appropriation of the Code of Business Ethics by employees and management.

At the end of the year, more than 35,000 employees had already voluntarily downloaded the Code of Business Ethics, 19,000 had shown their agreement by signing, and 23,000 had followed the E-Learning module. Managers in certain countries requested individual paper acknowledgement of the Code of Business Ethics.

Group policies on competition law and the prevention of corruption

Two specific Group policies concerning competition law and the prevention of corruption are in the process of being drawn up. Each one will be supported with an E-Learning module. This work is undertaken in collaboration with the Group Legal Department. The aim is to distribute the two policies in 2011.

Raising Concern Procedure

The Raising Concern Procedure (RCP) is a procedure enabling employees to obtain advice and guidance on ethics and compliance issues and behavior. The Code of Business Ethics specifies that anyone faced with a question or issue involving ethics or compliance has to discuss this first with his/her local management team.

In a few specific cases (competition law, suspicion of corruption, etc.), or if the issue is not resolved by the management, or if the employee is not comfortable discussing the matter with the management team or if other procedures for dealing with individual grievances and complaints are not applicable, the employee may use the RCP and seek advice and guidance from the local General Counsel – Ethics & Compliance Officer (GC-ECO) and/or directly from the Chief Ethics & Compliance Officer. The RCP is currently being developed on a case-by-case basis in the countries where the Group operates in accordance with the applicable legislation.

For 2011, the objectives of the Ethics & Compliance program will remain unchanged. Several actions will be undertaken to continue developing a sustainable ethical culture leading to ethical behavior, generating stronger awareness of the laws and regulations, to implement initiatives to strengthen prevention, and to avoid misconduct in the field of ethics and compliance.

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3.3 Our people

HUMAN RESOURCES PRIORITIES

Our Group Human Resources (HR) priorities focus principally on the following areas :

- Career Development:
  - Leveraging the wide range of learning opportunities available that link to our competency models;
  - Managing our talent while taking care of career aspirations;
  - Offering the right professional challenges and development opportunities;
  - Managing our pyramids to reflect the new industrialized business models;
  - Favoring resource optimization at local and global levels.
- Leadership Talent Pool:
- Focusing on talent pool and succession management;
  - Increasing our Executive Development offering and fostering leadership development at all levels of the organization;
  - Increasing mobility within the leadership pool.
- Group University
  - Delivering regional programs (the Group University is established on three continents with Les Fontaines, in France, and facilities in Hyderabad, India, and Chicago, North America);
  - Continuing our efforts to provide virtual training programs and e-learning modules;
  - Developing new training programs that are permanently adapted to new and evolving technologies, competencies and the offshore delivery model.
- Recruitment in line with market trends.
- Diversity:
  - Managing gender diversity in the recruitment and promotion process;
  - Continuing our efforts to support people with disabilities.
- CSR & Sustainability.
- HR Service Delivery
  - Developing Employee Self-Service (ESS) to support increased mobility and virtual working; accelerating HR BPO, leveraging shared services to deliver high-touch HR services to our people;
  - Improving mobility policies, training and services with a strong focus on employee travel safety.

STRONG HEADCOUNT GROWTH, BOTH ORGANIC AND EXTERNAL

The development of the Group workforce over the last ten years is a reflection of the economic cycles that have affected the Consulting and Technology sectors. The strong organic growth of the late 1990s coupled with the takeover of Ernst & Young Consulting in 2000 meant that Group headcount more than doubled in five years. Moreover, this period was marked by sustained demand for Consulting and Technology services due to the oncoming Y2K, the introduction of the euro and development of the Internet.

During the three years following 2000, under the twofold effect of: i) general economic deterioration due to the emergence of major international crises, culminating in the 9/11 attacks and the war against Iraq, and ii) the bursting of the Internet bubble, investment slowdown in the information technology sector led to the downsizing of our workforce.

2004 was marked by a return to growth, mainly as a result of staff transfers (over 5,300 people were transferred upon signature of two large outsourcing contracts, notably the Aspire contract in the United Kingdom). 2005 was a year of consolidation, with renewed large-scale recruitment. Then 2006, with its buoyant market, featured an upturn in employment with double-digit growth in recruitment again. The upsurge quickened in 2007, boosted both by the Kanbay acquisition and by sustained organic growth, particularly in our offshore centers (India, Poland).

2008 continued on a positive trend with workforce growth of close to 10% as a result of the acquisition of BAS B.V. in the Netherlands and organic headcount growth of more than 6% entirely in the offshore markets (India, Poland, Latin America, China and Morocco). The economic crisis that broke out in 2008 led to a slowdown in recruitment at the end of that year, continuing through a large part of 2009, when the overall workforce declined by 1.2% despite recruitment picking up at year-end.

The upswing in recruitment recorded for 2009 gained speed in 2010. This factor, combined with the Group's progressive acquisition policy, caused a sharp rise in net headcount (18,200). For the very first time, Capgemini broke through the 100,000 employees mark in September 2010, forming a milestone in Group history. The 100,000 mark was soon left well behind, notably with the integration of CPM Braxis in Brazil on October 1, 2010. With the inclusion of this acquisition, the Group posted record-breaking end-of-year headcount: 108,698, an increase of 20% compared to 2009. Although headcount growth was largely generated by the BRIC nations, our traditional onshore countries also grew during 2010.

Year	Average headcount		End-of-year headcount	
	Numbers	Evolution	Numbers	Evolution
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%
2008	86,495	9.2%	91,621	9.7%
2009	90,237	4.3%	90,516	-1.2%
2010	97,571	8.1%	108,698	20.1%

*48,304 excluding the Transiciel contribution, incorporated only on December 31.

The acquisitions of Kanbay, BAS B.V. and CPM Braxis in recent years, strong organic growth notably in Asia and Latin America, and the economic crisis that affected continental Europe and the USA in particular, continued to appreciably modify the geographical distribution of Group personnel. This development is summarized in the table below:

	December 31, 2008		December 31, 2009		December 31, 2010	
	Numbers	%	Numbers	%	Numbers	%
North America	8,379	9.2%	7,950	8.8%	8,667	8.0%
United Kingdom & Ireland	7,985	8.7%	7,844	8.7%	8,515	7.8%
Nordic Countries	4,049	4.4%	3,681	4.1%	4,012	3.7%
Benelux	12,291	13.4%	11,163	12.3%	10,782	9.9%
Germany and Central Europe	7,534	8.2%	7,724	8.5%	7,929	7.3%
France and Morocco	21,392	23.4%	20,032	22.1%	20,277	18.7%
Southern Europe and Latin America	7,913	8.6%	8,114	9.0%	14,853	13.7%
Asia-Pacific	22,078	24.1%	24,008	26.5%	33,664	31.0%
TOTAL	**91,621**	**100%**	**90,516**	**100%**	**108,698**	**100%**

The calculation of numbers of employees in any one country excludes offshore staff carrying out operations destined for that country.

The above development reflects:

- The ongoing adaptation of delivery capabilities to our Rightshore® model, combining local resources (in the client's area) with those situated in specialized production centers, the balance depending on the technology or the offering concerned. As a result, the Asia-Pacific workforce (especially India) increased considerably, now accounting for well over 30% of Group people (compared with 12.1% in 2006 and less than 5% in 2004). The workforce has also grown in Central Europe (mainly due to BPO development in Poland).
  India developed particularly strongly in the last six years, during which its headcount rose from just under 2,000 in 2004 to more than 30,850 in 2010. Likewise, Poland, with some 500 people in 2004, had broken through the 3,500 mark by the end of 2010.
  Lastly, the Group has grown in Latin America (Argentina, Chile, Brazil and Guatemala) since 2007. With the buyout of CPM Braxis in 4Q 2010, the region had 8,500 employees at end 2010, including 6,800 in Brazil.
- The principal areas to sustain a fall in headcount for 2010 were the Netherlands, Spain and, to a lesser extent, Central Europe. The United Kingdom's workforce declined in 2008 (mainly due to the reduced scope of the Aspire contract, although the contract term was extended in compensation), stabilized in 2009, and then started to grow again in 2010 despite the impacts of the economic crisis.
- France grew its headcount during 2010 although its share of the total workforce shrank due to the sharp rise in numbers in the BRIC countries.

Against a still uncertain economic backdrop for 2010, the Group hired more than 30,000 people, which is an all-time Group record.

	Hires	Acquisitions transfers
2001	12,626	1,508
2002	3,801	2,035
2003	4,724	8,032
2004	9,285	5,363
2005	14,453	712
2006	18,592	1,495
2007	24,814	7,569
2008	22,526	3,358
2009	13,072	543
2010	30,139	7,579
AVERAGE	**15,403**	**3,819**

Not all countries and regions were similarly affected. Recruitment gained speed in the second and third quarters, the offshore countries contributing to the recruitment dynamics. Once again, India left its mark with more than one recruit out of two for 2010, and organic growth in numbers of 8,600. While diversification of offshore recruitment caused the Polish workforce to swell considerably in 2008, it was Latin America which recorded the highest percentage of recruitments. China also recorded a sharp upswing for the financial year.

The economic upturn generated a 16.3% increase in turnover (percentage of voluntary departures) compared with 2009. That year, as an offshoot of the economic crisis, attrition hit an all-time low of 10.4, considerably below the record-breaking 19.7% recorded in 2007.

	Attrition
2001	16.2%
2002	11.1%
2003	10.2%
2004	14.1%
2005	15.4%
2006	16.6%
2007	19.7%
2008	17.2%
2009	10.4%
2010	16.3%

Employee turnover increased sharply compared with 2009 (approximating 2008 levels), with 16,200 leavers. Such fluctuations are a standard occurrence in the Consulting and Technology businesses, and match the availability of jobs, depending on the market context. These statistics are carefully monitored to ensure that attrition remains in line with industry norms and that appropriate response initiatives are developed to suit the needs of each business line and geographical area.
After a record low for the first half-year of 2009, attrition in India rose at year-end, culminating at 14% for the full year. This trend continued through the first half-year of 2010 – and for the first few months, in particular – with attrition standing at 23.7% for the full year, reflecting the buoyancy of the Indian IT labor market.

The resource utilization rate measures the share of working hours (excluding legal holidays or leave) worked by productive salaried personnel and directly allocated to billable services. This increased in comparison to 2009 for all three businesses: Consulting, Technology and Local Professional Services, the highest increase being achieved by Local Professional Services. Moreover, Technology Services recorded a completely stable utilization rate for the full year.

	2009				2010			
Quarterly utilization rates	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Consulting Services	63	67	66	69	71	70	67	66
Technology Services	76	78	80	81	79	79	79	79
Local Professional Services	80	81	81	81	81	83	83	83

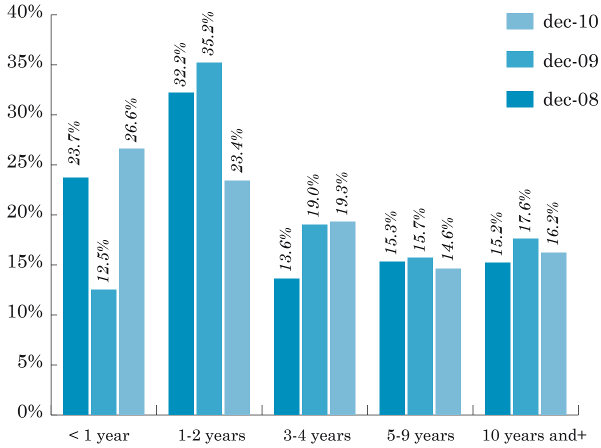
Note: utilization rates are not monitored for Outsourcing Services, for which the indicator does not relevantly reflect performance evolution.

Since 2003, the Group has measured and monitored the changes in indicators designed to fine-tune the demographics of its workforce structure. These indicators include average seniority, average age and gender breakdown. An in-house tool has been developed to obtain a coherent view (specifying the population covered) of the Capgemini population and its changes on a monthly basis.

BREAKDOWN OF WORKFORCE BY LENGTH OF SERVICE: 2008–2010 CHANGES

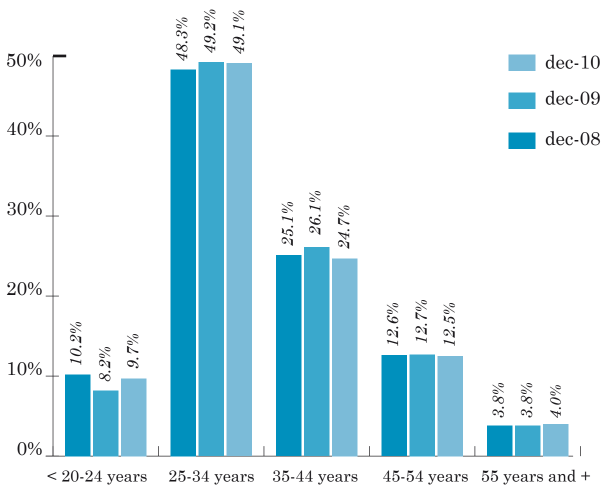
The coverage interval for the data below is 97.7% of year-end headcount (including CPM Braxis data). Changes for average length of service reflect the Group recruitment policy over the last few years. The increase in percentage of employees with less than one year's service is clearly due to the high levels of recruitment in 2010 compared with the lower rate in 2009.
Likewise, the change in the percentage of people with one to two years' service in the Group is due to the slowdown in recruitment recorded for 2009. Conversely, 2006 to 2008 were years of significant recruitment, the previous record broken in 2007, leading to a continued rise in the proportion of people with service ranging from three to four years. However, 2002 and 2003 were years of selective recruitment (gradually taking off again from 2004), which explain the fall in percentage of employees with five to ten years' service. Lastly, the percentage of employees with more than ten years' service fell automatically in 2010 due to heavy recruitment throughout the year.
It should be noted that it is the date of recruitment by the acquired company, and not the date of integration into Capgemini, which is taken into consideration for the purpose of calculating length of service.

Average length of service in the Group is 4.9 years. This varies according to the geographical area, ranging from just over 2.1 years for India to more than 8 years in Benelux.



BREAKDOWN OF WORKFORCE BY AGE: 2008–2010 CHANGES

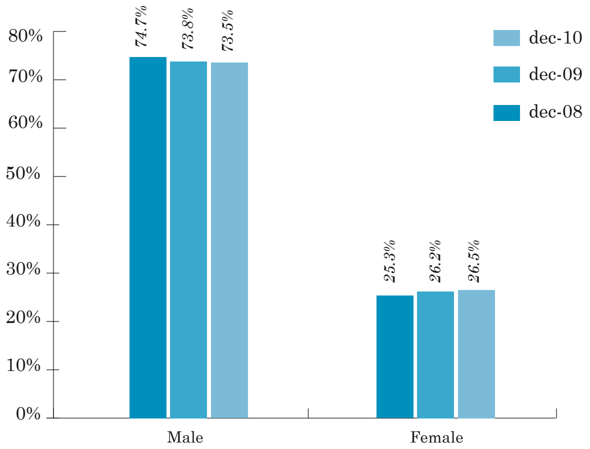
The coverage interval for the data below is 97.4% of year-end headcount (including CPM Braxis data).
Overall the average age of employees dropped slightly in 2010, standing at 35.1 compared with 35.3 for 2009. This reduction is essentially due to the strong rise in recruitment, notably in India where the average age is 5.7 years lower than the average age for the Group as a whole. Likewise, the average age in China and Central Europe is 5 years lower, and for Latin America 3 years lower than the Group average.
Some 58.8% of the personnel are under 35, up by more than one percentage point compared with the prior year and at its highest since 2003. This progression is entirely due to a rise in under 25-year-olds. The share of employees in the 35 to 44 age group fell by more than one point, and dropped in the over 45 group, albeit to a lesser extent, by only 0.2 points. Conversely, the over 55s increased by 0.2 points, reflecting the increasing full retirement age prevalent in Western Europe as a result of the pension issues affecting western Europe, in particular.



BREAKDOWN OF WORKFORCE BY GENDER: 2008–2010 CHANGES

The coverage interval for the data below is 96.4% of year-end headcount (including CPM Braxis data).
The percentage of women in the Capgemini workforce continued to rise in many countries in 2010. Much of this improvement is due to the strong growth of BPO in recent years which tends to attract female employees despite growth in countries (India, in particular, where the male/female ratio is 77/23) and businesses (Outsourcing, excluding BPO) with a lower incidence of women. The countries with strong BPO development, and therefore a high proportion of women joining the Group include Poland, China, Brazil (excluding CPM), Romania and Chile where the percentage of women in the workforce exceeds 50%. Conversely, the countries with the lowest percentage of women include India, Benelux, Argentina, the Czech Republic and Switzerland where the percentage is less than 24%. Lastly,

an average 43.6% is recorded for the 18 countries where the percentage of women is higher or equal to 29%.
The overall gender breakdown is a reflection of the information technology sector as whole which tends to attract engineering graduates who are predominantly male. The exception is Consulting, a more diversified market, with a better-balanced 63/37 ratio, thus improving slightly.



FUNDAMENTAL PRINCIPLES OF HUMAN RESOURCE MANAGEMENT

Personalized career management

The competency model

Employees' professional development is supported by a Global Competency Model (GCM), which forms the basis for performance appraisals and personal career advancement. Rooted in shared values, the GCM is tailored to take into account the specific needs of each of the Group's businesses, increasing understanding of the competencies of employees across the business through a common framework.
Each Competency Model is based on several competency dimensions that define what is expected from an employee (Core Skills, Delivery, People Development, Business Development and Thought Leadership). The values Trust, Honesty, Freedom, Modesty, Boldness, Team Spirit and Fun permeate and influence all aspects of competency and contribute to a unique people culture within the Group.
Each Competency Model embeds its role-based competencies and corresponding Global Core Curriculum (GCC). The aim is to provide each employee with the right training module enabling the appropriate career development.

Personal development and appraisals

A key challenge for a services company such as Capgemini is to guarantee a consistent and transparent process of individual performance assessment based on a set of clearly defined and explained criteria. By establishing a clear framework to guide the appraisal process, the company can ensure the professional development and promotion of all employees and respect for equal opportunities.
The Performance and Development process is driven by regular meetings between the employee and the evaluator, conducted in relation to assignments. The mentoring system has been set up in a number of entities to allow employees to benefit from an outside view and career management advice from more experienced colleagues throughout their careers. The GCM sets out expectations and competency descriptions for each grade which are used for setting objectives, evaluation and preparing for promotion. The development priority areas of the competency dimensions differ for each grade, giving guidance on where employees should focus.

Mobility

Geographical mobility, whether at country or international level, is supported by the Group and often corresponds to a request by the employee. We continue to note a significant increase in cross-border assignments and travel across the globe as a result of both globalization and our delivery model. 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's repatriation procedure provides specific insurance to limit as far as possible the risks faced by its people. Specific training courses and advice are provided by its international mobility-support service provider. In 2010, specific e-learning training for low-risk countries was launched and some 14,000 employees completed relevant modules in employee travel security. A geo-localization tool has been set up to identify where our employees are located at any time, in case of emergency. Prior to departure, they also receive travel alerts, including cultural tips and customs.

For professionals involved in overseas assignments or considering an international career, useful information is provided on the Group intranet sites together with relevant rules and procedures. More than 15,000 people have completed an assignment outside their countries of origin.

To facilitate mobility within each country, intranet sites list available positions. This offers the opportunity for jobs to be filled by existing employees prior to being advertised outside the company.

The Capgemini Group Worldwide Staffing Tools developed in 2010 represent a new milestone in the evolution of how client projects and sales pursuits are staffed with the best qualified and suitable team members, and how interesting work assignments are provided to colleagues. These tools were designed to support the whole staffing process by assigning optimal resources to our client delivery and sales pursuits i.e. our right people from anywhere in the world to meet the needs of our clients.

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 and in line with client and market needs. Likewise, new staff 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 the capabilities required for their businesses and their portfolios of training offerings in order to keep apace with current and future market needs.

Capgemini is committed to the continuing development of all employees, personally and professionally, with the aim of creating and maintaining a fully competent and motivated workforce with core skills aligned to its present and future business requirements. In providing such development opportunities, we will enhance our ability to achieve individual, team and corporate goals.

The fundamental strategy of competency development draws on various approaches:

- Standard training programs
- Virtual Classrooms
- Mentoring systems
- E-learning
- On-line books
- Knowledge Centers, video and online TV
- On-the job training
- Easily accessible databases for knowledge sharing
- Management of professional interest communities
- Forums and team rooms
- KM 2.0 communities, blogs and wikis

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

Sustained focus on training and competency development

Resources are devoted to the provision of training, both at Group level and locally. The Group's on-line learning management system MyLearning, open to all employees, was used by over 80,500 employees in 2010, and usage of e-courses and online books saw another big jump. Overall more than 84,000 employees were trained in 2010, a total volume of 3.5 million hours. Employees use MyLearning for informal and just-in-time learning but also register for more formal, structured learning events.

MyLearning contains all the Group programs and, for many regions, local curricula. The catalogue of courses includes a range of training options to suit different learning styles, including e-learning, books, on-line mentoring, test-preps, online examinations, language courses, live virtual training sessions and meetings, and classroom teaching. Classroom instruction is provided either at local training centers, through external suppliers, or at the Group University. In 2010, we continued to develop our own e-learning courses, using the dedicated University e-learning development capability.

The Group University

The University's vision is to be the strategic partner, underpinning the continuous transformation and competitive advantage of our Group as its heart, home and hub. Its mission is to:

- Develop the competencies and capabilities of our people that are essential to Group priorities and strategies;
- Partner with the business to deploy content on Capgemini's specific differentiators, know-how and industry standards;
- Create next generation learning that challenges and supports the participants while facilitating and incubating networking within and across our communities; and
- Leverage our rich history and benchmark with best-in-class learning organizations to guarantee demonstrated excellence.

The University has continued to enhance its business alignment, learner focus and operational excellence to get closer to employees, on the basis of a new operating model.

The focus in 2010 was **"getting closer to you"** to create closer connections between the University and the business, Human Resources and Learning & Development, and our people. The University has moved on to a role-based curriculum, creating a clearly defined learner journey, allowing employees to identify and select the learning that will help them grow their own particular professional skills and capabilities.

Another focus was on **Next Generation Learning (NGL),** which addresses Capgemini's ambition to achieve learning excellence. This philosophy is based on three attitudes: Do-Learn-Do, Connect to Learn and Techno Fluent underpinned by nine NGL principles outlining what we want to achieve through NGL for the design and delivery of our learning. The use of mobile learning, the sharing of experiences through Teachable Points of View and the use of Connect and Yammer social media were piloted during the November Priority Week in the spirit of Connect to Learn. The University also started exploring how applying NGL to various parts of the curricula can significantly enhance the learning experience and deliver even more value to the business.

2010 saw the creation of a new and exciting team – the *Learning Business Partners*. The University and the Human Resources vice-president network selected key Learning and Development managers to collaborate more closely with the University to become the Learning Business Partner Team. They worked together to improve reporting so that our business leaders are able to make more informed decisions on learning and development; to set pooled learning priorities to design and build learning solutions once only, for delivery across the organization; to build relationships between our key interfaces in the business, finance and HR, together creating SBU/BU Learning Plans. This partnership will continue through 2011.

The University developed and promoted learning that is linked to Group priorities such as the **Code of Business Ethics, the Global Service Lines, Lean, and the linking of Business and Technology.** Business Priority Weeks were held throughout 2010 with themes such as BeLean, Bringing Business and Technology Together in Philips and How to Play to Win in the Market? In 2010, greater emphasis was also placed on doing the same in areas that are important to our industry such as cloud computing and the formalization of an Alliance curriculum. The aim of all these initiatives is to fulfill the University's mission, namely "to be the transformation partner of the Group".

In 2010, a structured project for **Alliance Programs** was introduced, whereby learning initiatives are closely aligned with Alliance priorities. Five Alliances were supported in 2010: IBM, Microsoft, SAP, Oracle and HP.

Capgemini India ranked sixth among the Top 20 employers in India and training emerged as one of the strongest elements of satisfaction, Capgemini scored 8.8 out of 10, against an industry average of 7.9. These results from the 2010 Dataquest IDC Employee Survey in India reinforced the fact that training had made a significant impact on business and people development that year.

In 2010, 84,377 of our people participated in learning activities through different channels: a total of 3,518,905 learning hours. Although the total percentage of people reached increased by 7%, our total learning hours rose by 22%. Learning hours from the global curriculum and e-learning continued to increase and almost 2,000 people attended a learning event in one of our central delivery facilities in Les Fontaines, Hyderabad, or Chicago.

61% of all learning hours are now directly entered in MyLearning, the Group Learning Management System and a Learning Administration Shared Services has been put into place for countries across the Group.

The Certification process

Internal certification

This in-house peer review process enables employees to appraise colleagues' competencies on the basis of 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;
- to ensure blended distribution and graduated progression of competencies, both for in-house and client service requirements;
- to create, in the process, the win-win situation of ensuring competitive edge both for the Group and for its employees, thereby increasing their "employability".

The Group has six main internal certifications for engagement managers, architects, software engineers, infrastructure engineers, and service delivery managers. A new internal certification program for service transition managers was started in 2010.

Some 1,538 engagement managers, 5,917 software engineers, 544 architects, 294 service delivery managers (up by 79% since 2009) and 284 infrastructure engineers have been certified; and 10 employees have received service transition management certification until November 2010.

External certification

The Group has a longstanding 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 Belts), Project Management Institute (PMI), and ITIL.

Center certification

Centers of excellence around the world continue to consolidate and strengthen Group capabilities to support a distributed and increasingly global delivery model. Relevant external certification combined with our internal certification programs support these objectives. More than 80 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. Centers in India, the United States, Canada, France, the United Kingdom, Belgium, the Netherlands, Germany, Switzerland, Poland, Spain, Portugal, Italy, Norway, Denmark, Finland and China have ISO certifications including ISO 9001/ISO 9001-2000. Many centers have CMM/CMMI® (Capability Maturity Model Integration) certification, which is specific to the applications development business. The Mumbai and Bangalore centers in India, the center in Asturias, Spain and the UK OS AM business have obtained the highest CMM and CMMI® certification (Level 5), and at least another fourteen 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 capabilities to meet changing demand.

Dialogue and communication at the heart of our relationships

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 effective knowledge dissemination, sharing success and creating a sense of belonging with local teams, and with the Group in all its dimensions:

- The Group's intranet, Talent, provides real-time news and information. Its use continued to grow in 2010, with over 4.5 million hits. Talent features best practices and tools for use around the Group, as well as links to local country-specific intranet sites, training sites and communities. A "News Alert" is sent daily to over 7,000 subscribers and a weekly e-mail edition is sent to all Capgemini employees every Friday, with the highlights of what has been happening around the Capgemini Group. The successful Talent experience has led to a new approach to intranet site management: local intranet sites now share the same content management platform, allowing a seamless information flow from one site to another, through RSS syndication. A combination of push and pull, the platform as a whole enjoyed over 28 million hits in 2010.

- Talent also runs themed annual communications campaigns and awards programs, designed to recognize and reward individuals and teams from all parts of the Group. In 2010, the theme was "Growing our Group", a campaign designed to mobilize team members around the need to fight for growth and market share in various areas and through different initiatives. Each month, hundreds of employees responded with individual stories from the field, participated in the monthly quizzes or downloaded the promotional posters and brochures for further distribution. Widely re-used and adapted locally, the campaign also benefited from strong management support.

- Group Communications also produces a wealth of other media, including newspapers (known as *Talent on the Spot*), videos, podcasts, and graphic support to boost communication at special events such as Group Kick Off meetings and Business Priority Weeks at the University. These tools offer real-time capture of key messages that can then be relayed around the Group to enable everyone to benefit from key events.

- A particular highlight in 2010 was the opening of the 23rd Group Rencontres (a key Group event gathering some 450 top managers usually held bi-annually) to the rest of the organization through Web 2.0 technology: a dedicated site featuring live micro-blogging, daily web TV reports, videos, editorial and social media, visited by over 20,000 team members.

- A special channel for our vice-president community helps foster community spirit and communication amongst the Group's key operational leaders. *The Executive series* comprises a monthly newsletter, *The Executive Summary;* ad-hoc communications via *The Executive Link;* a *Who's Who*; and a dedicated space on the intranet, *The Executive Corner*. Vice-presidents also receive a Key Messages document every time the Group publishes important news, such as financial results and acquisition announcements, in the markets and the press.

- To ensure greater consistency and to protect the Group's image in the various newsletters, opinion surveys, and communications messages created internally, Group Internal Communications maintains a set of applications which allow editors to enter content and package their production in line with our visual identity guidelines.

- We recognize that many contributors to newsletters, intranet sites, and other communications channels are not communications professionals. To help address this and raise the quality of internal communications across the Group, in 2010 Group Internal Communications team ran another series of virtual Master Classes on a variety of topics, which were extremely popular.

- Every quarter, after publication of results, a Communications Pack is provided with an update on the Group's main achievements, including 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 complemented with local information for the same categories before being shared with team leaders, for use in local team meetings and to ensure that messages are consistent across the Group.

- Electronic tools for exchanging information–namely social media, blogs, team rooms and forums–evolve constantly, enabling internal communities to discuss technical subjects, share good practices and access Group tools and methodologies.

Social networks essentially enable employees to build their own environment (network, communities and shared activities) within the Group, and add their contacts accordingly. Facilities for sharing information are principally employee-oriented.
At Sogeti, TeamPark has been in operation since 2009. Key figures demonstrate the impact, success and development of this tool: 10,000 users (of which 2,000 regular and 5,000 other

users), more than 1,000 continuously growing communities (of which, some 25% have 20+ members) in one and a half years, culminating in an average 1,500 weekly connections. In 2011, this young global collaboration and social networking platform continues to evolve dynamically.
TeamPark pioneered a wave of transformations within the Group for sharing knowledge and working collaboratively. Capgemini Consulting rolled out its Connect- network in 2010 (3,200 people connected and 219 communities created to date) and 20,000 employees opted for Yammer. The Group is currently conducting a feasibility study for a global network linking all the business units to these different tools, and has already integrated the information flows from the collaborative platforms into its intranet.

- The Group University consistently provides a vital platform for international communication and exchange, with a strong communications voice on both Talent and its own intranet site.

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.

Two-way communication and employee involvement

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

After a successful 2006 global survey pilot, the Global Employee Survey was run across all Capgemini entities worldwide and the US arm of Sogeti in 2007. Since 2008, all Group employees, from all sectors, have been invited each year to participate.

In 2010, more than 60,000 employees participated giving a 66% response rate, a 3% increase compared with 2009. The ability to review the results by country, by business unit and by business provides further analysis and enabling us to target our action plans better. We are also able to track and monitor progress to promote areas of strength and to make more impact on the areas where we want to improve. The 2010 survey reporting was enhanced to track our progress as a Talented Company and to show the perceived level of Client Centricity. The survey includes a specific CSR and Sustainability question, which recorded a 6% positive increase in employees "who feel that Capgemini is committed to being a responsible corporate citizen" for 2009.

Employee representation

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 IWC meetings to members from non-European countries, including North America and India, creating a truly globally representative body. Today, a total of 21 countries are represented on the IWC, namely Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, Norway, Netherlands, Poland, Portugal, Romania, Spain, Sweden, and the UK in addition to North America and India.

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 2010, the IWC was regularly updated on and involved in the Group's CSR & Sustainability activities, the Employee Survey (both process and results), Headcount Evolution, key Group initiatives as well as Group metrics and organizational updates.

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 talent;
- reward individual and collective performance with a remuneration model that is motivating yet flexible; and
- be fair and consistent with the Group's financial and operational targets.

Where local rules permit, employees can select the components of their remuneration package from a predefined package. This provides employees with additional flexibility, enabling them to reconcile their financial and personal situations in the best possible way.

Profit-sharing is available to employees pursuant to the local regulations applicable in the country.

Vice-president and senior executive compensation schemes are overviewed and authorized at Group level for both fixed salaries and variable compensation schemes. Non vice-president compensation schemes, locally designed and managed, are subject to Group approval with regard to their principles.

Share based incentive schemes

Cap Gemini S.A. has granted share-based instruments (stock options and performance shares) on a regular basis in line with its corporate governance. These grants are made selectively with the aim of rewarding employee loyalty, namely for those who have made exceptional contributions to company sales, production, innovation or management or who have been acknowledged for specific initiatives. Any employee in the Group may be selected to receive them. They are an exceptional reward and do not form part of the general remuneration policy.

The Board of Directors granted a certain number of stock options to 6,193 beneficiaries under the fifth plan (launched in May 2000 and closed in May 2005), to 2,298 beneficiaries under the sixth plan (launched in May 2005 and closed in July 2008), to 507 beneficiaries under the first performance shares plan and to 566 beneficiaries under the second performance shares plan. The Management Report, presented at each Cap Gemini S.A. Shareholders' Meeting, provides a detailed yearly breakdown of these grants.

Concurrently, stock option grants to Executive Corporate Officers form a tiny percentage of the aggregate options distributed. Under the fifth and sixth plans, for example, 1.1% of the aggregate options was granted to directors, namely 1.8% of current grants (i.e., from 6 series of grants). Regarding performance shares, both resolutions set a limit of 5% to be granted to directors and the volume effectively granted represented 4.35% of the total attribution for the first plan and no shares have been granted on the second plan. Moreover, share based instruments have never been granted on an automatic and/or annual basis.

Detailed information regarding the stock options or performance shares granted by Cap Gemini S.A. to directors and to the ten main beneficiaries (non-directors), the options exercised by the latter, and the plans in general are provided in pages 185 to 187 and 229 of this Reference Document.

To date, the Group has no active authorization to grant stock options or performance shares since no resolution was put to the vote at the last General Meeting. As a result, a resolution for allocation of performance shares, including a maximum of 1,000,000 shares, has been put forward for voting by shareholders during the forthcoming Shareholders Meeting.

Employee access to stock holding

Capgemini also expanded access to its capital to a large number of employees through an international employee stock ownership plan, launched for the first time in 19 countries in 2009, an offer widely subscribed since some 14,000 employees signed up, making the employees collectively a significant shareholder of the Group.

In addition, Capgemini launched a product whose performance is related to its share price: the BSAAR. This product was sold to Group managers who had decided to invest in the company over a long-term period (minimum of 4 years and maximum of 7) in order to support Group development and to be exposed, through a risk/reward mechanism, to Capgemini share price performance. A fair value price of €3.22 was set on the basis of an external valuation, supported by an AMF-approved prospectus.

Diversity and Inclusion – Our strategic advantage

With more than 108,800 employees in some 38 countries speaking over 100 different languages, Capgemini enjoys a wealth of cultural diversity encompassing many dimensions: gender, disability, ethnicity, age, and lifestyle. We view 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 comprehend 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:

- talented individuals from different backgrounds are recruited and retained;
- individuals are shown respect and treated fairly;
- our working relationships are devoid of any unlawful discrimination;
- our work environment is free from bullying or harassment;
- employees are encouraged to keep a good balance between work and private life;
- the health and well-being of our people is supported; and
- a sound and fair working environment, where staff can grow and develop, is provided.

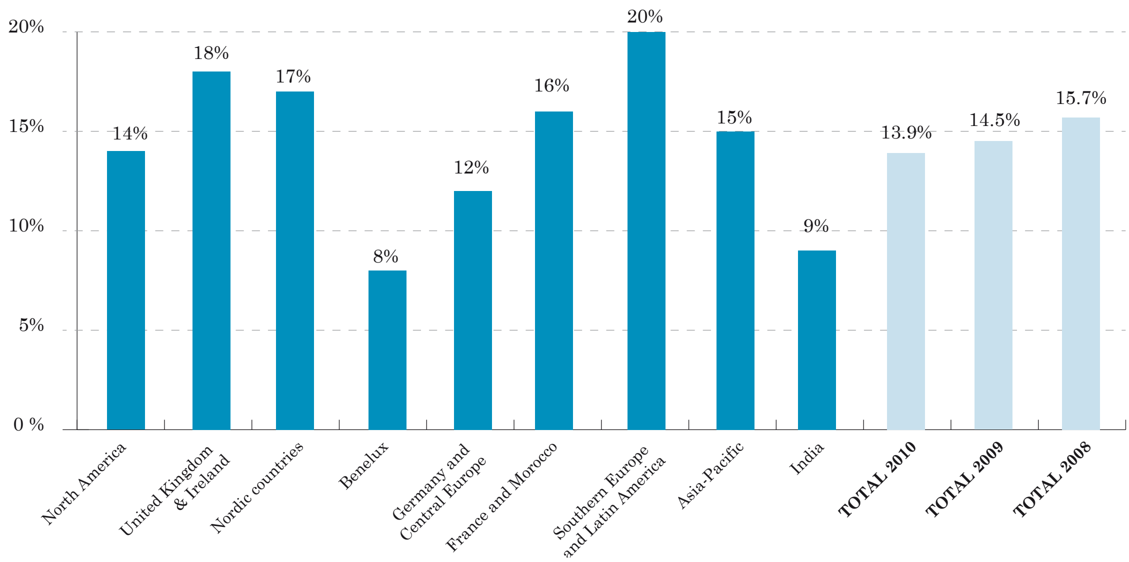
We actively promote the principles of diversity in our employment practices. Our aim is to encourage individuals from diverse backgrounds who are innovative, enthusiastic, culturally aware and committed to delivering a truly collaborative experience to our clients, in particular by:

- recruiting 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 for recruitments, departures, and promotions. In a number of countries, where allowed, specific populations are tracked, such as socio-cultural groups, age groups and people with disabilities. Diversity performance indicators are also included in the annual HR audit.

The proportion of women in top executive positions as at December 31, 2010 was as follows:

PROPORTION OF WOMEN IN TOP EXECUTIVE POSITIONS PER OPERATING UNIT



Following two years of growth in 2006 and 2007, the proportion of women occupying top executive positions fell again by 0.7 of a point compared with the prior years–despite an increase of almost 0.3 of a point for women overall in the Group–to 26.5%. The ongoing growth of Group headcount in countries with a low percentage of female engineers takes its toll on the overall percentage (although the proportion of women engineers in these countries is higher than the market average).

At the end of 2010, 16.4% of promotions to vice-president were women, a sharp rise compared with the prior year (9%), and approximating the figure recorded for 2008. We have a clear perspective of our women's talent pool thanks to the talent reviews conducted throughout the Group, ranging from reviews of the top 100 talents by the CEO to those conducted at unit level; and we are challenging the business to form a high-profile talent pool. We are also leveraging local leadership through continuing education, mentoring by senior executives, and increased visibility in order to acquire a better gender-balanced vice-president community.

The largest countries within the Group have women's councils and networks in place with a focus on recruitment, retention, leadership and communication.

Some people highlights from around the Group

- For the fourth year running, Capgemini celebrated International Women's Day (IWD), and launched a Group-wide effort to recognize its women achievers and draw attention to the challenges that women still face in the world of business. Initiatives were held across the Group to celebrate IWD and gender diversity. Capgemini North America, for example celebrated by recognizing some of their female leaders and sharing their stories to inspire others across our organization.

- **Capgemini Group** launched a "Growing Our Group, Growing Our Diversity" campaign in 2010. Part of this involved taking an in-depth look at our commitment to diversity in different areas and at how respecting and taking advantage of colleagues' diversity on a day to day basis can lead to real business and personal growth across the Group. Capgemini won the Alpha prize at the 6th International Meeting for Diversity for the quality of its corporate diversity policy.

- **Capgemini France** made the podium in the prestigious *Palmarès Employeurs 2010* – the list of best employers, organized by the French media group L'Express and employment agency RégionsJob. Over 9,000 web users, candidates and employees from various companies were asked to vote for their favorite companies. Capgemini ranked 8.4 out of 10 in the overall results published.

- Capgemini received the *Communication sur le Management de la diversité dans les rapports RSE des entreprises du CAC 40* (Communicating on diversity management as CSR policy for CAC40-listed companies) award during the 6th Rencontres Internationales de la Diversité held October 1–2, 2010 in Corsica.

- Capgemini signed the *Banlieue 2.0* charter on June 16, 2010 to develop digital resources for the French suburbs. This event took place on the Paris XIII university campus in Villetaneuse in the presence of Fadéla Amara, Secretary of State for Urban Policy. The charter, a Renaissance Numérique initiative, aims to give a seal of approval to companies committed to helping young people join the digital professions. Renaissance Numérique is the French digital citizenship think tank.*

- Tadeo and its partners, including Capgemini, received the *Prix pour l'action en faveur des handicapés* for its part in helping the disabled through an innovative and boundaryless approach to talent. This was one of the prizes awarded within the *Prix de l'Action Entreprise et Diversités* in 2010. Capgemini is a founder member of Tadeo, a company that has developed a communication platform to improve communication within working environment for the hearing-impaired.

- For several years, Capgemini and Sogeti have supported Mozaik RH, a Human Resources consulting and recruitment firm, specializing in equal opportunities and diversity, serving public and private organizations. The Group took part in the Mozaik Internship Days in 2010, taking on recruits from among the applicants presented by the firm, and having assessments conducted accordingly.

- **Capgemini and Sogeti** signed a new agreement in France with regard to the employability of people with disabilities in 2010. Sogeti also increased its number of employees with disabilities by 30%, largely through the Mission Handicap training program. Six sessions for infrastructure and application services were developed to train and help 40 disabled people obtain the appropriate certification.

- Capgemini played an active role in the *Semaine pour l'Emploi des Personnes Handicapées* in 2010. In the Paris area, Capgemini Outsourcing produced music events in Saint Cloud and Saint-Denis. Employees from the Seine–Etoile offices in Saint Cloud took part in a rally for the disabled. As for the provinces, the local Mission Handicap in Nantes provided awareness-raising and initiation sessions in sign language and Braille.

- A CESU (*Chèque Emploi Service Universel*: a special check book for employers) was also set up for employees' disabled children and partners in 2010.

- The 2011 *Sensationelles* project in France aims to make careers in information technology and the sciences more attractive to young students, particularly young women. The first initiative was implemented in partnership with TV5 Monde in 2010. The aim is to provide better information in schools and universities, to support young students—and especially young women—in making the appropriate educational choices, and to adjust their education to business needs.

- As part of the Young Plan, **Capgemini and Sogeti** France developed a new degree in Information System Design and Development with the Paris 13 University. This initiative was launched in collaboration with the association Nos Quartiers ont des Talents (Our area has talent). Since 2009, Capgemini offered internships to over 1,000 young people.

- In the UK, the Capgemini Women's Business Network made its third annual networking event coincide with International Women's Day. In October 2010, Capgemini's payroll team won the IPP 7th Annual Payroll and Pension Excellence award for Payroll Team of the Year. Capgemini was a finalist in the HR Excellence Awards for Most Effective Benefits Strategy, and runners up for the Outsourcing HR Team of the Year.

- **Capgemini Sweden** was acknowledged by the Swedish newspaper *Veckans Affärer* as one of the top five Best Places to Work in the country in terms of equality. Capgemini Sweden boasts a 36% female leadership, with a considerable number of women in the Swedish management team, not forgetting a female CEO. The employer branding company Universum published a list of Sweden's Top 100 most attractive employers. Sogeti Sweden made it into the Top 20, giving us the distinction of being one of the best companies to work for in Sweden. Sogeti came second in the Best Employer in Sweden survey, rated by current employees on the basis of three main factors: identity, satisfaction and loyalty.

- **Capgemini Netherlands** has set a goal of 25% women in executive positions. A networking initiative was set up in May 2009 for female management potential. The network organizes lunches and runs sessions on specific issues. The Intervision initiative (for guiding young female talent) was piloted with positive results, both in making women more pro-active in "going for their ambitions" and from a retention perspective.
- **Capgemini Netherlands** ranked among the top 5 LOF Best (Large) Employer for Working Parents. LOF Media is a multimedia platform for employers and working parents with ambitions. Over 100 employers participated in the LOF survey, focusing on flexible working conditions. Capgemini received the ICT Top Employer 2010 award from the CRF Institute after scoring highly on employment conditions; training and development; internal promotion prospects; work atmosphere and conditions; and corporate culture and innovation.
- **Capgemini Belgium** obtained the Top Employer 2010 award with an exceptional top score of 5/5 in all 5 domains (primary work conditions, secondary work conditions, internal promotion opportunities, company culture, learning and development).
- **Capgemini Norway's** top management team is composed 50% of women.
- **Capgemini Poland** received the Top Employer 2010 certificate issued by the Corporate Research Foundation institute (CRF). Such certificates are only granted to the best employers, who have fulfilled all the top Human Resources and organizational standards. After surpassing these expectations, our Polish office obtained the highest ratings in numerous categories – a "first" in more ways than one, as it was the first time this certification was given in Poland.
- **Capgemini Italy** celebrated another Top Employers Italia 2010 Award for its transparent and loyal company culture. CEO Maurizio Mondani said: "We are really proud we have been honored once again this year. Caring for our people, and their professional growth, is a clear company strategy target!" The Restart Program provides help for employees when returning after long leave of absence (maternity or sickness). Capgemini Italy has been included in the DA Bocconi Observatory on Diversity Management: the benchmarking research will picture Capgemini from a Diversity perspective, compare us with national and international companies, and identify an action plan to be implemented between 2011 and 2013.
- **Capgemini Spain** has collaborated with the Alcobendas local council to foster equal opportunities and work/life balance since joining the Equal Opportunities network several years ago. Capgemini was awarded the council prize in 2009 and were finalists in 2008.
- **Capgemini Spain** won a Telefónica Ability Award, one of the most prestigious prizes in CSR in Spain, in the Prevention and Retention category. The award recognizes the company that stands out best in providing the means to prevent injuries that may cause disabilities, and retaining employees who have acquired a permanent disability. The qualification process was audited by PwC and Capgemini competed with 273 other candidates in the category. The event was presided by Queen Sofia and hosted by Telefónica in Madrid.
- **Capgemini North America** has sourced, recruited and on-boarded 96 staff consultants from across TS and OS as part of an ongoing commitment to the college recruiting program. Over 50 of the new recruits participated in an eight-week extended on-boarding program, involving 5 weeks in Mumbai, India. As a further commitment by the OneTeam ambition, India-based freshers were also included in the on-boarding program.
- **Capgemini North America** recently featured in *Diversity* in the News, a newsletter that focuses on diversity thought leadership globally. The article featured Capgemini's recent partnership with Out on Bay Street, Canada's largest recruitment organization for LGBT professionals, with the aim of reaching MBA, engineering and law students. Andy Heppelle, Capgemini's Accelerated Solutions Environment (ASE) leader in Canada, was highlighted for his efforts to collaborate with Out on Bay Street to create a mentoring program for students seeking careers in firms that have diverse and inclusive teams. This program is scheduled for launch in 2011.
- The 2010 Senior Management Development Program (SMDP) in *North America* was a great success with 107 Capgemini senior managers successfully completing the program. The SMDP was built for – and with – senior managers to launch a new era in professional development. At its core, the program is about engaging the hearts and minds of our entire organization in a new way. The program includes three face-to-face sessions covering leadership essentials; communication, negotiation and sales; and people management through honest engagement.
- Our journey starts with our commitment to Diversity & Inclusion at Leadership levels, and extends to our entire organization. It is evidenced by our ongoing commitment to our Women's Initiative, Women's Leadership Development

Program, the thriving North America Diversity Council and North America Mentoring Program. Our vibrant Employee Resource Groups, representing employees at all levels, contribute to unfolding and telling our Diversity & Inclusion story. As we have grown, employees trust that their voices will be heard, that they are free to be included and are responsible for generating their inclusion. Our commitment to inclusion has become a driver for creativity, innovation and growth, which continues to evolve, propelling Capgemini into the position of employer that attracts top talent.

- In 2010, Capgemini North America took a step further towards further integrating Diversity & Inclusion into its business strategy; the topic became a strategic priority for the organization. As part of the CEO agenda, Diversity & Inclusion are viewed as fundamental to transformation and essential to our growth ambitions. "D&I is our DNA" is the theme compelling Capgemini to become a culture that not only welcomes diversity but is more powerful because of the ways in which we leverage it.
- After a two year gap, **Capgemini India** took part in the Dataquest (DQ) annual DQ-IDC survey, and reached sixth place in the list of *Top 20 IT Employers*. The company also ranked highly in the individual parameters: no. 5 for training, salary, and perception as a dream company to work for; no. 8 for gender inclusion; and in the top three, for employee response on the support received from their managers.
- In Brazil, the recently acquired **CPM Braxis** was listed among the country's 35 leading private companies for the quality of induction of its trainees, obtaining the *As Melhores Empresas para Estagiar 2010* (the best company for trainees in 2010). This award stems from a satisfaction survey for which trainees, from numerous companies in diverse sectors, are randomly selected by two independent organizations (CIEE et ABRRH). The survey was conducted online on their dedicated website.

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 nevertheless taken very seriously and the company has established specific processes and measures. Capgemini often works in collaboration with clients on issues concerning client buildings and locations where staff may be working. Areas of concern are regularly reviewed and preventive measures implemented.

Our offices around the world have introduced initiatives to promote employee well-being: work-life balance, 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 entirely confidential external service. Other services range from health checks focusing on the prevention of health problems, training for managers and employees on improving their work-life balance, and fitness programs.

Through our MyLearning learning management system, numerous books and e-learning modules are available to employees. We have also purchased Well-being Essentials, a special range of products addressing concerns on personal finance, emotional well-being, relationships, health challenges, stress, career transitions, work-life balance, healthy eating, adoption, parenting, fitness, grief & loss, abuse of harmful substances, and many other topics.

3.4 Our stakeholders

OUR CLIENTS

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 from our services based on a set of indicators relating to the following:

- type of service required;
- nature of the working relationship; and
- 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 improvement, as well as a deeper understanding of client satisfaction on individual projects. In 2010, we tracked over 4,000 Client Engagements. Our OTACE scores were: 89% delivered on time, 93% delivered above or to customer expectation: and average client satisfaction was 4.04 out of 5.

Our client focus and our Collaborative Business Experience is the essence of the way we work with our clients. Client satisfaction and their appreciation of the value we bring in contributing to making their businesses successful and sustainable is essential to our business. This is reflected in how our people feel: in our 2010 Global Employee Survey, 91% of our people strongly agree that they "feel personally responsible for their client's satisfaction."

Developing client offerings with a sustainability focus

In 2010, Capgemini continued to grow its portfolio of sustainability offers and to build on its strong track record of helping clients achieve their environmental objectives.
To underpin our extensive portfolio and to demonstrate our determination to be a global leader in sustainability and Green IT, we launched CapgeminiGreen – an interactive platform that brings together all the Capgemini content encompassing sustainability and the environment. This portal provides a wealth of relevant information for clients and visitors to our website. CapgeminiGreen features two tools:

- **Green Cube**, a single, consolidated, cross-business overview of our green achievements, services, thought leadership and client success stories. It is inspired by our approach to service provision and the different factors driving organizations to pursue green or sustainability objectives; and
- **Green Office**, a practical and interactive guide to how our IT outsourcing solutions can contribute to a greener workplace and also facilitate more sustainable ways of working.

Through 2010, we consolidated our two-pronged approach to environmentally-considerate product development: firstly, we continued to work towards ensuring that our service offerings are inherently green, from conception to delivery. Secondly, we built on an already-extensive range of services to enable our clients to fulfill their environmental/sustainability objectives. Some of our more notable initiatives include:

- **Opening of Merlin, one of the most sustainable data centers in the world,** located in Swindon, UK. Capgemini committed to achieving a step-change improvement in data center sustainability while continuing to grow capacity. This required an increase in immediate and developable capacity, and a net reduction in carbon emissions. Accordingly, the first step was to seek proposals for a radical new data center design, which would:
  - Improve energy efficiency by 40% compared with the global average for large data centers;
  - Deliver a Green Grid annual PUE (Power Usage Effectiveness) rating of 1.4 or less when fully loaded;
  - Achieve Uptime Institute certified Tier 3 resilience;
  - Dispense with batteries and their inevitable pollution; and
  - Offer maximum flexibility and expandability via modular design.

The design submitted for Merlin offered the opportunity to realize the required benefits. It was a radical design, involving a high degree of genuine innovation and thus a great deal of courage to "run with". Nevertheless, Capgemini committed to use a 120-rack system which was fully demonstrated to meet control, resilience and PUE expectations across a whole year of UK weather. The module was constructed on the basis of a sourcing policy using 95% recyclable components, from within 100 miles of the center, which was developed on a brownfield site. This allowed the overall build to put sustainability at the core, something we believe had never been achieved in Data Center build.

We have proved that achieving high resiliency in a Green design at a competitive price point in the Data Center market is absolutely achievable and should be the way forward for all data center operators. Merlin credentials include:

- A PUE of 1.09 (factory tested);
- Building to LEED* standards – an independent and internationally recognized accreditation;
- 80% savings in run costs delivered from the fresh air-cooling system, which produces up to 50% less carbon output;
- 91% less power than a conventional data center with a PUE of 2.5; and
- A power plant that utilizes a state-of-the-art flywheel–not battery–UPS with fast generators for improved resilience.

* Leadership in Energy & Environmental Design.

- **Enabling improved IT utilization rates through Infrastructure-as-a-Service:** Underpinned by Capgemini's network of energy-efficient data centers, Infrastructure as a Service is a private cloud offering that provides clients with IT infrastructure on an on-demand, pay-as-you-go basis, enabling them to benefit from improved business agility, speed to value and IT cost effectiveness.

- From an environmental perspective, the "use only what you need" principle and multi-tenant capabilities significantly improve IT utilization rates, enabling lower electricity consumption and therefore reduced carbon emissions. Environmental impact is also mitigated since the IT capacity is supplied by one of the world's greenest data centers.

- **Launch of Intelligent Workplace.** Underpinned by "new ways of working," this integrated service offering provides a productive work environment that is more satisfying for the user. The Intelligent Workplace reduces energy consumption by at least 50% as well as minimizing operating expenditure.

- **BPO Services for Energy, Carbon & Sustainability Data Management & Reporting:** Managing their Sustainability performance is increasingly critical for our clients. This means processes and systems are essential to capture the complex and comprehensive data needed for well-informed management decisions on carbon management and energy reduction. Our outsourced service for Energy, Carbon & Sustainability Data Management and Reporting can accommodate all global protocols and emission factors. The BPO service is powered by CA ecoSoftware from CA Technologies, one of the world's leading SaaS sustainability management tools. The service provides an efficient, cost effective, high quality management, analysis and back office reporting service leaving the client free to focus on its Sustainability strategy and improvement projects.

- **Enhancing our Smart Energy Services portfolio**: Capgemini's Smart Energy Services are already making a difference for our clients and their customers in various sectors, notably the utility and automotive sectors. We deliver and promote sustainable energy-efficiency and environmental solutions. Our commitment encompasses more than 7,000 professionals assigned to the utility sector.

- **Promoting data center and desktop virtualization**: Capgemini actively promotes virtualization as a means of liberating server or storage devices, which can then be re-deployed in the areas where additional capacity is sought, thus preventing the need for additional hardware purchase. Alternatively, excess devices can be decommissioned, thereby reducing the volume of IT hardware that needs to be powered, maintained, cooled and ultimately disposed of. At end user level, we actively promote the deployment of desktop virtualization technology as a means of driving down the cost of supporting end user IT while simultaneously enabling new, more flexible and sustainable ways of working.

- **Sustain to save services**: Capgemini has developed a series of services aimed at helping clients understand the sustainable implications of their business. Our Sustainability Assessment, Implementation and Operations Services deliver savings and efficiencies through initiatives that reduce energy usage, costs and carbon emissions. The Assessment and Planning consultancy service helps our clients to shape their Sustainability strategy and identify the financial and environmental benefits available. This is supported as appropriate by carbon based business plans. The Sustainability Implementation Services utilize the depth and breadth of Capgemini's services and experience, combined with its sustainability expertise, to execute clients' strategies. The Sustainable Operations Services focus on delivering managed solutions ranging from carbon accounting systems and verification, legislation, environmental certification, waste and travel planning to advice and guidance on the client's competitive standing in terms of sustainability.

These are just a few of the many sustainability services we have developed across a broad and continually expanding portfolio. For more details on our services, our client testimonials, our awards and our thought-leadership, visit www.capgeminigreen.com.

In **thought leadership,** our professionals combine their knowledge in Consulting, Technology and Outsourcing to conduct ongoing research and find answers to major issues facing business today. We have published several reports involving sustainability, including:

- **Sustain to save** – We know from experience how adopting a sustainable approach to IT can reduce cost and improve performance. This report looks at how businesses can gain a 10 to 20 times return on investment from sustainable IT by using an experienced partner like Capgemini.
- **2020 Future Value Chain: building strategies for the new decade** – Two hundred executives from leading retailers, consumer goods manufacturers, academics, third-party providers and industry organizations participated in the 2020 Future Value Chain project. Facilitated by The Consumer Goods Forum together with Capgemini, HP and Microsoft, this report examines the changing trends that will have the greatest impact on the industry, and the strategic objectives being put in place together with examples of tactics that can help the industry achieve these objectives.
- **European Energy Markets Observatory 2010 –** Provides a strategic overview of the European energy markets looking at key trends and issues facing the electricity and gas industries.
- **Data center services** - Capgemini has been working with industry-leading technology partners to provide cost-effective, secure and sustainable data center services to a wide and diverse range of clients from around the world.
- **Merlin – The world's most sustainable data center** – An overview of Capgemini's newest data center, including the challenges faced and overcome, technical specifications and what this means for clients.

- **The story behind Merlin –** Explains how the rising importance of environmental responsibility inspired Merlin.
- **A closer look at Merlin –** An in-depth look into the technical specifications of the world's most sustainable data center.
- **Green ITIL –** Capgemini explores the use of the ITIL lifecycle as part of a wider organizational approach to sustainable IT.
- **Desktop virtualization** – How desktop virtualization technology can change the way businesses provision their users with the desktop experience. The benefits of this technology are many and much vaunted including acting as an enabler of greener IT and sustainable ways of working.
- **Platts / Capgemini Utilities executive summary** – Provides an overview of the findings of a survey of top utilities executives which aimed to identify current industry issues and assess opinions about the future of the energy industry.
- **Smart Electricity: threat and promise –** Discusses how Smart technology, combined with changing consumer demands, will have some hitherto unforeseen effects on retailers.
- **The Smart Grid: where to start –** Provides insights and recommendations for building a strong Smart Grid foundation.
- **Food for thought: the future of agribusiness** – Discusses how rising demand for food and competition for land, water and other resources have attracted considerable attention. Though this situation creates significant opportunities for agribusiness companies, they must not be seen to be exploiting the misfortunes of others.
- **Electric vehicles** – Explores how the growth of electric powered vehicles will lead to a fundamental shift in the existing landscape in areas such as design and manufacturing, distribution and after sales service, and energy supply and infrastructure. Capgemini has the supporting tools and methodologies to help bring together these key stakeholders in the emerging electric vehicle business.
- **The Smart Grid: where to start** – This report focuses on each of the five critical behind-the-scenes issues that utilities will inevitably face in deploying a Smart Grid.
- **Decarbonate your business –** Investigates how the decarbonation of the economy will remain a major trend for the foreseeable future. For companies, decarbonating activities are a long-term undertaking that requires a long-term vision.
- **Home energy management system –** Discusses the range of services Capgemini is developing for utilities to connect them directly with their customers, helping both to meet their energy management objectives. This reports looks at one of these platforms, the Intel® Home Dashboard.
- **Distributed generation –** Investigates giving customers a choice of energy sources.
- **Cloud isn't the answer to every question** - This paper introduces Capgemini's concept of the Compute Continuum, in which we envisage a shift right along a continuum from the present-day private data center model through to a scenario whereby services can be sourced from a managed public cloud. Benefits include greater infrastructure flexibility and improved IT efficiency.
- **Click to collaborate –** Discusses how unleashing the power of unified communications can enable your organization to collaborate effectively.
- **Server virtualization** - This paper articulates the benefits of server virtualization—moving beyond pure cost to increased flexibility and reliability—and outlines the key risks and issues that CIOs should consider before embarking on this important step on the journey to the cloud.

Key recognition for the Group in 2010

- **Capgemini North America** won the Application Implementation Partner of the Year Award at HP Software Universe 2010 for close collaboration and pro-active alignment in the Financial Services (FS) space. At HP Software's annual EMEA conference, Capgemini was named HP Software Alliance Partner of the Year. Capgemini was among seven partners recognized for its outstanding contribution during 2010, having developed innovative solutions to meet individual customer needs and helped to generate significant incremental revenue for joint success with HP Software. **Capgemini Spain** also received the HP Software Partner of the Year in Spain award.
- HP awarded Capgemini Best Converged Infrastructure Systems Integrator Solution at its first annual Converged Infrastructure Alliance Partner Awards. The award acknowledges our achievements in advancing Converged Infrastructure, through solutions development that demonstrates client value, and an innovative approach to solving real business issues.
- Capgemini won the Partner Impact Award for Innovation at the Teradata Partners User Group Conference in San Diego for the second year running. The Global Leader in Enterprise Data Warehousing rewards organizations that have had profound impact on their success in the past year, and collaborating with them for greater alignment and increased joint business activities.
- Capgemini saw great success at the 2010 ComputerWeekly.com IT Blog Awards. Our CTO Blog bagged the best CIO/IT Director blog for the third year running, while our technology blog *Capping IT Off* won the Large Corporate Blog of the Year award for the second year in a row. These awards are organized by top IT journal *Computer Weekly*, in association with IBM.
- The National Outsourcing Association presented **Capgemini UK** client HMRC with the Outsourcing End User of the Year award for its Aspire outsourcing contract. This recognized the value of its strategic partnership with Capgemini. Capgemini also won the IT Outsourcing Project of the Year for its WEFO online project for the Welsh European Funding Office, which had already been named European IT Outsourcing Project of the Year by the European Outsourcing Association.
- **Capgemini Outsourcing Services** won the Customer Services Partner of the Year award at the 2010 Oracle UK Partner Awards for the second year running. The award acknowledges the considerable commitment and resources invested in developing a successful and collaborative relationship with Oracle Customer Services, via the Partner Support Program. Capgemini Technology Services won the Most Innovative Use of Oracle Software award for their t-Gov solution. The

award recognizes IT partners who demonstrate outstanding specialization and innovation in Oracle solutions.

- **Capgemini Business Process Outsourcing** (BPO) won the Best Improvement Project in Service and Transaction category award issued by International Quality and Productivity Center (IQPC). More than 120 organizations participated in the competition across the world. The IQPC Process Excellence Awards recognizes and promotes Six Sigma and quality improvement projects that demonstrate true best practices, and works to expand and increase the application of Six Sigma globally.
- Capgemini was recognized by the International Association of Outsourcing Professionals (IAOP) in the Global Outsourcing 100 **Top 100 Global Outsourcers**. IAOP conducts an annual independent assessment of the capabilities of outsourcing service providers and advisors and, based on this assessment, publishes The Global Outsourcing 100 and The World's Best Outsourcing Advisors and various sub-lists.
- Microsoft recognized Capgemini (and its subsidiary Sogeti) as a Microsoft Enterprise Partner of the Year for delivering exemplary solutions to its customers based on Microsoft's software. "As one of Microsoft's top worldwide partners on Windows 7 as well as a strong partner in ERP and SharePoint solutions, Capgemini and Sogeti help customers transform their businesses through the innovative use of Microsoft technology," stated Mark Hill, VP of Enterprise Partner Group, Microsoft Corp.
- Capgemini won two of the prestigious Pinnacle Awards, which are highly regarded in the SAP market and assessed in analyst surveys by Gartner, Forrester and others. The Business Suite 7 Adoption award recognized our capabilities to drive innovative solutions successfully into the market with high client satisfaction. We were also named Communities Leader of the Year for the second time in a row.
- Capgemini's German subsidiary **sd&m** won the Business Intelligence (BI) Best Practice Award at the CeBIT trade show in Hanover in March 2010. It won the award for BMW AG's quality monitoring system, Q-Cockpit (Quality Cockpit), which it co-developed with the Munich-based car manufacturer from inception to design and implementation of the system.
- **Capgemini Netherlands** was named Best 2010 Corporate Responsibility organization for the Seniors for Talents project. According to Arthur Rijk and Rinske Holthuis, who received the award: "Receiving this award is also an award for the more than 300 connected Senior Executives who are passionate about helping young people to find and keep a job and of course Capgemini who fully supported this initiative".
- **Capgemini Netherlands**, Toshiba TEC and ImpulseLogic won the Retail Europe 2010 Award in the category Best In-Store Solution. The three companies collaborated on a waste management project at Albert Heijn. The award, bestowed by the prestigious EHI Retail Institute, recognizes the project's outstanding and innovative solution for the retail sector.
- **Sogeti Netherlands** was voted Best ICT services Provider. The 2010 election was conducted by *Computerworld* and based on 1,199 responding ICT managers in the Netherlands. Sogeti Netherlands won the Computable Award for Best ICT Provider in 2010 by *Computable* (the largest IT-weekly publication), and the Uil Award from UWV, a key customer, for innovation and performance in 2010.
- **Capgemini India** received 1st runner up prize for the paper *Implementation of High Maturity in ERP Engagement*, demonstrating the practical implementation of measurement and statistical techniques to measure the performance of ERP engagements, during QAI's Colloquium on High Maturity. Three out of the final ten papers were selected from Capgemini India alone in competition with other IT players.
- **Capgemini India** won the first runner up award at the Symbiosis Centre for Management and Human Resource Development (SCMHRD) Lean and Six Sigma Excellence Award 2010. This is the third consecutive year that Capgemini's contribution has been recognized by SCMHRD. Reduction in Lifecycle Cost and Reduction in Power Consumption cleared the regional rounds and Capgemini was invited to participate in a poster presentation.
- The Farmers HERO project developed by **Capgemini North America** recently earned Workflow Management Coalition's 2010 Gold Award for North America, for excellence in business process management (BPM) and workflow, and the 2010 INNovators award, sponsored by Insurance Network News, in the Enterprise Systems category. In addition to these awards, the HERO project won the Pega Customer Experience Transformation Award at Pegaworld 2010. Coverage of HERO also appeared in *Insurance & Technology*, the Gartner Customer 360 Summit, and the ACORD LOMA 2010 Conference.
- Capgemini won the ITSMA 2010 Gold Award for Marketing Excellence at the Annual Marketing Conference in Massachusetts. The acknowledged Quality Blueprint Global Marketing Program was a winner for increasing sales and ability to compete, while improving Capgemini's Testing brand awareness. The Information Technology Services Marketing Association hosts this annual award program to honor special achievements in services and solutions marketing. Product Marketing & World Reports Manager Karen Schneider accepted the award on behalf of Capgemini and the FS GBU's Global Sales & Marketing team.
- Capgemini was ranked and listed on *InformationWeek 500*. This is an annual ranking of the most innovative companies employing information technology in their businesses.
- *CRM* Magazine recognized Capgemini's cloud computing strategy with an inclusion on its list of 30 Cloud VARs That Get It. For the third year in a row, the magazine named Capgemini in the CRM 2010 VAR 500 list, an annual listing of the largest solution providers in North America, ranked by revenue. In addition, *CRM* honored Capgemini at the ninth annual CRM Market Awards, as a Market Leader in the Consultancies category for the fourth year in a row.
- Sogeti Sweden won two EPiServer Awards for Best Intranet and Best Website for the Public Sector. Sogeti was nominated

for an award in four categories. EPiServer Awards were established to reward successful and inspiring projects, websites and technical solutions based on the EPiServer platform.
- Capgemini India won the prestigious QCI-DL Shah Commendation National Award for Quality at the 5th National Quality Conclave on Leveraging Quality for Good Governance. *Adhiktama*, a project undertaken to improve efficiency at Capgemini's BPO unit managing an accounts payable process, was recognized for the award in the Large Service Category

OUR SUPPLIERS AND BUSINESS PARTNERS

Capgemini's commitment to supplier relationships is reflected in its comprehensive set of guidelines on the ethics of purchasing and the selection of suppliers.

Purchasing activities

In our purchasing activities, we are conscious of environmental issues and impacts, social impacts, human rights, and 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 the appropriate ethical policies and human rights.

Capgemini has set out "Guidelines on Ethical Procurement" and wishes to develop long-term, sustainable relations with selected suppliers. Should a supplier fail to respect these ethical guidelines, Capgemini is then entitled to cancel the contract without compensation.

Our procurement procedures involve:
- treating suppliers fairly;
- selecting vendors based on value, performance, price and sustainability;
- providing justifiable and transparent selection decisions;
- preserving the confidentiality of supplier information;
- managing supplier risk;
- ensuring supplier contracts have effective clauses corresponding to our Sustainable Procurement Principles;
- maintaining the appropriate commercial relationships with suppliers.

Supplier diversity and equality is encouraged: we aim to allow qualified small and minority businesses the opportunity to receive a share of our business. Our "eco-system" approach with major clients aims to foster this and level the entry barrier where practical.

Contractors' and suppliers' staff are expected to work according to the same CSR & Sustainability standards as our own employees; in tandem, we treat contractors and suppliers with the same Sustainability, Health & Safety and Diversity standards as our own employees.

Our sustainable procurement principles

Capgemini expects its suppliers to conduct their relationships with us and any of our clients and commercial partners on a fair and ethical basis and in compliance with our core principles of sustainability. These principles apply both to the products and services provided, to the suppliers' activities and, where appropriate, to their downstream supply chains.

Our core principles are:

1. **Human rights** – Respect for human rights when dealing with supplier stakeholders at large e.g., team members, clients, suppliers, shareholders and communities. Suppliers should support the principles of the Universal Declaration of Human Rights. They must avoid the use of equipment in violation of these rights or the manufacture or transfer of arms to oppressive regimes.

2. **Compliance with applicable international, national, state and local laws** – We recognize that local customs, traditions and practices may differ but expect that suppliers comply at least with local, national and international laws, including (but not limited to) all environmental, health and safety and labor laws. We expect suppliers to support International Labor Organization core conventions on labor standards.

3. **No forced or compulsory labor** – Our suppliers must not use forced, bonded or compulsory labor and employees must be free to leave their employment after reasonable notice. Employees must not be required to lodge deposits, money or papers with their employer.

4. No **child labor** – We refuse to accept the use of child labor in the supply chain:
   - No one should be employed who is below the legal minimum age for employment in the country.
   - Children (below the age of 18) must not be employed for any work that is hazardous or inconsistent with their personal development.

5. **Equality and diversity** – We refuse to accept unlawful discrimination of any kind in working relations and we expect diversity to be promoted. Suppliers should not discriminate in hiring, compensation, access to training, promotion, and termination of employment or retirement.

6. **Employee well-being and development** – Where applicable, suppliers should give consideration to flexible working conditions to foster a work/life balance and the personal development and training of team members.

7. **Disciplinary practices** – Employees must be treated with respect and dignity. Any physical or verbal abuse, harassment, threats and/or other forms of intimidation are prohibited.

8. **Freedom of association** – Insofar as permissible by the relevant laws, respect should be given for freedom of association.

9. **Health and safety** – A safe and healthy working environment for all employees must be provided in accordance with the international standards, laws and regulations. This includes making sure that adequate facilities, training and access to safety information are provided. Any policies, procedures and guidelines applicable must be adhered to. Where suppliers work on Capgemini premises, or on behalf of Capgemini–such as for the use, handling, transport or disposal of hazardous materials or the disposal of electronic equipment–they must confirm that they understand their obligations. They must also confirm that they have management processes and controls in place, and agree, whenever applicable, to be fully responsible for any liability arising from their actions.

10. **Confidentiality and intellectual property** – We require our suppliers, contractors and their team members to preserve the confidentiality of any information to which they have access in accordance with applicable laws. We also expect them to protect any intellectual property belonging to Capgemini, its customers, suppliers and/or individuals.

11. **Refusal of bribery and corruption** in business practices.

12. **Environmental impacts** – We continue to focus on reducing our environmental risks and impacts, and on improving our overall environmental performance. In particular, we are working to reduce our negative impacts and improve performance for the following, in particular:
    - carbon emissions;
    - generation and disposal of waste efficiency of natural resource use (such as energy, water, raw materials)
    - protection of biodiversity; and
    - management, operational and technical controls to minimize the release of harmful emissions into the environment.

Sustainable procurement in practice

Capgemini continues to implement a Sustainable Procurement in Partnership project. This reviews every category of goods and services procured from suppliers, in order to identify key areas of sustainability risk and related opportunities for improvement. “Risk” in this context refers to whether the product or service being procured has the potential to make a material impact on our sustainability performance and commitments; or whether it is subject to legislation, particularly environmental legislation, The project encompasses:
- a review of our supplier base in terms of risk and extent of expenditure;
- a more detailed survey of prioritized suppliers to assess supplier performance compared with sustainability principles;
- if required, agreeing appropriate improvement activities with prioritized suppliers; and
- assessing all new suppliers, who are required to complete a sustainability questionnaire.

A detailed survey has been built and our suppliers are expected to comply with our Core Principles of Sustainability. In 2008, our Global Chief Procurement Officer community committed to assessing all top suppliers, on the basis of risk and spending, by 2009. The program was rolled out in our major countries in 2009, and supplier assessments covered 74% of total Global Procurement expenditure. The sustainability review now encompasses 82% of Capgemini spending for 2010. Some 2,135 suppliers have been or are in the process of being reviewed. Some 190 suppliers have been deactivated or reclassified (mainly in the UK and India).

The following risk criteria have been identified to ensure that a more detailed assessment of new suppliers can be undertaken if required; these criteria are extensive and include:
- Excessive use of scarce, or non-renewable natural resources; and
- Standards and specifications for particular categories of spending (for example, procurement of energy from renewable resources, recycled paper) supply chains utilizing low cost countries where the primary supplier has not assessed and managed risk appropriately.

Capgemini also aims as far as possible to undertake all procurement (real estate, equipment, business travel) in accordance with its environmental policies and guidelines. This has been embedded into standard contracts since 2007, with the option of terminating a contract if environmental practices do not match up.

TOP TEN SUPPLIERS IN 2010

in millions of euros	Amount	% Revenus
British Telecom BT Group	120	1.38%
Manpower	41	0.47%
CORSO Informatica BV NL	39	0.45%
Hewlett - Packard	32	0.37%
IBM	26	0.30%
Unisys	24	0.28%
American Express Card & Travel Agency	23	0.27%
ING Car Lease Netherlands	23	0.27%
Oracle	22	0.25%
Athlon Car Lease	20	0.23%
	371	**4.27%**

IN THE COMMUNITY

Capgemini is committed to producing a positive impact on the community, now and in the future. As a major global employer, we work with external stakeholders on community projects, at national and international levels. Capgemini actively encourages employees at all levels to get involved in the communities in which they live and work. We channel our time, energy and creativity into having a positive impact through partnerships with various foundations, volunteering, pro bono work, fundraising and awarding funding, where appropriate. Joining forces to help others strengthens team spirit, improves communication skills and procures a better understanding of the communities around us.

Our focus on community projects is very much aligned to our corporate purpose and values. We recognize our responsibility to contribute to the talent and skills of the wider population and future generations. Our underpinning community philosophy is to support skills for the future, education and inclusion. We acknowledge that diversity is a source of richness and competitive advantage so our aim is to support diversity and nurture future talent in all its forms. We operate in communities across the world both from our network of offices and from our client and Rightshore™ sites. Our community strategy therefore focuses on local, national and global initiatives.

Our intention is to provide as many opportunities as we can for our employees and to engage in activities for which they have passion and commitment. Additionally, we align and embed our community program with our business activities and client work to ensure sustainability. We measure and evaluate the impact of our community involvement and share this with our people, our community partners and our clients.

Our global Naandi initiative

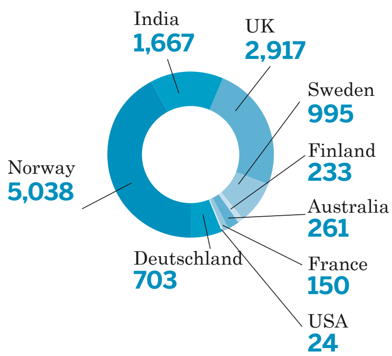
Our partnership with the Naandi Foundation and its Nanhi Kali Initiative (focused on supporting young girls through their school education) has a direct positive community impact in India; it is also aligned with and supports our CSR & Sustainability strategy. In 2010, we sponsored over 12,000 girls in India by means of schemes and initiatives across the Group. We are the largest corporate sponsor of Nanhi Kali internationally and the second largest overall. Nanhi Kali has been formally adopted as a CSR & Sustainability initiative in Capgemini India, Norway, Sweden, UK, Australia and North America. Sogeti India also supports the Naandi Foundation. Finland works in partnership with Naandi and has integrated working with Naandi into its leadership development programs. Other countries that support the Nanhi Kali initiative are: France, the Netherlands, Germany, Denmark and Portugal.

Naandi Norway, which was established in 2007 at the initiative of Capgemini Norway, received the first Harry Hole Award in November 2009. This prize, funded by famous Norwegian crime novelist, Jo Nesbø, is named after his crime novel hero Harry Hole. The prize is awarded to organizations working to prevent illiteracy.

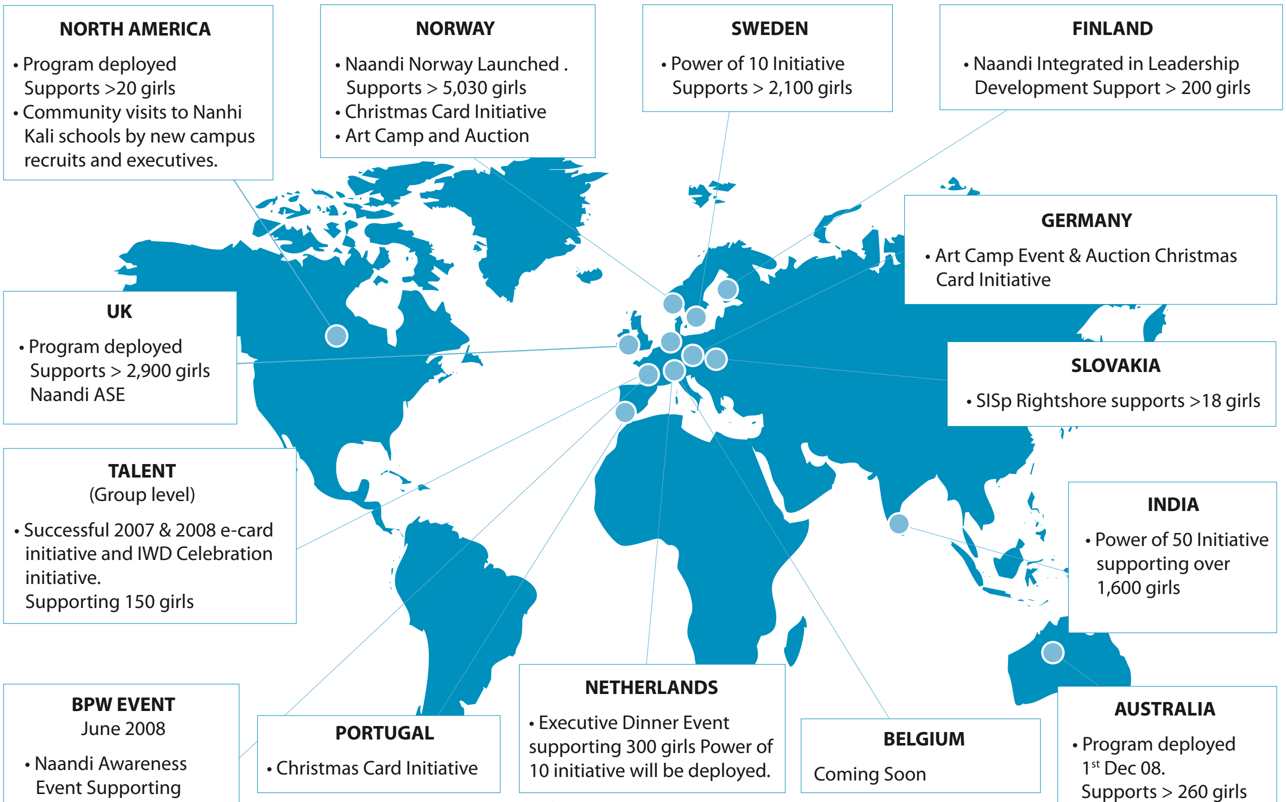
Our partnership offers Indian girls dignity, education, equality and empowerment, the same attributes that our people seek for themselves and the company for which they work. Our partnership with Naandi is about changing the way we think, fostering multiculturalism as we become a truly open and diverse company, and changing the lives of the girls we support.

COMMUNITY INITIATIVES:

Sponsorship of Nanhi Kali girls by Capgemini Group (January 2011)



Capgemini and the Naandi Foundation



Capgemini Group is the 2nd Largest Corporate Sponsor of the Naandi Nanhi Kali Program – currently sponsoring over 12,100 in India

Our Sogeti–PlaNet Finance initiative

Our professional services business, Sogeti, partnered with PlaNet Finance since its creation in 1998, a partnership that has made a significant contribution to alleviating poverty in some of the world's poorest communities. PlaNet Finance is an international non-profit organization, created to reduce poverty in the world through the development of microfinance.

Sogeti's support for PlaNet Finance goes beyond financial aid to include technological expertise and critical IT systems support, saving money and time, thus enabling PlaNet Finance to invest more money in microfinance initiatives. We have managed PlaNet Finance's computer system by hosting computer applications including intranet, electronic messaging and on-line training as well as providing services related to its human resources.

Sogeti sponsored the 2nd international conference "Microfinance and New Technologies", which was held in Marrakech in 2010. New technology is a key driver for the development of the microfinance sector. The objective of the conference was to reinforce the synergies between the two sectors in order to develop the use of Information and Communication Technologies (ICT) in the microfinance sphere. Sogeti also sponsored the Micro Finance Awards in Paris for the third year in a row. A jury awarded prizes to the best microfinance entrepreneurs in six categories.

PlaNet Finance Italy supports local initiatives and has been actively involved in the "University Meets Microfinance" (UMM) educational project, launched by PlaNet Finance and Freie Universität Berlin, co-funded by the European Commission. It aims to promote microfinance to the managers of the future. Five scholarships to Italian Universities are granted each year, plus an additional award for the best thesis on microfinance. Furthermore, we support Planet Finance through media relations to promote the project, graphic design, and our University networking

Highlights of national and local initiatives around the Group

Global Financial Services and WeKare

WeKare, a Community initiative for Capgemini FS GBU employees in India, is currently operational at the Capgemini FS GBU India centers in Pune, Hyderabad, Chennai and Gurgaon. The focus of this initiative is to make a difference to the lives of the less privileged. WeKare has grown significantly since it began in 2004. This initiative aims to give back to the society; it is not guided by business motives. WeKare is driven by the Senior Leadership in the organization and executed by group of associates who are committed to the purpose. All the project activities are carried out with seamless communication, an annual audit and in total transparency with all employees in the organization.

Capgemini France

- Capgemini and Sogeti continued their involvement in Nos Quartiers ont des Talents. This association aims to help young graduates (4 years' study post Baccalauréat), primarily from low-income areas, on the road to employment. All the Group business units attended the launch of the first Nos Quartiers ont des Talents year, dedicated to the Midi-Pyrénées region, on June 24, 2010 in the Toulouse Stadium. This launch gave Capgemini and Sogeti the opportunity to confirm their commitment to Nos Quartiers ont des Talents and to mobilize local teams. Both subsequently took part in the Rencontres Nationales for Nos Quartiers ont des Talents on November 23–24, 2010.
- Capgemini supports Rentrée 2.0, a project led by Renaissance Numérique, the French digital citizenship think tank*. The event, held on September 16, encourages companies to commit to recycling their computer equipment when due for renewal. The aim is to supply reconditioned computers to underequipped primary schools, and to households with one or several children attending these schools, in the Ile-de-France region.
- Capgemini took part in *Un jour, un métier* (One day, one job), an event organized by the association IMS-Entreprendre pour la Cité, by introducing 12 fourth-year secondary schoolchildren from the Collège Lavoisier in Pantin to the business world and its diverse occupations. The objective of this social initiative is to foster equal opportunities for disadvantaged youth, from secondary school age.
- In 2010, Capgemini joined Passport Avenir to help young students from modest backgrounds with their studies. Some 40 Group employees act as mentors for the students. Since November, Sogeti France has given two training sessions in its training center in Paris.
- Capgemini and Sogeti have partnered with the *Ecole de la Deuxième Chance* du 93 known as E2C93 (Second chance for schooling in the 93 area) since 2006. In 2010, the Group became involved in E2C93 by taking part in the AFNOR certification process for the school and by providing the skills required to create a collaborative platform so that the students can discuss and exchange ideas with companies.
- Capgemini partners with Collectif Volley for the *Collectif Volley Générations Responsables* project. This young association has a social purpose, fostering solidarity and commitment among young professional volleyball players. The organization, founded in June 2010, aims to support male and female athletes throughout their sporting careers, to encourage performance through training and well-being, and to prepare these athletes for a change of profession. The Capgemini–Collectif Volley partnership is skills-based, primarily providing help and support to professional athletes during their career change.
- A Capgemini team of 35 women took part in the 14th session of La Parisienne. This race, first held in 1997, has supported breast cancer research for the last 20 years.

Capgemini UK

- Capgemini UK continues to make a difference to young people's lives across the UK through its platinum patronage with The Prince's Trust. We are celebrating the fulfillment of our patronage in 2011, having raised over £1,000,000 in 3 years.
- The Capgemini Wild UK Challenge took place for the 4th year running. 186 participants completed a three-day coast-to-coast challenge and raised over £166,748. The Capgemini Wild UK Challenge has raised a total of £650,000 for The Prince's Trust in 4 years.
- As a member of Business in the Community, Capgemini UK continues its contribution towards building a sustainable future for people and the planet. As a founding member of Work Inspiration, we continue our efforts to turn traditional work experience around by focusing on providing young people with inspiration to work, not simply the experience of being in the workplace.
- Capgemini UK continues to support Raleigh, a leading youth and education charity. Capgemini offers a TS graduate scheme and every year, representatives from the scheme take part in events around the Country. Twelve events were held in 2010 supported by 243 volunteers (including Capgemini managers), amounting to 4,710 volunteer hours and £4,210 donated for building materials. For example in July 2010, UK Graduates gave up their weekend to develop their leadership skills while improving facilities at the Outdoor Education Centre in Woodrow High House near London. Capgemini has given £124,000 to Raleigh in the past five years.
- Capgemini UK sponsors AFC Telford United, the local football club in the home town of Capgemini's Aspire business unit. Capgemini has created coaching opportunities for young teenagers and has helped to develop a new learning center, which supports over 8,000 school children and socially disadvantaged people every year.
- As part of the Playing for Success initiative, Capgemini has provided after school study support to both primary and secondary schools in Rotherham since September 2003. Our support has helped them provide activities for almost 3,000 children a year. Through the study center, literacy, numeracy and ICT skills are being improved within the local community through fun and innovative teaching methods.
- Capgemini UK has continued its relationship with the Myotubular Trust since 2006. In 2010, employees raised money by participating in the ASCICS London 10K and the Thames Tow Path Walk.

Capgemini North America strengthened their community activities in 2010:

- Capgemini North America has joined the Naandi Foundation's Nanhi Kali program. In addition to implementing a payroll deduction program, we actively sought to engage directly with the Nanhi Kali community. Over the summer, 48 of our new campus recruits participated in community visits with the Nanhi Kali school girls. Several of our executives also participated in similar community visits during their trips to Mumbai. The fact that Capgemini employees had had firsthand experience of the living conditions and happy and positive natures of these girls was quite impactful and inspiring, encouraging us to provide increasing financial support for the program.
- Capgemini Canada has continued to support the United Way, the employees raising an impressive $105,000 in 2010. BPO in North America has chosen to sponsor Niños del Lago (NDL: Children of the Lake), an organization that seeks to provide tranquil and stable respite from their impoverished lives for needy Guatemalan children. The BPO team offers their team a variety of ways to get involved and has even partnered with a client to match donations.
- In 2010, Capgemini North America's Financial Services team participated in conjunction with The Chicago Public Education Fund (The Fund) and the Chicago Public Schools (CPS) to provide an innovative e-Learning solution to expand the school day and complement classroom instruction for grades 1–8. Thus far, this individualized, self-paced program has been launched in 15 schools across the Chicago Public School system, the 3rd largest district in the nation.
- Local SCENE teams (Supporting, Celebrating, Enriching Networking Employees) organize charity, sporting, cultural and hands on community events. For example in Dallas, we have been supporting the Genesis Women's Shelter for four years. The Shelter is committed to providing support to women and children affected by domestic violence. The Capgemini team provides monthly dinners for Shelter residents and has also generated a significant amount of money through Dallas office bake sales and toy donations during the holidays. There are plans to expand our community programs in 2011 and provide our employees with even more ways of becoming engaged.

In 2010, **Capgemini Australia** ran several CSR and Sustainability initiatives. These included becoming a recognized sustainable supplier for a strategic client (a Top 4 Australian bank) and updating a sustainability dashboard, which illustrates staff contributions to sustainability objectives such as levels of power usage, printing and recycling. Capgemini Australia also fundraised for the Australian national Bush Fire and Queensland Flood appeals and organized Red Cross blood donations.

Capgemini Italy

- Capgemini Italy supports the Italian Red Cross project aiming to educate the population on clearing blocked airways in children. The project arose from a deep need to provide the entire population with guidelines for pediatric learning and related resuscitation maneuvers due to a general lack of knowledge on what to do when a child suffers suffocation. In 2010, we taught 30,000 people how to perform the maneuvers during workshops and events throughout Italy, trained 1,000 new teachers and designed an information pack for the project (flyers, posters, DVDs).
- Capgemini Italy provided a breakthrough diagnostic instrument for the pediatric center at the S. Andrea Hospital in Rome. The Hospital is a center of excellence for the prevention and treatment of Sudden Instant Death Syndrome and Apparent Life Threatening Events (ALTE) in infants. The instrument will monitor newborn babies' sleep through a wireless system transmitting data to a computer.
- Capgemini Italy fully supported restructuring and safety measures for Santa Maria ad Cryptas, an ancient church in Abruzzo damaged by the earthquake in 2009. We will continue to sustain the second phase of the plan in 2011.
- The Digital School 2.0 for the Italian Public Schools project aims to replace books by netbooks. Capgemini Italy added new technological elements to enable collaboration among teachers and stakeholders on the web. A second platform promotes a new type of dialogue among teachers, students and their families. Now that we have involved Microsoft and Intel, we have a joint goal to create an innovative model for the educational sector and for training in general.

Capgemini Netherlands supports the Seniors for Talents initiative, created to help ambitious and motivated young people who left school but have not (yet) been successful in finding their first job. Senior managers, from Capgemini and its client environment, are now linked via the LinkedIn group Seniors for Talents. The managers' aim to help young people start or boost their careers while treating them with utmost care.

Capgemini Chile made a significant donation to Un Techo Para Chile, the leading charity organization in the country. This was used for the reconstruction of Chile after the earthquake, which caused a huge amount of suffering for many people. Our donation funded the building of some 35 emergency houses for families affected by the repercussions of the earthquake, as one of our CSR activities.

BPO Americas and Capgemini Guatemala support Niños del Lago (NDL), a charity organization committed to helping impoverished, at-risk children in Guatemala and improving innocent lives marred by years of civil war and social upheaval. The NDL camp is located on Lake Atitlan in the Highlands of Guatemala and aims to remove, on a rolling basis ,over 3,200 children from their bleak and stressful environments:

- In 2010, Capgemini provided significant financial contributions, along with its client partner Coca-Cola Enterprises. These contributions have enabled NDL to complete the first of six duplex cabins. Each cabin will house 12 children and one counselor. In honor of this donation, NDL will dedicate the cabin to all the Capgemini employees who have contributed to NDL.

- In the first half of 2010, the Capgemini Guatemala site ran numerous activities to generate funds for NDL, including an iPad raffle, a car wash, a dress down day and bake sales. All initiatives had a common goal: if the site raised €4,600 (Q50,000), Capgemini would match the amount. We succeeded and donated €9,250 (Q100,000) to NDL. Our client CCR collaborated with us on this project, matching our donation by contributing a further €9,250 (Q100,000) to Niños del Lago.
- SunPower and Capgemini are also working together to provide solar panels for NDL to significantly and permanently reduce the NDL camp's electricity bills. Capgemini and SunPower will collaborate on the design, delivery, and installation of the solar panel system. Work on this initiative has already begun.

Capgemini India

- The sixth Global Annual NASSCOM Leadership Awards hosted by Capgemini India celebrated success and innovation at corporate and individual levels. Other coveted awards included the NASSCOM Capgemini award for Leadership in Innovation. Paul Hermelin, Group CEO, presented the award to HSBC at the award-giving ceremony.

Capgemini BPO and **Consulting in Brazil** provided assistance to the victims of severe flooding in northern Brazil. More than 100,000 people lost their homes. Capgemini employees were involved in the campaign to raise money for the victims and to donate clothing and food.

3.5 The Group and the environment

With the global population rapidly approaching 7 billion people, and many non-renewable resources upon which the economy depends becoming increasingly scarce, the environment continues to be an area of increasing focus for Capgemini as well as for many of its clients.

As a provider of services, Capgemini does not manufacture products. However, we recognize that all of our business activities impact the environment in some way. The Group has therefore committed to minimize its negative impacts in the areas most relevant to its business, to comply with any legal and other relevant requirements involving the environmental impacts of its operations, and to permanently improve the environmental performance of its operations.

The benefits are clear in terms of:

- continuing to exceed our clients' evolving and increasingly high expectations;
- attracting and retaining the best people;
- identifying operational efficiencies; and
- exceeding voluntary standards and complying with the laws and regulations.

ENVIRONMENTAL PRIORITIES

Environmental protection is an ongoing improvement process and to ensure that we continue to comply with local and international environmental legislation, the Group is rolling out a worldwide approach, which includes:

- identifying the material environmental impact made by national subsidiaries;
- ensuring our people, suppliers and contractors take the environmental impacts of their decisions take key activities, buildings or equipment into consideration;
- deploying leading practice tools and technology where appropriate;
- establishing indicators to monitor progress; and
- seeking ways to leverage and adapt our business expertise and technology capabilities to help our clients address their own environmental challenges and impacts.

ENVIRONMENTAL IMPACTS AND FOCUS AREAS

While local variations may exist, across the Group our key environmental impacts are:

- greenhouse gas emissions from energy consumption in our offices and data centers;
- greenhouse gas emissions from business travel; and
- waste, both general and recyclable, produced and disposed of by us.

These guide our environmental activities, which focus on three corresponding areas:

Energy use (real estate, facilities and equipment)

Energy consumption across our buildings accounts for a significant proportion of Capgemini's carbon emissions. Data centers, in particular, are very energy intensive because they contain a high concentration of IT equipment, which consumes energy and generates considerable heat and, in turn, requires significant cooling.

We continue to actively monitor power consumption in our office and data centers in order to identify opportunities for reduction and greater efficiency. Following our successful launch of Merlin, one of the world's most sustainable data centers in the UK, we are actively seeking to leverage this technology and experience for other data centers.

From an office perspective we provide relevant environmental training for facilities and property managers. All parts of the business are expected to optimize office space and power consumption. Energy efficient business practices and technologies are expected to be considered and adopted, where appropriate, for relevant capital projects such as refurbishment or when opening new office buildings.

Business travel

Business travel accounts for another significant proportion of the Group's overall carbon footprint. Tackling this poses a complex challenge for our industry, which is reliant on the domestic and international mobility of its people to match skills and experience with clients' business challenges.

However, recognizing that there are opportunities to address this challenge in a smart way, without sacrificing valuable face time with clients, we have continued to roll out videoconferencing facilities across the Group, supported by a virtual "meet and greet" concierge service. We have also implemented or upgraded collaborative working technologies to facilitate remote and flexible working. These combined capabilities have enabled us to avoid and reduce business travel, notably between our offices in India and locations in Europe and North America. In many countries we also address the issue of emissions from company car fleets through approaches such as set emission caps or by promoting hybrid vehicles.

Waste

Much of the waste that the Group produces is generated from office consumables and packaging. Capgemini aims to minimize the amount of waste that is sent to landfill by providing recycling facilities in key offices. We also try to engage our people and work with key suppliers to reduce the overall amount of waste in the business, generated by its daily operations. We ensure that all electronic equipment is recycled in accordance with local laws, using appropriately certified/licensed organizations to remove special waste

HIGHLIGHTS IN 2010

- Following our support to the Bali, Poznan and Copenhagen Communiqués, Capgemini joined hundreds of businesses in 2010 to become a signatory to the Cancun Communiqué on climate change, calling upon world leaders at the United Nations (UN) climate change conference in Cancun to redouble efforts not only to secure an ambitious and equitable international framework but also to pursue an ambitious parallel mitigation strategy.
- Capgemini also signed the ICT Declaration at the Cancun Climate Change Summit, confirming its commitment to a more sustainable future. We supported the declaration made by over 50 technology companies to urge conference negotiators at the Cancun summit to fully utilize the power of Information and Communication Technologies to achieve a low carbon economy. The declaration, driven by the Global e-Sustainability Initiative (GeSI), also supports the proposed creation of a work stream focused on developing low-carbon solutions in sectors such as ICT.
- The Merlin data center in Swindon, UK, won The Green Data Centre award at the Data Centre Leaders Awards, 2010. The center was honored on the strength of its successful balance of top-class operational performance and achievement of ambitious sustainability and green objectives, and was a finalist for the Innovation in the Mega Data Centre, Operational Team of the Year and Business Leader of the Year awards.
- The Merlin data center was a finalist in the Innovation category at the Franco British Chamber of Commerce Business Awards and in the Environmental Project of the Year category at the UK IT Industry awards.
- Capgemini UK received the WWF One in Five Challenge Award. Run by the WWF-UK, the initiative challenges companies to reduce the number of business flights taken. WWF-UK accepted Capgemini's baseline survey (Calendar Year 2008) and annual survey for Calendar Year 2009: "The progress made by Capgemini towards achieving the One in Five Challenge has been noteworthy during this short period and JMP has verified that a 20% reduction in flying has been achieved compared to the baseline year."
- Capgemini France partners the 10-10 campaign, led in France by the non-governmental organization GoodPlanet. By joining this campaign, Capgemini France committed to reduce its carbon emissions by 10% in 2011.
- When Capgemini moves offices, preference is given to economical and eco-friendly buildings. This was the case of the move to the Schiltigheim building in France, whose energy performance exceeds the French 2005 thermal regulation targets, its interior design taking into consideration the reduction of negative environmental impact.
- Capgemini Consulting has organized the *Trophée de l'Innovation et du Développement Durable* (TIDD) competition since 2005. Several teams of university students from top schools work on the innovative projects of their choice under the supervision of Capgemini teams. The projects are then presented to a jury, and the best one receives an award.
- Several sites, such as Capgemini Nantes and Sogeti Aquitaine, for example, have established company travel plans to reduce traveling by car.
- Capgemini France took part in the preparation of discussion papers on topics involving Green IT within a wider project encompassing work with other companies in the sector. Our experts contributed to a series of Syntec Green Books, which aim to improve current knowledge and practices in the profession.
- In addition to the Group certification already achieved in the Netherlands and the UK, Capgemini Belgium achieved ISO14001 in 2009.
- Capgemini India is preparing for its ISO14001 certification audit in April 2011 for the Mumbai, Kolkata and Bangalore sites. This certification will cover 16,000 people in India.
- Our Global Business Process Outsourcing business launched a new sustainability accounting and reporting service, including reporting of key sustainability metrics such as energy, carbon, travel, water and waste. This bundled service is underpinned by a global technology partnership agreement with a recognized leader in Sustainability software.
- Our Global OS business ranked fourth in the [2009] Green Outsourcing Survey overall, measured by the Black Book Top Green Outsourcing Vendors survey, based on client feedback. Regionally, we came first in Europe and in Australia.
- Capgemini UK was listed in *The Sunday Times*' annual Best Green Companies list for the second year running.
- We continued to support the Carbon Disclosure Project, our annual submission detailing answers to many customer and investor-based questions about our climate change risk, strategies and progress.
- We began to roll out our Environmental Awareness computer-based training course across other major entities in the Group, building on the success of its implementation in the UK business where over 80% of employees have completed it.
- Last year, the Go Green by Lean project was launched by Capgemini Guatemala as a Six Sigma Green Belt project. This minimized the use of paper in our operations saving the company a significant amount of money and contributing at the same time to saving our environmental resources. Furthermore, making sure we follow the Information Security Standards, Capgemini Guatemala has committed to recycle all the paper used.
- The 300 guest rooms at the Capgemini campus at Les Fontaines, which carries the European Ecolabel, are now air-conditioned with a new geothermal heat pump system, generating annual electricity savings of 60% for the accommodation. The campus' eco-friendly approach has also enabled reductions in use of 31% for town gas, 17% for electricity, and 25% for water. It has also enabled the campus to achieve the ambitious target of an overall 20% reduction by 2020. This was set by the European Union at its 12 February 2008 session on the Energy and Climate Package. Since 2009, its greenhouse gas emissions have already been cut by 20%. As for catering, the campus provides 100% organic

breakfasts, and the other meals served are made up of 40% organic and fair trade products. In terms of recycling, 100% of its waste matter is sorted and reused, and kitchen waste is composted on site.

COLLABORATION AND INNOVATION

Addressing environmental impacts is obviously neither just an issue for Capgemini nor something we just do in our own company. Many of the issues are global or regional at the very least, and no organization has the knowledge, technology or resources to address them alone. Managing environmental issues and making a real difference to them highlights the dependencies between customers and suppliers and, in turn, the criticality of collaboration between different organizations, and product and process innovation.

The Group therefore aims to communicate openly with its people, clients, suppliers and, in some cases, its competitors about the achievements and challenges Capgemini faces in managing its environmental impact. We are also engaging with industry forums and non-governmental organizations to share experiences and insights, and to identify opportunities to enable our collective performance to move ahead.

More information about our latest CSR & Sustainability initiatives can be found on our website at http://www.capgemini.com/about/corporateresponsibility/ and our CSR & Sustainability report: The Other Face of Capgemini.

4.

MANAGEMENT REPORT

PRESENTED BY THE BOARD OF DIRECTORS TO THE COMBINED SHAREHOLDERS' MEETING OF MAY 26, 2011

4

4.1 General comments on the Group's activity over the past year

The contraction in demand for consulting and IT services witnessed in 2009 (and which accelerated towards the end of the year) continued at the beginning of 2010 and weighed on annual growth in the sector. Nonetheless, an improvement was perceptible from the end of Spring, enabling a return to growth in the second half of the year. This recovery was not however enjoyed across the board. While financial services reported good growth from the beginning of 2010, the public sector remained depressed. Geographically, the emerging countries followed by North America were the quickest regions to capitalize on this recovery. By the end of the year, all the regions where the Group is present reported business growth.

In this context, Capgemini Group reported revenues of €8,697 million, up 3.9% on published figures for last year, but down 1.1% like-for-like (that is at constant Group structure and exchange rates) - two-thirds of the difference between these two rates is attributable to the appreciation of the U.S. dollar and the pound sterling. This decrease had a relatively limited impact on Group profitability, as the operating margin rate was 6.8%, (down 0.3 points) and the operating margin (operating profit as a percentage of revenues) increased significantly (+1.6 points to 5.6%) thanks to a marked decrease in restructuring costs.

The net financial expense of €87 million reported a slight improvement on last year (down €6 million). The income tax expense totaled €124 million (compared to €61 million last year) and now includes the Corporate Value-Added Contribution in the amount of €25 million in 2010. These two line items (representing a total of €211 million), include purely accounting entries not involving a cash outflow in the amount of €118 million (i.e. 56%): €65 million of the net financial expense of €87 million and €53 million of the income tax expense of €124 million. Profit for the year attributable to owners of the Company totaled €280 million, up 57% on 2009.

The Group generated "organic free cash flow[1]" of €359 million. Despite a few small acquisitions in Europe and a more significant transaction in Brazil, net cash and cash equivalents still totaled €1,063 million at December 31, 2010 compared to €1,269 million at December 31, 2009.

1 "Organic free cash flow" is equal to cash flow from operations less acquisitions of property, plant and equipment and intangible assets (net of disposals) and adjusted for flows relating to the net interest cost (as presented in the Consolidated Statement of Cash Flows).

OPERATIONS BY MAJOR REGION

First and foremost, it should be noted that:

- overall, Europe represents more than three-quarters of Group revenues (exactly 76.2%)
- the four main group regions – which are in order: France, the UK, North America and Benelux – together account for nearly 79% of revenues.

France just managed to retain its number one spot among the Group's regions in terms of revenues (€1,931 million, or 22.2% of the Group total) despite a slight downturn in business of 1% on last year. Technology Services reported a downturn over the year as a whole, despite a recovery in the fourth quarter. Outsourcing Services also reported a slight drop, primarily due to a reduction in business volume on a major contract, which was both programmed and in line with forecasts. Local Professional Services (Sogeti) remained stable for the year (but recorded a marked acceleration in the second half). Consulting Services enjoyed modest but steady growth over the year. Overall, France reported a slight increase in operating margin to €127 million (6.6% of revenues, essentially equal to the Group average).

The **United Kingdom and Ireland** reported revenues of €1,912 million in 2010 (22% of the Group total), down 1.4% like-for-like. This downturn was due in particular to the cost reduction plan in the UK public sector, which represents nearly three-quarters of our business across the Channel. Outsourcing Services remained virtually stable thanks to the ramp up of new clients and the rapid expansion of BPO. The operating margin was €150 million (7.9% of revenues), down one point on 2009.

North America reported revenues of €1,665 million in 2010 (19.1% of the Group total), generated €1,385 million in the United States and €280 million in Canada. Down 2.9% like-for-like, revenues rose 4.7% on published figures, due to the appreciation of the US dollar and the Canadian dollar. The most cyclical businesses (Consulting Services, Technology Services and Local Professional Services) increased over 10%. In Technology Services, the financial sector remained extremely dynamic, posting organic growth in excess of 35%. Outsourcing Services was penalized, as forecast, by the substantial downsizing of a major contract in its final phase, although business remained virtually stable over the fiscal year. Profitability increased slightly in the region (up 0.3 points to 5.2%), thanks to an improvement in margins realized on cyclical businesses.

Benelux (the Group's fourth region with revenues of €1,314 million, 16% of the Group total) suffered a sharp drop in revenues like-for-like (6.7%) and of 6% on published figures. The decrease was greatest in the cyclical businesses (Consulting Services, Technology Services and Local Professional Services) which fell nearly 10%. The Group's high exposure to the public sector, which accounts for close to one-third of its activity, was unfavorable to the Group in 2010. Outsourcing Services resisted better, reporting steady growth. Furthermore, the region continued to post a high operating margin of €127 million, representing 9.7% of revenues and up one point on last year. After the substantial drop in the margin rate in 2009, the region managed to improve its profitability rate. The greatest margin improvements were achieved in Belgium by financial services and outsourcing services.

The **Italy/Spain/Portugal and Latin America** region reported totaled revenues of €599 million (6.9% of total Group revenues) representing a surge of 38.1%, largely driven by the consolidation of CPM Braxis in our accounts in the fourth quarter. At 3.1%, the operating margin remains low, but improved 0.8 points.

The **Nordic countries** (Sweden, Denmark, Norway and Finland) reported revenues of €543 million (6.2% of the Group total), up 11.3% on 2009 (but down 1% after adjustment for the acquisition of IBX and Skvader and exchange rate impacts). The increase in Sogeti's business was insufficient to offset the downturn in Technology Services. Outsourcing Services reported a slight rise, but remain marginal in this region.
Overall, profitability was 6.6% down 0.7 points, with a drop in Sogeti's margin this year despite fairing best in the region.

Activity in the **Germany/Central Europe** region (Switzerland, Austria and Eastern European countries) stabilized after a difficult 2009: revenues totaled €534 million, up 0.5% on 2009 (but down 1.9% like-for-like), and represented 6.1% of total Group revenues. Consulting Services fell back, however Technology Services, which account for over two-thirds of business in this region, enjoyed a return to growth from the second half. Profitability was 9%, a quite satisfactory level despite a 0.7 points fall on last year.

The **Asia/Pacific** region (€199 million, 2.3% of Group revenues) is in a period of strong growth (+53.8% and 29.3% like-for-like), with the substantial increase in the various regional currencies accounting for most of the difference between these two rates, supplemented by the impact of two modest acquisitions. The operating margin (€61 million) cannot be compared directly to revenues, as only sales to local clients are recognized in this region, with internal sub-contracting revenues for clients belonging to other Group regions recorded in the accounts of the region which invoices the client. Nonetheless, part of the margin realized with certain clients of other regions is recorded in the accounts of the Asia/Pacific region, making a direct interpretation of profitability figures for the different regional components impossible.

OPERATIONS BY BUSINESS

Technology Services (41.5% of Group revenues) remains the Group's powerhouse, reporting like-for-like growth of 1.6%. Growth accelerated significantly in the second half, resulting in renewed recruitment but also a slight downturn in the utilization rate (79% at the year-end, 2 points below the end-2009 rate). Prices resisted well and stabilized towards the end of the year. At 6.7%, the operating margin is down 0.2 points on 2009, as the average cost of an employee increased slightly faster than prices invoiced.

Outsourcing Services (36.3% of total revenues) reported a drop of 3.2% like-for-like. This business was affected by a major contract in the United States entering the final phase and the austerity plan decided by the British government. The operating margin remained stable at 7.1%.

Local Professional Services (Sogeti) is the third largest Group business, with revenues equal to 16.3% of total revenues, down 0.3% like-for-like, with once again a return to growth in the second half of the year. The utilization rate returned to a satisfactory level at the year-end (82.5%) and prices improved steadily throughout the period. Nonetheless, the operating margin fell 0.5 points to 9.2%, suffering from reduced business activity in the Netherlands where profitability was always above-average.

Consulting Services, down 7.5% like-for-like, now represents only 5.9% of Group revenues. The primarily victim of public sector budget cuts, it was the only one of the four businesses not to enjoy a return to growth in the last quarter. The 4.7% reduction in the headcount year-on-year enabled the utilization rate to remain high (66% in the fourth quarter), while selling prices stabilized and even increased slightly at the year-end, enabling Consulting Services to report the best operating margin for the year as a whole (10.9 %, down 0.5 points on 2009).

HEADCOUNT

At December 31, 2010, the total Group headcount was 108,698 compared to 90,516 one year earlier. This 18,182 increase in employee numbers (+20.1%) reflects:

- 37,719 additions, comprising:
  - 30,140 new hires (15,417 in India, 3,426 for Sogeti and 1,022 in Poland...);
  - and 7,579 transfers during the year in connection with (i) acquisitions (particularly the 5,487 employees of CPM Braxis, the acquisition of which enabled the Group to increase its headcount in Brazil tenfold and (ii) employee transfer clauses contained in certain Outsourcing Services contracts;
- and 19,537 departures comprising:
  - 16,230 resignations (16.6% of the average headcount for the fiscal year);
  - 132 transfers outside the Group following business divestments or at the end of certain Outsourcing Services contracts;
  - 3,175 layoffs and unsuccessful trial periods.

ORDER BOOK

New orders recorded totaled €9,863 million, up 9.1% (like-for-like) on last year. Bookings were particularly satisfactory in Outsourcing Services (+16%) and were maintained at a good level in the three other businesses where the book-to-bill ratio exceeded 1.13.

OTHER SIGNIFICANT EVENTS IN 2010

On February 2, 2010, Capgemini acquired the Swedish company IBX, a specialist in the supply of online purchasing solutions. Capgemini and IBX – who have worked together since the summer of 2009 - created the first integrated Procurement-as-a-Service offering, opening up IBX's tried-and-tested technology to new markets. The acquisition added IBX's strength in software-as-a-service purchasing technology to Capgemini's global sourcing, business process outsourcing expertise.

On May 27, 2010, the Board of Directors of Capgemini, chaired by the oldest member present (Mr. Michel Jalabert), and held after the Combined Shareholders' Meeting of that morning in Paris, unanimously decided:

- to reappoint Mr. Serge Kampf as Chairman,
- to confer the title of Vice-Chairman on Mr. Paul Hermelin, while confirming him in his duties as Chief Executive Officer.

On June 21, 2010, the Metropolitan Police Service (MPS), the largest police service operating in Greater London, extended its contract with Capgemini UK plc, its main information and communications technology partner, until December 2015. This contract is expected to provide the MPS with estimated savings of £43m in IT resources supporting the day-to-day work of London's 55,000 police officers, staff and community support officers.

On July 27, 2010, Royal Mail Group Limited, the national postal service of the United Kingdom, signed a six-year "cloud computing" contract for the management of its various IT services. The primary aim of this contract is to enable RMG to transform its business and consumer online services, while reducing its website operating costs. Royal Mail also wishes to diversify its portfolio of online services without the delays and expense of traditional IT.

On September 2, 2010, Capgemini announced the signature of an agreement with the shareholders of CPM Braxis enabling it to acquire a 56.06% interest in the share capital of this company. In a market dominated by subsidiaries of major US players (IBM, HP, etc.), CPM Braxis is the leading Brazilian IT services company. With a client base of major Brazilian and international companies, particularly in the financial sector, CPM Braxis reported 2010 revenues of €426 million. This acquisition enabled Capgemini to considerably boost its presence in Brazil, one of the highest-potential markets in the world for IT services.

On September 13, 2010, Capgemini signed a Memorandum of Understanding (MOU) with the Cabinet Office of the British Prime Minister, which recognized the quality of services rendered by the Group to the government in recent years. The MOU confirmed that Capgemini will continue to provide, as planned, all services detailed in previous contracts, as well as a range of additional services which enabled the group to commit to the realization by the British government of substantial savings.

On September 22, 2010, Capgemini Outsourcing Services S.A.S. announced the signature of a long-term contract with Nokia Siemens Networks (NSN), a leading global provider of telecommunication services, for the management of its entire customer order system. NSN will benefit from Capgemini's expertise in the telecommunication sector and its experience in supply-chain business processing outsourcing (BPO).

On October 6, 2010, Capgemini Government Solutions LLC, the Capgemini Group US subsidiary, signed a seven-year framework agreement with the General Services Administration (GSA) Federal Systems Integration and Management Center (FEDSIM). Under this $100 million (€73 million) contract, Capgemini will provide the United States Department of Agriculture (USDA) with Independent Verification & Validation (IV&V) support services for its enterprise resource planning (ERP) systems.

On December 15, 2010, Capgemini announced the acquisition in Germany of CS Consulting, one of the leading providers of consulting services in the banking and insurance sector. With a history of above market average growth, CS Consulting reported revenues of €47.4 million in 2009 with an adjusted operating margin of 12.6%. It specializes in the migration of core banking systems and the implementation of business intelligence solutions and has a highly experienced team of over 400 consultants.

4.2 Comments on the Capgemini Group Consolidated Financial Statements and outlook for 2011

CONSOLIDATED INCOME STATEMENT

Consolidated revenues totaled €8,697 million for the year ended December 31, 2010, up 3.9% on published figures but down 1.1% like-for-like, while operating expenses increased 4.3% to €8,110 million.

An analysis of costs by nature reveals:

- an increase of €342 million (7.1%) in personnel costs, nonetheless lower than the increase in the average headcount (97,571 employees in 2010 compared to 90,238 in 2009, +8.1%). This was due to strong "offshore" recruitment, particularly in India: at December 31, 2010, the Asia/Pacific region comprised 33,655 employees (31% of the total headcount) compared to 24,008 (26%) one year previously, representing growth of 40%. This marked increase in the number of employees in so-called "low salary" countries did not however generate a significant decrease in the average Group annual salary, which fell 1% from €53,758 to €53,223.
- a decrease of 1.4 points in the "purchases/sub-contracting" account (23.5% of revenues compared to 24.9% last year).
- an increase of 12% in travel expenses to €370 million (4.25% of revenues, up 0.3 points on last year).
- a decrease of 7.2% in rent and local taxes (3.2% of revenues).

An analysis of costs by function reveals that:

- the cost of services rendered increased €265 million to €6,631 million, but remained virtually stable in proportion to revenues, giving a gross margin of 23.8% (compared to 23.9% in 2009);
- selling costs increased over 8% to €680 million and represent 7.8% of revenues compared to 7.5% in 2009;
- general and administrative expenses (€799 million) increased only 2.3% and remained approximately stable in proportion to revenues (9.2%).

It should be noted that the total amount of "travel expenses" plus "selling costs" increased 9.1%, compared to an increase of only 3.9% in revenues.

The **operating margin** is €587 million and represents 6.8% of revenues compared to €595 million and 7.1% of revenues last year.

Other operating income and expenses represented an overall net expense of €98 million in 2010 compared to €262 million last year. This €164 million decrease was mainly due to the reduction in restructuring costs which fell from €213 million to €71 million.

Operating profit is €489 million and represents 5.6% of revenues, compared to €333 million and 4% of revenues last year.

The **net financial expense** is €87 million in 2010, down €6 million on 2009: the decrease in the net interest cost on defined-benefit pension plans more than offset the increase in the interest expense resulting from the consolidation of CPM Braxis borrowings.

The **income tax expense** is €124 million (compared to €61 million last year), including a current income tax expense of €71 million (€24 million in 2009) and deferred tax of €53 million (€37 million in 2009). The effective tax rate is therefore 30.9% in 2010 (compared to 25.5% in 2009), with the increase primarily attributable to the new Corporate Value-Added Contribution *(Contribution sur la Valeur Ajoutée des Entreprises, CVAE)* paid in France.

Profit for the year attributable to owners of the Company is €280 million in 2010, up 57% on the profit of €178 million realized in 2009. Earnings per share is €1.80 based on 155,770,362 shares outstanding at December 31, 2010, compared to €1.16 based on 154,177,396 shares outstanding at December 31, 2009.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Equity attributable to owners of the Company totaled €4,314 million at December 31, 2010, representing an increase of €101 million on December 31, 2009. This increase was mainly due to:

- profit for the year of €280 million,
- share capital increases resulting from the exercise of stock options (€46 million) and the matching entry to the expense relating to stock option and share grants (€15 million),
- the recognition in equity of actuarial losses on provisions for pensions and other post-employment benefits, net of deferred tax (€101 million) and fair value gains on cash flow hedges in India, net of deferred tax,
- the increase in translation reserves of €158 million,
- the payment to shareholders of the 2009 dividend (€0.80 per share, or €122 million in total)
- finally the recognition (as a deduction from reserves) of the call option granted to CPM Braxis minority shareholders over their residual 43.94% shareholding (in the amount of €185 million at December 31, 2010).

Non-current assets increased €589 million on December 31, 2009, mainly due to:

- an increase of €451 million in goodwill as a result of:
  - acquisitions performed during the year (€329 million in total, including €226 million relating to the acquisition of CPM Braxis) and
  - translation gains on existing goodwill balances denominated in US dollar and pound sterling (€122 million),
- a net increase in intangible assets (€53 million, including €42 million relating to the acquisition of CPM Braxis),
- a net increase of €78 million in property, plant and equipment, representing the difference between assets inherited from companies acquired during the year (€169 million) and assets "brought into the scope of consolidation" (€37 million), partially offset in the amount of €142 million by the depreciation charge for the period and some minor disposals.

Non-current liabilities increased €370 million at December 31, 2010 (to €2,376 million from €2,006 last year), chiefly due to:

- a slight increase (€45 million) in long-term borrowings,
- an increase of €124 million in provisions for pensions and other post-employment benefits, following a net actuarial loss of €127 million in 2010, recognized mainly in the United Kingdom and Canada and due to the decrease in the discount rate applied to obligations at December 31, 2010, very partially offset by the increase in the value of plan assets following the rally in the financial markets during the year.
- the recognition of the call option granted to CPM Braxis minority interests over their residual 43.94% shareholding in the amount of €185 million.

Operating receivables (accounts and notes receivable) totaled €2,371 million at December 31, 2010, compared to €2,067 million at December 31, 2009. This increase of nearly 15% was mainly due to the consolidation of CPM Braxis (€140 million) and the impact of foreign currency translation (€66 million). Accounts receivable net of advances from clients and amounts billed in advance totaled €1,678 million at December 31, 2010, compared to €1,406 million at December 31, 2009 and represented 66 days annual revenue (compared to 60 days at December 31, 2009).

Operating liabilities consisting mainly of accounts payables and related accounts, amounts due to members of personnel and accrued taxes (other than on income), totaled €2,305 million at December 31, 2010, up €279 million on December 31, 2009, with half of this increase attributable to the consolidation of CPM Braxis (€134 million).

Consolidated net cash and cash equivalents totaled €1,063 million at December 31, 2010, compared to €1,269 million at December 31, 2009. This decrease of €206 million was mainly due to:

- cash generated by operating activities of €503 million, the cash flow from operations (€628 million) having been reduced by a €73 million increase in working capital requirements and income tax paid of €52 million; after interest paid (€11 million) and purchases of property, plant and equipment and intangible assets, net of disposals (€133 million), "organic free cash flow" generated in 2010 totaled €359 million (compared to €396 million in 2009 and €463 million in 2008)
- the payment to shareholders of the 2009 dividend (€122 million), partially offset by the proceeds of share capital increases of €46 million,
- cash outflows relating to acquisitions, net of cash and cash equivalents acquired, of €218 million and concerning:
  - CPM Braxis in the amount of €99 million; the cash outflow of €227 million was partially offset by cash and cash equivalents acquired (€12 million) and €116 million received by CPM Braxis in respect of the share capital increase performed at the same time as the acquisition,
  - other acquisitions (primarily IBX Group AB and SSS Holdings Corporation Ltd.) for a total amount of €119 million (net of cash and cash equivalents acquired),
- a net increase in borrowings of €332 million, attributable €236 million to CPM Braxis borrowings assumed on acquisition,
- a positive exchange rate impact on net cash and cash equivalents of €72 million.

OUTLOOK FOR 2011

Fiscal year 2011 will benefit from the continued recovery first felt at the end of 2010 and investment performed by the Group to maximize its growth potential in the most promising markets. On January 1, 2011, Capgemini adopted a new organizational structure aimed at strengthening the Group's leadership. The applicative maintenance business was merged with Technology Services to extend customer relations across all service offerings. Business process outsourcing (BPO) was awarded the status of major business unit and aims to achieve double-digit growth by developing its offering beyond its traditional market base (finance and accounting). Infrastructure services also became an independent division, to strengthen higher-margin design and development services, upstream of infrastructure management. Finally, Consulting Services, heavily affected in 2010 by weak public sector demand, should enjoy a progressive return to growth with the roll-out of its "digital transformation" offering.

The Group will continue to position itself in the most promising market segments, with the launch of new global service lines (as announced in 2010 in energy and the management of smart meter pools).

Capgemini will step up its rate of recruitment, particularly in Europe and North America where net growth in the headcount was limited in 2010. These new recruits, with a lower level of experience than the Group average, will have a positive impact on the Group's operating margin.

Finally, after the integration of CPM Braxis which will contribute to the Group's growth, Capgemini will continue its geographical expansion through acquisitions in high economic growth regions and in target market sectors in Western countries.

The Group forecasts revenue growth of between 9% and 10% on published figures and an operating margin up 0.5 to 1 points on that realized in 2010. Given the investment that will be necessary to support this growth and faster or slower rates of improvement in the business environment depending on the country and the business, this revenue growth and improvement in the Group's operating margin rate is likely to be achieved gradually over the whole year.

4.3 Comments on the Cap Gemini S.A. Financial Statements

INCOME STATEMENT

The Company reported operating income for the year ended December 31, 2010 of €202 million (including €201 million in royalties received from subsidiaries) compared to €199 million last year (including €198 million in royalties).

Operating profit is stable at €165 million, compared to €164 million in 2009.

The net financial expense is €41 million, compared to net financial income of €31 million in 2009 and reflects:

- income of €77 million, mainly comprising dividends received from subsidiaries (€53 million), interest income on cash investments (€9 million), interest on loans granted to certain subsidiaries (€6 million) and finally provision reversals (€6 million),
- expenses of €118 million, mainly comprising the interest expense on 2005 and 2009 OCEANE bond issues (€24 million), the amortization of the 2005 OCEANE bond redemption premium (€9 million) and charges to provisions for investments in subsidiaries in France (€41 million) and the Asia-Pacific region (€38 million).

This downturn of €72 million year-on-year was due to increased charges to provisions for investments in subsidiaries (€79 million in 2010 compared to only €18 million in 2009) and the fall in rates of return on cash investments.

After a net non-recurring expense of €2 million and income tax income of €16 million, the Company reported a net profit of €137 million, down €87 million (39%) on 2009 (€224 million).

BALANCE SHEET

Net investments rose from €8,181 million last year to €8,523 million at December 31, 2010. This €342 million increase is mainly attributable to:

- the share capital increase performed by a French subsidiary in the amount of €237 million, to fund the acquisition of the Brazilian company, CPM BRAXIS;
- share capital increases performed by two European subsidiaries in the total amount of €36 million (€30 million in Sweden and €6 million in Italy);
- share capital increases performed by two subsidiaries located outside the euro zone in the total amount of €7 million (€6 million in Singapore and €1 million in Guatemala);
- the exercise by Capgemini of the put option over the residual 49% shareholding in Capgemini Business Services (India) Ltd (formerly Hindustan Lever Limited) in the amount of €15 million;
- several loans granted to certain subsidiaries in the amount of €173 million (including €125 million to the US subsidiary and €32 million to the Swedish subsidiary);
- partial or full repayment of loans granted to several subsidiaries in the total amount of €49 million;
- charges to provisions for investments in subsidiaries of €79 million.

Shareholders' equity is €8,197 million, up €63 million on last year. This rise essentially corresponds to the difference between:

- profit for 2010 (€137 million) plus an amount of €47 million paid to the Company on the exercise of 1,592,966 stock options by Group employees;
- and the June 3, 2010 dividend payment of €0.80 per share on the 154,177,396 shares making up the Company's share capital at December 31, 2009, representing a total payment of €122 million (taking into account the 2 million treasury shares held by the Company at the dividend payment date).

Borrowings totaled €1,418 million at December 31, 2010, down €261 million compared to December 31, 2009. This improvement was mainly due to:

- the redemption at par and in cash on January 4, 2010 of 3,861,116 bonds convertible/exchangeable into new or existing Cap Gemini shares issued in 2003 (OCEANE 2003 bond issue) In the amount of €197 million;
- the €47 million reduction in bank overdrafts following the change in the Group's cash pooling position (Cash Pooling International), for which the Company acts as the centralizing entity;
- finally the reduction in the Group's outstanding inter-company loans in the amount of €28 million.

Cash and cash equivalents net of borrowings remained negative at December 31, 2010, in the amount of €451 million. The net position was already negative at December 31, 2009, but only in the amount of €140 million. This downturn of €311 million was mainly due to:

- payments relating to share capital increases carried out by several subsidiaries in the amount of €295 million,
- the net cash outflow on loans granted to certain subsidiaries in 2010, net of repayments received of €124 million,
- payment of the 2009 dividend for €122 million,
- the collection of brand royalties for €204 million,
- the collection of €47 million on the exercise of stock options,

At December 31, 2010, external accounts payable of Cap Gemini S.A. totaled €1.375 million, of which €1.249 million was not yet due. Group accounts payable not yet due totaled €7.985 million.

In addition, it should be noted that in june 2010, Capgemini Finance et Services S.A.S, a subsidiary of Capgemini France S.A.S. acquired Plaisir Informatique, a French company specializing in complex data migration in the Banking & Insurance sector.

APPROPRIATION OF EARNINGS

During its meeting of February 16, 2011, the Board of Directors decided to recommend to the next Ordinary Shareholders' Meeting, the following appropriation of net profit for the year:

Net profit for 2010	€136,889,010.10
Allocation to the legal reserve which would then be entirely funded	(€1,274,372.80)
i.e. a balance of	€135,614,637.30
Retained earnings of previous years	€405,692,062.74
i.e. distributable earnings at December 31, 2010 of	**€541,306,700.04**
Therefore allocated to:	
• payment of a dividend of €1 per share:	€155,770,362.00
• retained earnings for the balance:	€385,536,338.04
Giving a total of	**€541,306,700.04**

This dividend of €1 for each of the 155,770,362 shares bearing dividend rights on January 1, 2010, will be fully eligible for the 40% tax rebate referred to in Article 158.3.2 of the French Tax Code *(Code Général des Impôts)*. Taking account of the recommendations of certain investors, and so as not to encourage security lending/borrowing transactions around the date of the Combined Shareholders' Meeting, the Board of Directors proposes an ex-dividend date of June 6, 2011 and a dividend payment date of June 9, 2011. If, at the time of payment of the dividend, the Company still holds some of its own shares, the dividend amount for these shares will be allocated to retained earnings. Furthermore, pursuant to Article 243 bis of the French Tax Code, dividends paid over the past three fiscal years were as follows: €123,341,916.80 for 2009 (€0.80 per share); €145,844,938 for 2008 (€1 per share); €145,425,510 for 2007 (€1 per share). All of these dividends were fully eligible for the 40% tax rebate set out in Article 158.3.2 of the French Tax Code.

AMENDMENT OF THE TOTAL AMOUNT OF ATTENDANCE FEES

The Ordinary Shareholders' Meeting of May 11, 2006 set at €700,000 the total annual amount of attendance fees allocated to the Board of Directors. Since this date (that is during the last five years) your Board of Directors has never requested the amendment of this ceiling, despite:

- cumulative inflation over the last five years being close to 10%
- the increasing importance of Board Committees resulting in a marked increase in both the number of meetings and attendance rates: in this way 14 committee meetings were held in 2005 with 55 participants, compared to 21 meetings in 2010 with 93 participants, an increase of 69%!

The Board of Directors will therefore ask the next Ordinary Shareholders' Meeting to accept an increase in this ceiling of €100,000, partly to take account of inflation and partly to reflect the increase in the number of meetings.

SHARE CAPITAL AND OWNERSHIP STRUCTURE

In 2010, the Company's share capital was increased on several occasions from €1,233,419,168 to €1,246,162,896 following the exercise of 1,592,966 stock options granted previously to Group employees.

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, a single shareholder (AllianceBernstein L.P.) held more than 5% of the Company's share capital and voting rights at the year end.

During the fiscal year, Amundi, acting on its own behalf and on behalf of Société Générale and Etoile Gestion, reported that it successively exceeded on May 20, 2010 and then fell below on July 23, 2010 this 5% threshold.

The breakdown of the Company's share capital as known at December 31, 2010 is provided on page 221 of this Reference Document.

AUTHORIZATION TO BUY BACK THE COMPANY'S SHARES

Shareholders are reminded that last year, the Ordinary Shareholders' Meeting renewed the authorization granted to the Company to buy back its shares. This authorization was used in 2010 in connection with the liquidity agreement entered into on September 2005 with CA Cheuvreux and transferred to Oddo Corporate Finance with effect from February 15, 2010. The purpose of this agreement is to improve the liquidity of the Cap Gemini share and stabilize the share price. In 2010, CA Cheuvreux and then Oddo Corporate Finance, acquired a total of 4,790,071 Cap Gemini shares on behalf of Cap Gemini S.A., at an average price of €36.07 per share, representing 3.09% of the share capital at December 31, 2010. During the same period, they also sold 4,736,071 Cap Gemini shares at an average price of €36.18 per share, representing 3.05% of the share capital at December 31, 2010. At the year-end, the liquidity account balance comprised 175,000 treasury shares (0.11% of the share capital) and approximately €9 million.

Shareholders are reminded that Cap Gemini S.A. purchased 2,000,000 of its own shares, representing 1.3% of the share capital, between January 17 and January 25, 2008, at an average price of €34.48 per share. These purchases were aimed at neutralizing part of the potential dilution relating to employee share-based incentive instruments.

Overall, the Company therefore held 2,175,000 of its own shares at December 31, 2010, representing €75,972,750 based on the closing price of the Cap Gemini share on December 31, 2010 (€34.93).

As the authorization granted by the Ordinary Shareholders' Meeting last year is only valid for 18 months, we are asking shareholders to replace last year's authorization with a similar authorization to allow the Company to:

- provide market-making and liquidity for the Cap Gemini share within the scope of a liquidity agreement;
- grant shares to employees and corporate officers, on the terms and by the methods provided for by law, concerning the grant of performance shares or the set-up of a company savings plan or an international employee share ownership plan;
- grant shares to holders of securities conferring entitlement to the capital of the Company upon exercise of the rights attached thereto in accordance with the applicable regulations;
- purchase shares to be retained with a view to remitting them in the future in exchange or payment for potential external growth transactions;
- to propose at a later date to a Shareholders' Meeting the adoption of an extraordinary resolution cancelling some or all of the shares purchased;

To this end, the Board of Directors is seeking an authorization for the Company to buy back shares during the next eighteen months, representing up to 10% of its share capital and at a maximum price of €55 per share, these purchases taking place within the scope of:

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

STOCK OPTIONS

The last stock option plan authorized by the Extraordinary Shareholders' Meeting of May 12, 2005 (the 6th plan), expired on July 12, 2008. As the Board of Directors has not since sought the plan's renewal, no new stock options were therefore granted by the Board during fiscal year 2010.

The Board of Directors would remind shareholders that in the event of a notice of authorization of a takeover bid or exchange offer for some or all of the Company's shares published by the Eurolist market of Euronext Paris S.A., Group employees who still hold such bonds will be entitled, if they so wish, to exercise all of their remaining unexercised options immediately without waiting for the end of the vesting period specified at the time of grant.

As already indicated above, 1,592,966 shares were subscribed (483,115 shares on exercise of options granted under the 5th Plan and 1,109,851 shares on exercise of options granted under the 6th Plan). No further shares may be subscribed under the first four plans, for which the subscription periods expired on November 1, 1995, April 1, 1999, April 1, 2002, and December 1, 2006, respectively.

INTERNATIONAL EMPLOYEE SHAREHOLDING SYSTEM

In application of the provisions of Article L.225-102 of the French Commercial Code, the Board of Directors informs you that, at December 31, 2010, employees and corporate officers who subscribed to the share capital increase performed on December 16, 2009 pursuant to the 13th resolution adopted by the Combined Shareholders' Meeting of April 30, 2009 and under a Capgemini Group Savings Plan, together held 3.53% of the Company's share capital. Shareholders are reminded that around 14,000 Group employees in 19 countries subscribed to this share capital increase, either directly or indirectly through a French collective employee shareholding vehicle (FCPE).
As part of its policy to motivate employees and align their interests with those of shareholders, the Board of Directors wishes to continue providing a large number of employees with access to the share capital of the Company, while complying with the legislation of the countries in which the Group operates. To this end, the Board of Directors asks you today to delegate

to it the necessary powers to perform a share capital increase by issuing shares reserved for members of a Group Company Savings Plan (*Plan d'Épargne d'Entreprise*, PEE). This delegation, covering a maximum of 6,000,000 shares, is the subject of two resolutions. The first resolution for a period of 26 months is completed by a second resolution for a period of 18 months, which seeks to enable employees of certain foreign companies whose registered office is located in a country where legal or tax regulations complicate the implementation of an employee shareholding structure, to benefit from an employee shareholding transaction under economic terms and conditions comparable to those offered to other employees.

ISSUE OF REDEEMABLE SHARE SUBSCRIPTION OR PURCHASE WARRANTS (BSAAR)

In order to associate senior executives and key managers in the development of the Group, we seek your authorization to issue redeemable share subscription or purchase warrants (BSAAR) to employees or corporate officers of the Group. The implementation of this authorization – for a period of 18 months commencing the date of the Combined Shareholders' Meeting – could therefore lead in the future to the issue, without preferential subscription rights for shareholders, of a maximum of 1 million shares (approximately 0.6% of the share capital at December 31, 2010), representing a maximum par value amount of €8 million. Your Board of Directors will draw up at the appropriate time, a precise list of the persons authorized to subscribe for the warrants, the number of warrants that may be subscribed by each beneficiary, the exercise price of the warrants to be issued (which must be at least equal to 120% of the reference share price) and the other characteristics of the instrument, together with the terms and conditions of the issue contract. In addition, the Board will set the subscription price after consulting an independent expert, based on the usual factors influencing its value.

PERFORMANCE SHARE GRANT

We would remind you that the Combined Shareholders' Meeting of April 30, 2009 authorized the Board of Directors to grant performance shares during a period of 18 months (i.e. to October 31, 2010). Pursuant to this authorization, on October 1, 2010 the Board of Directors granted 1,555,000 shares, representing 1% of the share capital at the date of the Board of Director's decision (this percentage complies with the 1% maximum set by the authorization granted). This share grant was the only such grant performed pursuant to this authorization, which is no longer valid.
In order to continue its policy of motivating employees and associating them in the development of the Group, your Board of Directors asks you today to authorize it to perform over the next 18 months, an additional performance share grant (subject to external and internal performance conditions), for up to a maximum amount of 1 million shares with a par value of €8 each.

COMPENSATION OF THE TWO EXECUTIVE CORPORATE OFFICERS

(gross amounts)		Compensation in respect of 2009			Compensation in respect of 2010		
Serge Kampf: Chairman	Total 2008 reminder	Paid in 2009	Paid in 2010	2009 Total	Paid in 2010	Paid in 2011	2010 Total
Gross fixed compensation	840,000	840,000	-	840,000	960,000	-	960,000
Variable compensation	617,000	-	399,000	399,000	-	-	-
Exceptional compensation	0	0	0	0	0	0	0
Attendance fees	70,000	0	0	0	0	0	0
Benefits in kind	0	0	0	0	0	0	0
Value of options granted	0	0	0	0	0	0	0
Value of performance shares	0	0	0	0	0	0	0
TOTAL	**1,527,000**	**840,000**	**399,000**	**1,239,000**	**960,000**	**-**	**960,000**

Paul Hermelin: Chief Executive Officer	Total 2008 reminder	Paid in 2009	Paid in 2010	2009 Total	Paid in 2010	Paid in 2011	2010 Total
Gross fixed compensation	1,320,000	1,320,000	-	1,320,000	1,320,000	-	1,320,000
Variable compensation	982,800	-	624,500	624,500	-	834,680	834,680
Exceptional compensation	0	0	0	0	0	0	0
Attendance fees	48,000	0	0	0	0	0	0
Benefits in kind	3,600	3,600	-	3,600	3,600	-	3,600
Value of options granted	0	0	0	0	0	0	0
Value of performance shares	0	0	0	0	0	0	0
TOTAL	**2,354,400**	**1,323,600**	**624,500**	**1,948,100**	**1,323,600**	**834,680**	**2,158,280**

2009 Compensation

The Board reminds readers that Serge Kampf and Paul Hermelin, aware of the impact of the results of numerous Group subsidiaries – below budgets set at the beginning of the year – on the variable compensation of their managers, had proposed to symbolically waive 20% of their own variable compensation. The Board having thanked them for this proposal, had finally accepted it after discussion and therefore had reduced the 2009 variable compensation:

- of Mr.Kampf from €498,708 (calculation result) to €399,000 euros, i.e. 71.2% of the theoretical amount
- of Mr. Hermelin from €780,604 (calculation result) to €624,500, i.e. 71.0% of the theoretical amount

Total actual compensation for 2009 was therefore:

- for Mr. Kampf: 88.5% of his theoretical compensation (€1,400,000)
- for Mr. Hermelin: 88.4% of his theoretical compensation (€2,200,000)

In addition, the Board of Directors took due note of Mr. Kampf's and Mr. Hermelin's decision to waive their right to collect attendance fees as Directors of Cap Gemini S.A. in respect of 2009 (Mr. Kampf had received attendance fees of €70,000 and Mr. Hermelin €48 000 in respect of 2008).

2010 Compensation

- of the Chairman: Mr. Kampf has always considered that a fundamental management rule for a service company is the inclusion in a manager's compensation of a variable portion, the final amount of which is directly tied to the attainment of a number of objectives – general and/or personal – set at the beginning of the year (a rule which the Group has applied consistently for more than 40 years for nearly all its managers). However, taking into consideration the pressure exercised on companies with a "dissociated" Chairman to remove any variable component from their compensation package, he therefore proposed to the Board of Directors that his 2010 compensation solely comprise a fixed amount: after discussion, the Board took due note thereof, thanked Mr. Kampf for this proposal and decided that his compensation would therefore be comprised solely of a fixed amount set at €960,000, representing an overall decrease of 31.4% on his theoretical 2009 compensation, as detailed above.
The Board also took due note of Mr. Kampf's (and Mr. Hermelin's) decision to waive his right to collect attendance fees as a Director of Cap Gemini S.A. in respect of 2010, as he did for 2009.
- of the Chief Executive Officer: after noting that Mr. Hermelin's variable compensation is for 50% (V1 component) based on a comparison of actual and budgeted Group consolidated results and for 50% (V2 component) based on the attainment of a

certain number of personal objectives set at the beginning of the fiscal year, the Board of Directors:
- verified that for Mr. Hermelin, as for the other key managers of the Group, V1 is equal to 88.7% of its theoretical value
- validated the Selection and Compensation Committee's appraisal of the degree of attainment of each of the five personal objectives set for fiscal year 2010, resulting in a total mark awarded of 101 (out of a theoretical total of 100).

Mr. Hermelin's compensation for fiscal year 2010 therefore breaks down as follows:
- fixed compensation of €1,320,000 (60% of the theoretical total)
- V1 compensation equal to 88.7% of €440,000, or €390,280
- V2 compensation equal to 101% of €440,000, or €444,400

representing a total of €2,154,680, up 2.6% on the compensation he would have received last year before symbolically waiving 20% of his 2009 variable compensation (see above).

In addition, the Board took due note of Mr. Hermelin's decision (and that of Mr. Kampf) to waive his right to collect attendance fees as a Director of Cap Gemini S.A. in respect of 2010, as he did for 2009.

2011 compensation

The Board accepted – following the acceptance of the Selection and Compensation Committee – the joint proposal of Messrs. Kampf and Hermelin to maintain their respective compensation levels unchanged in 2011 (with new personal objectives being set for Mr. Hermelin for the calculation of the V2 variable component of his 2011 compensation).

Additional comments regarding the compensation of these two executive corporate officers

It should be noted that:
- as has always been the case, Messrs. Serge Kampf and Paul Hermelin did not receive any benefits in kind (medical assistance, housing, private use of company cars, cell phone, free use of products or services, etc.) during 2010, nor did they benefit from any specific provision related to minimum indemnities for termination for any reason whatsoever (removal from office, retirement, etc.), with the sole exception of contributions paid by the Company for Paul Hermelin's unemployment insurance underwritten by the *"Garantie Sociale des Chefs d'Entreprise"* (these contributions totaling €3,600 are presented in the table on page 81 in "Benefits in kind");
- in 2010, for the 22nd consecutive year, Mr. 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 TGV train travel between Paris and Grenoble, the historical headquarters of Cap Gemini, where he has kept his main office and where part of the Group's corporate affairs are still conducted;
- Mr. Serge Kampf has never been awarded (and has never requested) any stock options or performance shares;
- Paul Hermelin was not granted any performance shares by the Board of Directors in 2010;
- in 2010, Paul Hermelin exercised 50,000 of the options which he had received as part of the October 2005 grant at a price of €30 and that expired at the end of September 2010.

Employment contract of executive corporate officers

After noting that Mr. Hermelin's employment contract was suspended in its entirety on May 24, 1996 (date from which Mr. Hermelin exercised his first term of office as a member of the Management Board) the Board of Directors also noted that it decided in 2009, upon a recommendation by the Selection and Compensation Committee, to maintain jointly his term as corporate officer and his employment contract. This decision was based on the desire to maintain for this executive corporate officer his entitlement to pension benefits, given his seniority in the Group (17 years in 2010) and the services he has rendered to the Company. The Board wishes to emphasize that this decision was in no way motivated by a desire to maintain for his benefit any entitlement to a severance pay provision stipulated in his employment contract (his contract **does not contain any such provision**) and that the Chief Executive Officer does not enjoy any specific compensation clause to terminate or change his function. In this spirit, Mr. Hermelin has made a commitment to the Board of Directors to waive his employment contract when he reaches the age at which he may legally exercise his right to retire.

As for Mr. Kampf, founder and executive corporate officer of the Group for nearly 44 years, he has never held an employment contract.

Executive corporate officers: employment contracts and deferred compensation	Employment contract	Supplementary pension scheme (see below)	Indemnities and benefits following appointment, termination or change in function	Indemnities in respect of non-compete clause
Serge Kampf - Chairman Term of office renewed on May 27, 2010 and ending at the 2014 Combined Shareholders' Meeting called to approve the 2013 accounts	No	Yes	No	No
Paul Hermelin - Chief Executive Officer Term of office renewed on May 27, 2010 and ending at the 2014 Combined Shareholders' Meeting called to approve the 2013 accounts	Yes (March 1993)	Yes	No	No

Other compensation

In 2006, Cap Gemini set up a supplementary collective defined benefit pension scheme for certain senior executives regarded as having made a significant and lasting contribution to the Group's development. A review was carried out of this scheme to ensure that it complied with AFEP-MEDEF's subsequent recommendations. In effect, the beneficiaries of this scheme are persons deemed to have made a major contribution to the Group's business over at least ten years and having ended their career within the Company. In addition, this scheme stipulates certain limits ensuring that the amount of the supplementary pension may not exceed 40% of the beneficiary's reference earnings and the beneficiary's cumulative pension benefits from all mandatory and top-up schemes may not exceed 50% of his/her reference earnings. Reference earnings are calculated by taking average compensation over the final employment years capped at 60 times the annual ceiling set by the French Social Security. Therefore, in order to receive the maximum pension amount, beneficiaries must have between 25 and 30 years' service depending on the circumstances. An external firm was asked to review this scheme and confirmed that it complied with the recommendations published by AFEP-MEDEF on October 6, 2009 concerning the compensation of executive corporate officers of publicly listed companies. It should be noted that based on the number of years' service upon retirement of the two corporate officers, the projected replacement rate will be slightly over 39% of the reference earnings and the estimated cost of one year of service is therefore €1.1 million for 2010.

Attendance fees and other compensation received by corporate officers

Readers are reminded that Messrs. Kampf and Hermelin voluntary waived their right to collect attendance fees as Directors of Cap Gemini S.A. in respect of fiscal years 2009 and 2010.

(in euros)	Amount awarded in respect of 2009	Amount awarded in respect of 2010
Serge KAMPF	0	0
Daniel BERNARD	30,000	63,500
Yann DELABRIERE	53,000	61,000
Laurence DORS	0	21,000
Jean-René FOURTOU	34,000	0
Paul HERMELIN	0	0
Michel JALABERT	45,000	68,500
Phil LASKAWY*	27,000	44,500
Bernard LIAUTAUD *	31,000	70,000
Thierry de MONTBRIAL	51,000	61,500
Ruud van OMMEREN*	62,000	65,000
Terry OZAN*	42,000	51,500
Pierre PRINGUET	30,000	57,500
Bruno ROGER	39,000	60,500
TOTAL	**444,000**	**624,500**

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

Other than the attendance fees indicated above, the eleven non-executive corporate officers received no additional compensation.

The Board of Directors decided to continue paying attendance fees to the two non-voting directors for 2010 (as in previous years), who therefore received the following compensation in respect of the last two years:

(in euros)	2009	2010
Pierre HESSLER	39,000	38,000
Marcel ROULET *	18,000	
Geoff UNWIN **	33,000	36,000
TOTAL	**90,000**	**74,000**

* Mr. Marcel Roulet did not seek the renewal of his term of office by the Combined Shareholders' Meeting of April 30, 2009

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

Attendance fees paid to directors and non-voting directors for 2010 therefore amount to €624,500 + €74,000 = €698,500 (or €631,750 after deduction of withholding tax on the amounts paid to non-resident beneficiaries).

The rules governing the allocation of these attendance fees are presented in Chapter 5.3 – Compensation of directors, non-voting directors and executive corporate officers – of the Special Report of the Chairman of the Board of Directors.

Stock subscription options, stock purchase options and performance shares

The following tables present a breakdown of stock options and performance shares granted to the two executive corporate officers and historical information on stock options granted:

Stock options vested during the year to the two executive corporate officers	Plan date and number	Number of options exercised during the year	Strike price	Exercise period
Serge KAMPF	n/a	n/a	n/a	n/a
Paul HERMELIN	6th / 01/10/05	50,000	30	n/a

Performance shares granted during the year to the two executive corporate officers by Cap Gemini S.A. and/or any other Group company	Plan date and number	Theoretical maximum number of shares granted during the year	Value of shares calculated using the method adopted in the consolidated financial statements	Potential vesting date	Potential availability date
Serge KAMPF	n/a	n/a	n/a	n/a	n/a
Paul HERMELIN	n/a	n/a	n/a	n/a	n/a

Performance shares vested to the two executive corporate officers	Plan date and number	Number of shares vested during the year	Vesting conditions	Year of grant
Serge KAMPF	n/a	n/a	n/a	n/a
Paul HERMELIN	1er Plan	n/a	n/a	2009

Historical information concerning stock options granted to corporate officers

Date of Shareholders' Meeting	05/23/2000	05/12/2005	05/12/2005	05/12/2005	05/12/2005	05/12/2005
Grant date	04/01/2005	10/01/2005	10/01/2006	04/01/2007	10/01/2007	06/01/2008
Plan number	5th plan	6th plan	6th plan	6th plan	6th plan	6th plan
Total number of shares granted	1,623,000	1,915,500	2,067,000	400,000	1,932,500	219,000
o/w granted to Serge Kampf	*0*	*0*	*0*	*0*	*0*	*0*
o/w granted to Paul Hermelin	*0*	*50,000*	*50,000*	*0*	*0*	*0*
o/w granted to the ten employees receiving the greatest number of shares	*220,000*	*109,000*	*200,000*	*86,000*	*114,000*	*60,000*
Start of exercise period	04/01/2006	10/01/2006	10/01/2007	04/01/2008	10/01/2008	06/01/2009
Expiry date	04/01/2010	09/30/2010	09/30/2011	04/01/2012	10/01/2012	06/01/2013
Subscription price (in euros)	27	30	43	55	44	40.5
Exercise conditions	10% after 1 year, 30% after 2 years, 60% after 3 years and 100% after 4 years					

Complete historical information on stock options granted and still available for exercise is provided on pages 185 to 187 and 229 of the Reference Document.

Stock options granted by Cap Gemini S.A. to the ten employees (non-corporate officers) having received the greatest number of shares and the number of shares vested to the ten employees (non-corporate officers) having thus subscribed for the greatest number of shares are as follows:

Stock options granted to/exercised by the ten employees (non-corporate officers) having received the greatest number of shares	**Total number of stock options granted / exercised**	**Weighted average price**	**Plan number**
Options granted during the year by Cap Gemini S.A. to the ten employees of all eligible companies having received the greatest number of shares	n/a	n/a	n/a
Options exercised (held previously on Cap Gemini S.A.) by the ten Group employees having exercised the greatest number of shares	177,000	28.12	Vth and VIth plans

Performance shares granted by Cap Gemini S.A to the ten employees (non-corporate officers) having received the greatest number of shares and the number of performance shares vested to the ten employees (non-corporate officers) holding the greatest number of vested shares are as follows:

Performance shares granted/vested to the ten employees (non-corporate officers) having received the greatest number of shares	**Total number of shares vested / granted**	**Plan number**
Performance shares granted during the year by Cap Gemini S.A. to the ten employees of all eligible companies having received the greatest number of shares	192,000	2nd plan
Shares available (held previously on Cap Gemini S.A.) by the ten Group employees holding the greatest number of vested shares	n/a	n/a

DIRECTORSHIPS AND OTHER FUNCTIONS HELD BY CORPORATE OFFICERS

The list of directorships and other functions held by each of the corporate officers in other companies is provided on pages 223 to 227 of the Registration Document.

AMENDMENT TO ARTICLE 11 OF THE BYLAWS TO ALLOW FOR THE APPOINTMENT OF AN EMPLOYEE SHAREHOLDER DIRECTOR

Shareholders are reminded that the Board of Directors' report presented to them at the Combined Shareholders' Meeting of May 27, 2010 established that employees held more than 3% of the share capital of the Company. Consequently, pursuant to the provisions of Article L. 225-23 of the French Commercial Code (*Code de commerce*), the Company is required to determine in the Bylaws, the terms and conditions of appointment by shareholders of an employee shareholder director.

It is therefore proposed to shareholders that two candidates for election as employee shareholder director will be presented to the Ordinary Shareholders' Meeting, at the recommendation of all employee shareholders. One of these candidates will be nominated by the members of the Supervisory Boards of each of the *Fonds Commun de Placement d'Entreprise* (French collective employee shareholding vehicles, or "FCPE") through which employees hold their Cap Gemini shares. The other candidate will be nominated by a vote of employee shareholders who hold their Cap Gemini shares directly and residents of countries not permitting shares to be held through an FCPE. The candidate receiving the greatest number of votes from shareholders present or represented at the 2012 Ordinary Shareholders' Meeting will be elected as the employee shareholder director.

Prior to the nomination of the two candidates by employee shareholders, the Board of Directors will set the Rules for the Nomination of Candidates, indicating the schedule and organization of the nomination procedures.

The director representing employee shareholders elected by the Ordinary Shareholders' Meeting will be subject to the same legal and statutory provisions applicable to all directors. Nonetheless, his/her term of office will automatically end:

- in the event he/she is no longer an employee of one of the Group companies or no longer holds shares in the Company either directly or via an FCPE;
- if the percentage of share capital held by employees falls below 3%.

The Combined Shareholders' Meeting is therefore asked to adopt a resolution (the twelfth) amending the Bylaws of the Company, to allow for the appointment of an employee shareholder director and to set-out the conditions for this appointment.

TRANSACTIONS CARRIED OUT IN 2010 BY MEMBERS OF THE BOARD OF DIRECTORS AND OTHER SENIOR MANAGERS INVOLVING CAP GEMINI SHARES

Transactions carried out in 2010 by directors and senior managers involving the Company's shares, based on AMF disclosures and Article 223-26 of the AMF's General Regulations, may be summarized as follows:

- Mr. Serge Kampf (Chairman of the Board of Directors):
  - on January 18, 2010 sold 100,000 shares at a price of €33.78.
- Mr. Paul Hermelin (Chief Executive Officer):
  - on September 23, 2010 sold 35,000 shares at a price of €36.67,
  - on September 30, 2010 exercised 50,000 stock options at a price of €30.
- Mr. Nicolas Dufourcq (Deputy General Manager / Chief Financial Officer):
  - on March 24, 2010 exercised 5,000 stock options at a price of €27.
- Mr. Alain Donzeaud (General Secretary):
  - on February 24, 2010 exercised 5,000 stock options at a price of €27 and sold 5,000 shares at a price of €32.55,
  - on September 21, 2010 exercised 12,000 stock options at a price of €30.
- Mr. Pierre Pringuet (Director):
  - on March 3, 2010 purchased 700 shares at a price of €35.18.

4.4 Environmental and social impact of the Group's operations

A specific chapter of the Reference Document (see pages 33 to 69) entitled "Corporate Responsibility and sustainability", explains Group 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 (customers, suppliers and the general public at large).

4.5 Financing policy and market risks

FINANCING POLICY AND FINANCIAL RATING

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 Cap Gemini has strived to maintain a limited level of net debt (and even a positive net cash position) including in the manner in which it finances its external growth.
- 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 (€2,378 million at December 31, 2010), supplemented by a €500 million multi-currency syndicated line of credit, secured on November 14, 2004 and refinanced for an identical amount on January 13, 2011, extending its maturity to January 13, 2016 (previously November 14, 2011). This credit line is backed by a €550 million commercial paper program;
  - durable financial resources: only 14% of the Group's financial liabilities (excluding accounts payable) fall due within twelve months;
- diversified financing sources adapted to the Group's financial profile: Capgemini seeks to maintain a balance between bank financing (including the syndicated credit line, use of leasing to finance property and IT equipment) and market financing (issue of OCEANE bonds convertible and/or exchangeable for new or existing shares for €437 million in June 2005 and €575 million in April 2009 (see Note 17 to the consolidated financial statements). Lastly, the appropriate balance between the cash cost of financing and the return on cash investments, net of tax, as well as the potential dilutive impact for Cap Gemini S.A. shareholders, are determining factors for the Group in its choice of financing source.

Financial rating

The Group's ability to access financial and banking markets and the cost of accessing such markets for the implementation of its financing policy is partly dependant on its credit rating. The Company currently – and since January 21, 2008 – has a long-term credit rating of BBB- (stable outlook) attributed by the rating agency Standard & Poor's.

MARKET RISKS

Currency risk, interest rate risk, equity risk, liquidity risk and credit risk are set out in Notes 9, 17 and 19 to the consolidated financial statements of the Capgemini Group for the year ended December 31, 2010 in this Reference Document.

AUTHORIZATION TO CANCEL SHARES PURCHASED 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 4.3 of this report – Authorization to buy back the Company's shares), for up to 10% of its share capital by 24-month period.

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 27, 2010, the Board was granted a 26-month authorization (expiring therefore July 27, 2012) 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 retention of pre-emptive subscription rights;
- 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 cancellation of pre-emptive subscription rights, or by private placement;
- 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 par value amount of €1.5 billion for share capital increases paid up by capitalizing reserves;
- a maximum par value amount of €500 million for share capital increases with pre-emptive subscription rights, and a maximum of €3.5 billion in total issuance amounts;
- a maximum par value amount of €185 million for share capital increases without pre-emptive subscription rights, and a maximum of €1.25 billion in total issuance amounts;
- a maximum aggregate par value amount of €500 million and an aggregate issuance amount of €3.5 billion for securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company, or granting a right to allocation of debt instruments.

Your Board of Directors did not use any of these delegations of authority in 2010. As they do not expire until July 27, 2012, the Board did not consider it necessary to request their renewal at the next Combined Shareholders' Meeting.

A table summarizing the delegations of authority and powers granted by the Combined Shareholders' Meeting to the Board of Directors with regard to share issues is provided on pages 218 to 219 of the Reference Document.

This Report, drafted on behalf of the Board of Directors by its Chairman, Serge Kampf, was the subject of a specific verification by the Statutory Auditors (see their report in Chapter 6.1. page 114).

5.

SPECIAL REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

To the Shareholders

I would remind or inform you that this Special Report supplements the traditional Management Report that I presented to you on behalf of the Board of Directors (see pages 71 to 89 of the Reference Document). It was drawn up pursuant to:

- the requirements of Article L.225-37 of the French Commercial Code *(Code de Commerce)* (as amended by the Law of July 3, 2008 and the Order of January 22, 2009),
- the recommendations of the Corporate Governance Code issued in December 2008 by AFEP and MEDEF (French private business associations),
- and the rules of good governance applied and complied with by the Group for more than 40 years.

I have divided this Report into five sections:

- the Board of Directors and its Activities,
- the role and composition of the four Specialized Board Committees,
- the compensation of directors, non-voting directors and executive corporate officers,
- the general organization of the Group,
- internal control and risk management procedures.

5.1 The Board of Directors and its activities

Legal structure

Created in Grenoble in October 1967, the Company and the Group it formed were managed for nearly 30 years by a "traditional" limited liability company *(société anonyme).* Throughout this period, I was the Chairman and Chief Executive Officer and major shareholder, controlling - directly and then indirectly - the majority of the share capital.

On May 24, 1996, under the combined pressure of the two other major shareholders at the time (Daimler Benz and CGIP) and in the interests of Capgemini Group (in order to facilitate its growth without limiting its financial capacity to that of its Chairman), I recommended that the Shareholders' Meeting approve the merger-absorption of the two holding companies (SKIP and SOGETI) which had until then allowed me to retain absolute control of the Group, within a new company Cap Gemini S.A. with a Management Board, which I chaired - and a Supervisory Board initially chaired by Klaus Mangold and then - after the exit of the shareholder Daimler Benz - by Ernest Antoine Sellière, the Chairman of CGIP.

In March 2000, at the same time as the integration within our structures of Ernst & Young Consulting (which almost doubled the size of the Group), I recommended that we return to the previous governance structure: a "traditional" limited liability company with, this time, the appointment of a General Manager, Geoff Unwin, replaced by Paul Hermelin on January 1, 2002.
Finally, on July 24, 2002, I took the initiative to recommend to the Board of Directors - which accepted - to split the functions of Chairman and Chief Executive Officer, as recently made possible by the New Economic Regulations Law (NRE). I considered that after creating, expanding, leading and managing the Group for 35 years, the time had come for me to give more power and visibility to the person who, from 1999, I considered the best qualified to succeed me one day. This two-man team has now been operating efficiently and in harmony for more than 9 years and legally may continue until the Combined Shareholders' Meeting in the Spring of 2014, called to approve the 2013 financial statements, marking the simultaneous end of both our current terms of office.

In summary, there have been four main periods in the governance of the Group:

Duration	Period	Legal form	Group Management
29 years	From creation (1967) to May 24, 1996	"Traditional" Limited liability company *(Société anonyme)*	Chairman and Chief Executive Officer: Serge Kampf
4 years	From May 24, 1996 to May 23, 2000	Limited liability company with a Management Board and a Supervisory Board (Société à Directoire et Conseil de Surveillance); the Supervisory Board was initially chaired by Klaus Mangold (Damlet-Benz) and then by Ernest-Antoine Seillière from September 8, 1997	Management Board with 4 members: Serge Kampf (Chairman) Paul Hermelin, Pierre Hessler and Geoff Unwin
2 years	From May 23, 2000 to July 24, 2002	"Traditional" Limited liability company (Société anonyme)	Chairman and Chief Executive Officer: Serge Kampf General Manager: Geoff Unwin (until December 12, 2001) and then Paul Hermelin
9 years	From July 24, 2002 to date	Limited liability company (Société anonyme) with separation of the functions of Chairman and Chief Executive Officer	Chairman: Serge Kampf Chief Executive Officer: Paul Hermelin

Composition of the Board of Directors

The term of office of members of the Board of Directors, which was initially six years, was reduced to four years by decision of the Combined Shareholders' Meeting of May 11, 2006, in response to the legislator's desire to more frequently offer shareholders the opportunity to decide on the composition of their Board.
Thirteen directors currently sit on the Board of Directors of Cap Gemini S.A.:

- two of these directors, **Bernard Liautaud** and **Pierre Pringuet**, were appointed at the Combined Shareholders' Meeting of April 30, 2009 and their terms of office will therefore expire the day of the Combined Shareholders' Meeting held in the Spring of 2013;
- two additional directors, **Daniel Bernard** and **Thierry de Montbrial,** were initially appointed at the Combined Shareholders' Meeting of May 12, 2005 and their terms of office were renewed for a further four years at the same Combined Shareholders' Meeting on April 30, 2009. Their terms of office will therefore also expire the day of the Combined Shareholders' Meeting held in the Spring of 2013;
- eight other directors, who have been Board members for several years, saw their terms of office renewed last year for a period of four years, therefore expiring in the Spring of 2014, the day of the Combined Shareholders' Meeting called to approve the 2013 financial statements: the directors in question are **Yann Delabrière**, **Paul Hermelin, Michel Jalabert, Serge Kampf, Phil Laskawy, Ruud van Ommeren, Terry Ozan, and Bruno Roger.**
- the thirteenth director was elected by the Combined Shareholders' Meeting last year to replace Jean-René Fourtou, who did not seek the renewal of his term of office. The term of office of the director in question, **Laurence Dors,** will also expire in the Spring of 2014.

The Board of Directors is assisted by **two non-voting directors** who were previously directors and who were appointed non-voting directors in July 2002. The non-voting directors are **Pierre Hessler** and **Geoff Unwin,** who replaced Phil Laskawy (a non-voting director subsequently appointed director) and Chris van Breugel. Their terms of office were renewed for a period of two years at the Combined Shareholders' Meeting of May 27, 2010 and will therefore expire in the Spring of 2012, the day of the Combined Shareholders' Meeting called to approve the 2011 financial statements. The Company's directors have on several occasions indicated their satisfaction with the contribution of the two non-voting directors to Board meetings (the attendance rate for non-voting directors was quite remarkable in 2010 at 100% !). However, they reserve the right to hold certain meetings or part of them without non-voting directors being present.

The role of the Board of Directors

Its principal role is to determine the key strategies of Cap Gemini S.A. and its subsidiaries, to ensure that these strategies are implemented, to validate the legal and operational structure of the Group and the appointment of key managers and, more generally, to deal with any issues that arise in respect of the day-to-day operation of the Company. The Board pays particular attention to the management of the Group's 110,000 employees and thousands of managers across the globe, given Capgemini's business as a service provider. The Board takes decisions collectively and seeks to comply with and ensure compliance with all rules of good governance together with a certain number of values which each Board member has solemnly undertaken to respect. A "Code of Business Ethics" was drafted at its initiative and distributed to all Group employees (and is signed by all new recruits) with the following main objectives:

- ensure all Group companies comply with a certain number of rules of good behavior and primarily that of perfect integrity in the conduct of business and the management of employees,
- implement measures stopping, fighting or sanctioning non-compliance with the core values of the Group, or prevailing laws and regulations in the country concerned,
- provide an institutional framework for the actions, controls and dissuasive measures required to deal with the problems identified by these measures.

It is not incidental to note that each of the 13 directors signed this Code, evidencing their support (both individual and collective) for all the measures contained therein..

Meetings

The Board meets at least six times a year. Meetings are convened by the Chairman in accordance with a timetable decided by the Board before the end of the prior 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 2010, the Board met nine times (five times during the first six-months and four times during the second six-months), representing a total of 117 theoretical attendances for all directors. The average attendance rate was 90% (105 out of 117 attendances), with each of the 12 absences noted due to cases of force majeure.

The Notice of Meeting, which I generally send to directors 15 days before the meeting date, contains the agenda determined after consultation with the Chief Executive Officer and any directors who have proposed specific points to be discussed by the Board. If the agenda includes questions requiring specific analysis, a memorandum or supporting documentation prepared by members of Group Management is sent to directors prior to the meeting (or is handed to them at the beginning of the meeting) providing them with the information they need to form an opinion on the issue (provided there is no risk that sensitive information, or any information that should remain confidential prior to the Board meeting, could fall into the hands of anyone other than the members of the Board). Directors are also sent or handed a summary report comparing the share price of the Cap Gemini share to that of various general and sector indexes and to its main competitors and, where appropriate, a table providing a breakdown of the last known consensus.

Operating rules

For many years, the Company's Board of Directors has applied the best governance practices now recommended by the AFEP/MEDEF corporate governance code. Accordingly, the Board has:

- prepared, adopted, applied (and amended where useful or necessary) highly detailed Internal Rules of Operation (see below);
- 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 5.2);
- adopted a system for allocating attendance fees, whereby the majority of such fees are indexed to attendance at Board and Committee meetings (see section 5.3);
- periodically reviewed the personal situation 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/her judgment) and the numerous criteria applied in the different countries in which the Group operates. Based on the aforementioned reviews, ten out of the thirteen directors qualify as independent (Daniel Bernard, Yann Delabrière, Michel Jalabert, Phil Laskawy, Bernard Liautaud, Thierry de Montbrial, Ruud van Ommeren, Terry Ozan, Pierre Pringuet and Laurence Dors).

Self-assessment procedure

Again within the framework of these best governance practices, the Board has performed on two occasions (in 2005 and 2008) - and has decided to perform a third time in 2011 - a self-assessment of its operations and the impact of its decisions. Each director was presented with a detailed questionnaire validated upfront by the Board. This questionnaire and the individual responses of directors were then used as the basis for two-hour interviews between the coordination team and each director, aimed at gathering their comments and proposals on a completely anonymous basis. For example, the 2008 assessment, coordinated by Jean-Pierre Durant des Aulnois, a senior executive who has been with the Group for many years and who combines consulting experience with a strong capacity for objective thinking, and Jean-Philippe Saint-Geours, a partner with the consulting firm of Leaders Trust International, used a questionnaire in which the questions were divided into seven sections:

- understanding of the Group, its businesses, competitors, organizational structure and management team,
- Group targets and strategy,
- the role and responsibilities of directors and non-voting directors,
- the current and future composition of the Board of Directors,
- Board meetings (general atmosphere, quality of debates, compliance with the agenda and timetable, etc.),
- compensation of Board members,
- risk management.

Each of these sections contained numerous questions (between 7 and 23 for the most detailed), including an open question encouraging respondents to add any specific comments. Information collected from the questionnaires and the one-on-one interviews were summarized in a report submitted to the Ethics & Governance Committee for review. The report was then presented to the Board on December 10, 2008, and discussed at length by the directors. The main findings of the report are set out below:

- the directors were unanimous in considering that the Board operated effectively, and a number of directors ranked it as one of the best they knew or on which they sat. Discussions were seen as open and skillfully managed, while the frequency and length of the meetings were considered adequate. Directors emphasized the honesty, open-minded nature and independence of Board members;
- the Company was deemed to maintain a clear separation between the roles of Chairman and Chief Executive Officer, who visibly cooperate closely in a friendly and efficient manner;
- information received by the Board of Directors, particularly on the Group's financial position and business outlook was considered to be clear and satisfactory;
- the role of the specialized Board Committees was also seen in a very positive light, with significant progress having been made since the last Board review in 2005. The skills of each Committee member allow them to contribute usefully to the work of the Board and Group Management, and to have a significant influence on the decisions made by each;
- directors considered the Audit Committee to be well informed and praised the accounting and financial expertise of its members, which make it ideally placed to alert the Board to any irregularities that may arise. The nature of the Audit Committee's work, its clearly defined position with respect to the Group Finance Department, and the relationship of trust it has progressively built up with the Group's Statutory Auditors allow the Committee to carry out its duties to the satisfaction of all parties;
- in terms of risk management, the large majority of Board members felt they had an adequate knowledge of the main risks to which the Group is exposed, and that the formal documentation of procedures had enabled significant progress to be made in identifying and controlling these risks;
- the directors felt they had a clear view of the Group's strategy and were able to access quality information enabling them to assess the projects they are asked to deliberate on, particularly through the work and analyses of the Strategy & Investments Committee. This Committee must take greater measures to ensure that all directors are kept well-informed of its deliberations and the choices it periodically has to make, thereby enabling them to participate fully in debates on these issues;
- the make-up of the Board, the expertise of its members, their high standing, independent thinking, and proven availability, together with the complementary nature of their experience and diverse cultural backgrounds, are viewed very positively and enable the Board to successfully carry out its main responsibilities;
- on a personal front, the Company's directors felt "proud" or "rather proud" to be a member of the Board and confirmed they had sound knowledge of their rights and obligations as well as prevailing corporate governance principles;
- the assessment report also shed light on certain improvements that could be made to the way in which the Board and its specialized Committees operate. These improvements have been or are being gradually put in place.

The Board decided during its December 15, 2010 meeting, at the proposal of the Ethics & Governance Committee, to launch a third self-assessment procedure, which will once again be entrusted to Jean-Philippe Saint-Geours, a partner with the consulting firm of Leaders Trust International (but without the need this time for the assistance of a senior Group executive).

Internal rules of operation

When the legal form of the Company returned to that of a traditional limited liability company *(société anonyme*) in May 2000, a new set of Internal Rules of Operation were debated and adopted by the Board of Directors. These rules have since been amended three times:

- on July 24, 2002, following the decision to separate the functions of Chairman and Chief Executive Officer,
- on July 25, 2006, to incorporate a number of amendments and additions primarily concerning:
  - the possibility of holding Board meetings using video conference or telecommunications facilities;
  - the main obligations under the Code of Business Ethics with which directors and non-voting directors of Cap Gemini S.A. undertake to comply throughout their term of office;
  - the requirement for 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;
- on June 9, 2010, to incorporate further amendments concerning:
  - decisions requiring the prior authorization of the Board of Directors,
  - the role and responsibilities of the Specialized Board Committees.

These amended Internal Rules of Operation set out or clarify the scope of (and bases for exercising) the various powers entrusted to the Board of Directors, the four specialized Committees created by the Board, the Chairman, the Vice-Chairman and the Chief Executive Officer.

- the Board of Directors represents shareholders and its principal role is to determine the key strategies of the Company, to monitor their implementation, to ensure the smooth running of the day-to-day operations of the Company and to resolve, through deliberations, any issues that may arise in respect of such operations. With the exception of the Chairman and the Chief Executive Officer, the directors have no individual power and actions and decisions must therefore be taken on a collective basis.
- The role of the four specialized Committees created by the Board is to study and document the issues that the Board has scheduled for discussion and to present to full Board meetings, recommendations on the subjects and sectors within their remit. The Committees are consultation bodies and hold no decision-making powers. Their members (and the Chairman) are appointed by the Board of Directors and are selected exclusively from among Cap Gemini S.A. directors and non-voting directors. They are appointed in a personal capacity and may under no circumstances be represented at the meetings of the Committee(s) to which they belong. The Board reserves the right to amend at any time the number and/or make-up of these Committees, as well as the scope of their duties. Finally, the Internal Rules of Operation of each of the four Committees - and any amendments thereto which the Committee may later propose - must be formally approved by the Board.
- The Chairman represents the Board of Directors and prepares, organizes and leads its work. He sets the date and agenda of meetings, ensures that directors are able to carry out their duties and have all information necessary for this purpose, and oversees the proper operation of the Company's bodies, the correct implementation of Board decisions and compliance with the rules of good conduct adopted by Cap Gemini. He acts as a liaison between Board members and Group Management and to this end, stays constantly informed of the Group's position and decisions made (or planned) which are likely to have a major impact on business. He chairs Combined Shareholders' Meetings, to which he reports on the activities and decisions of the Board of Directors.
- The Vice-Chairman: in the absence of the Chairman - and for the duration of this absence - the Chairman's powers are exercised by a Vice-Chairman appointed by the Board of Directors in accordance with the possibility granted by the Combined Shareholders' Meeting of May 27, 2010 (at the end of this Combined Shareholders' Meeting, the Board of Directors - at my recommendation - elected Paul Hermelin to this position, while confirming him in his functions as Chief Executive Officer).
- The Chief Executive Officer has the most extensive powers to act in all circumstances in the name of the Company. The Internal Rules of Operation stipulate nonetheless 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 impact on the financial position or commitments of the Company or those of one or more of its principal subsidiaries. This applies in particular to:
  - the approval and update 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 or changes to the make-up of the group management team (including Strategic Business Unit Managers),
  - financial transactions with a material impact – or a potential material impact – on the financial statements of the Company or the Group (in particular the issue of securities conferring immediate or future access to the share capital, or issues of market debt instruments);
  - acquisitions or disposals of assets or investments not recorded in the budget, individually worth more than €100 million and subject to a cumulative annual ceiling of €300 million,
  - increases or reductions in the share capital of a direct subsidiary of Cap Gemini S.A., concerning an amount in excess of €50 million,
  - specific authorizations concerning the granting of pledges, security and guarantees.

5.2 Role and composition of the four specialized committees

Some eleven years ago in May 2000, I proposed to the Board of Directors the creation of three specialized Committees (an Audit Committee, a Selection & Compensation Committee and a Strategy & Investments Committee). Each Committee would be 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 to be made. 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, following which each Committee drafted specific Internal Rules of Operation defining 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), the Board of Directors decided on July 27, 2005 to reallocate the directors and non-voting directors to these three Committees, appointing a non-voting director and three or four directors to each one.

At its meeting of July 26, 2006, the Board adopted my recommendation to set up a fourth Committee called the Ethics & Governance Committee, whose terms of reference encompass all matters relating to the legal or operational organization of the Group - previously included in the brief of the Selection & Compensation Committee and decided to appoint me to chair this new Committee.

Following the appointment of two new directors at the Combined Shareholders' Meeting of April 30, 2009 (Bernard Liautaud and Pierre Pringuet) and the expiry on the same day of the term of office of Marcel Roulet, a non-voting director (who did not seek reappointment), the Board of Directors decided on June 17, 2009 to appoint Bernard Liautaud to the Strategy & Investments Committee and Pierre Pringuet to the Audit Committee.

All of these appointments were reviewed by the Board of Directors on June 9, 2010 (after the Combined Shareholders' Meeting of May 27, 2010 renewed the terms of office of 9 of the 13 directors and appointed Laurence Dors as a new director) and again on December 15, 2010. During this meeting, the Board reiterated that in order to comply with the principle of collective decision-making, the Committees must, under no circumstances, usurp the power of the Board which has sole decision-making power and that the directors are collectively responsible for the decisions made and the duties entrusted to them by law and/or the Combined Shareholders' Meeting.

The Audit Committee

In accordance with the Order of December 8, 2008 and the AMF recommendation of July 22, 2010 issued following the report of the Audit Committee working group, the role of the Audit Committee is to control the processes governing the preparation and distribution of accounting and financial information, to assess the appropriateness and the consistency of the accounting policies and methods used to prepare the annual and half-year consolidated and company financial statements, to check the efficiency of internal control and risk management procedures, to ensure by all means the quality of Information presented to the Board and finally to assess the various engagements carried out by the Statutory Auditors and give its opinion on whether their audit engagement should be renewed..

The Audit Committee currently has four directors: **Yann Delabrière** (Chairman), **Michel Jalabert, Phil Laskawy** and **Pierre Pringuet**. It met six times in 2010, with an average attendance rate of 83% (20 out of 24 attendances).

The Committee reviewed the company and consolidated financial statements for the year ended December 31, 2009 and the consolidated financial statements for the half-year ended June 30, 2010. It focused in particular on the accounting treatment of events with a material impact on the annual or half-year financial statements and on changes in working capital requirements, the treatment of deferred tax and the financial impact of the UK employee pension plan. It also reviewed the proper performance of a certain number of major contracts.

The Committee interviewed:

- **Philippe Christelle,** Internal Audit Director, questioning him on working methods, terms of reference, the findings of audits carried out during the year and any avenues for further improvement;
- **François Hucher,** Technical Director in charge of support services, IT and procurement, questioning him in particular on operations and developments at production centers, on the results of audits performed by the so-called "flying squads" on risk-sensitive topics and finally on the program to reduce production costs through the better reuse of existing tools;
- **Lucia Sinapi-Thomas,** Corporate Finance and Risk Management Director, questioning her on risk management during the pre-sale phase of major business proposals, on potential strategic partnership arrangements and on framework client or supplier contracts with certain specific characteristics, among other issues.

The Statutory Auditors have issued recommendations to make the accounting and financial procedures even more efficient.

The Selection & Compensation Committee

This Committee is tasked with monitoring the human resources policies applied by Cap Gemini S.A. subsidiaries to executive managerial positions (executive appointments, changes in theoretical and actual compensation, setting objectives to determine the variable portion of compensation, criteria for the grant of performance shares, career and succession planning, etc.) and making sure that the policy is both consistent – while complying with specific local requirements – and closely aligned with individual and collective performances in the Business Unit to which the manager concerned belongs. It is consulted by Group Management prior to any decisions concerning the appointment or replacement of Executive Committee members and Strategic Business Unit directors. It informs the Chief Executive Officer of its recommendations concerning proposals made by him in relation to the fixed and variable compensation of these managers. It presents its recommendations to the Board on the Chairman's proposals regarding the compensation, personal objectives and performance of the Chief Executive Officer and its own proposals on the Chairman's compensation structure and the amount thereof. Finally, the Committee reviews the various schemes enabling employees to share in Group profits (employee share ownership, Group savings schemes, etc.) and proposes to the Board of Directors the incentive instruments it considers appropriate and capable of being implemented in Capgemini Group companies.

The Selection & Compensation Committee currently has four directors: **Ruud van Ommeren** (Chairman), **Michel Jalabert, Terry Ozan** and **Pierre Pringuet** and the non-voting director, Pierre Hessler. This Committee met five times in 2010, with an average attendance rate of 89% (24 out of 27 attendances).

In accordance with the Committee's brief, it ensured throughout 2010 the consistency of the Group's senior executive management and compensation policy. Its Chairman regularly reported on the Committee's work and presented recommendations to the Board of Directors concerning the following areas:

- the general compensation policy of the Group and its subsidiaries;
- the compensation of the two executive corporate officers (the Chairman and the Chief Executive Officer) and that of the members of the Executive Committee and the Group Management Board. These recommendations focused at the beginning of the year on:
  - an appraisal of the individual performance of each of these managers compared with objectives set at the beginning of the year;
  - calculation of the variable portion of compensation paid in the first quarter of the next year;
  - adjustment of the fixed and two variable portions of the "theoretical" compensation for the following year,
  - setting objectives to be used at the year-end as a basis for calculating the actual variable portion due,

The Committee also reviewed the principle of granting performance shares to certain managers, as well as the method of doing so. It drew up a list of 566 employees to receive a total of 1,555,000 performance shares in October 2010 and submitted it to the Board of Directors for approval. It suggested that the Board add - in accordance with a recent AMF recommendation - internal performance conditions to the external performance conditions already applied (change in the Cap Gemini share price compared to the stock market price of its main competitors).

Finally, the Committee monitored the development and succession plans for executives at the Group's Strategic Business Units and performed an extensive review of all the systems in place at each Strategic Business Unit and at Group level to identify high-performing individuals, develop retention schemes, and ensure internal mobility.

The Ethics & Governance Committee

The Committee's main remit is to verify that the Group's seven core values (Honesty, Boldness, Trust, Freedom, Team Spirit, Modesty and Fun) are correctly applied and adhered to, defended and promoted by the Group's corporate officers, senior management and employees in all of its businesses 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 tasked more generally with overseeing the application of best corporate governance practice within Cap Gemini S.A. and its main subsidiaries.

The Ethics & Governance Committee is responsible for all matters relating to the selection, appraisal, independence and compensation of the Company's directors and non-voting directors. It must keep up-to-date (and be ready to implement) the list of measures to be taken, should the question of replacing the Chairman or the Chief Executive Officer suddenly arise. It must handle and propose to the Board any changes it considers appropriate or relevant to the Board's operation and composition (co-opting a new director or replacing a resigning director, increase in the number of female directors, etc.) or to the governance structure 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 has three directors: I am the Chairman and the two other members are **Daniel Bernard** and **Bruno Roger**. This Committee met four times in 2010, with an attendance rate of 89% (16 out of 18 attendances). The Committee interviewed:

- **Philippe Christelle**, the Internal Audit Director, who presented a special report describing the ethical framework within which the Group has decided to operate, as well as the exceptions noted and the modifications which became necessary during the last 12 months.
- **Hervé Canneva,** the Group Ethics and Compliance Officer, appointed by the Committee on March 1, 2009, who presented a report on the distribution of the Code of Business Ethics adopted by the Group and translated into 13 languages: a paper copy of this Code was sent to all key managers of the Group accompanied by a letter from Mr. Hermelin, while an electronic version was communicated to all employees with a link to an e-learning module (aimed at the appropriation of this Code by all employees); implementation of a mandatory procedure requiring the signature of this Code by all new employees; launch of a training program aimed at establishing and strengthening throughout the Group perfect integrity in the conduct of business and awareness of the importance of adopting at all times a behavior in accordance with Cap Gemini ethics.

The Committee also debated the make-up and activities of the Board of Directors and examined a variety of possible governance scenarios for the Group.

The Strategy & Investments Committee

The role of this Committee is to:

- study in-depth the strategic options open to the Group to ensure Its continued growth, improve its profitability and maintain its independence;
- determine the amount of investments required to implement each of these possible strategies;
- identify and assess the alliances or acquisitions which could facilitate or accelerate the implementation of these strategies;
- finally, recommend a choice to the Board (or at least establish an order of priority).

More generally, the Committee identifies and deliberates on any direction or issue considered relevant to the Group's future, provided it does not compromise the smooth running of operations and guarantees operating and financial stability.

The Strategy & Investments Committee currently has six directors: **Bernard Liautaud** (Chairman), **Daniel Bernard, Laurence Dors, Paul Hermelin, Thierry de Montbrial** and **Bruno Roger** and a non-voting director, Geoff Unwin. It met six times in 2010, with an average attendance rate of 97% (35 out of 36 attendances). After spending some time reviewing the work of the Strategy Director on the competitive environment and recent developments therein, the Committee validated the preparation of a 5-year plan. It reported its recommendations to the Board on how to approach the issues to be debated during the XXIIIrd Meeting with the 450 managers of the Group in Barcelona, between September 29 and October 2. It also performed a detailed review of several potential acquisitions and recommended to the Board the definition of limits within which potential negotiations should take place. Finally, it established its own roadmap for 2011.

5.3 Compensation of Directors, non-voting Directors and executive corporate officers

In compensation for the time spent actively participating in Board and Committee meetings and in very partial consideration for the directors' increasing workload and responsibilities, the Company was authorized by the Combined Shareholders' Meeting of May 2006 to pay attendance fees to directors of up to €700,000 per year. Following a proposal presented by myself, the Selection & Compensation Committee recommended to the Board formulae for allocating attendance fees involving:

- the elimination of the fixed portion attributed based on an individual's position as director, non-voting director or Committee member: only the Chairmen of the specialized Committees and the Chairman of the Board of Directors continue to receive a fixed fee of €20,000 per annum, given their special responsibilities and the additional workload required to discharge their duties;
- the payment to directors and non-voting directors of a fixed amount of €3,000 per attendance at official meetings of the Board or one of the four specialized Committees. This fixed amount may be reduced if circumstances require the Company to hold an exceptional number of meetings, resulting in aggregate attendance fees exceeding the €700,000 threshold;
- the payment of attendance fees for the half-year then ended, as opposed to once per annum as was previously the case.

After observing that Cap Gemini was one of the few CAC 40 companies not to pay a fixed portion to its directors, and that certain directors regretted this fact, I proposed to the Board on July 28, 2010 to once again amend the rules governing the allocation of attendance fees:

- payment once again of a fixed portion: €15,000 per year to each director, €10,000 per year to each non-voting director (i.e. two-thirds of the amount allocated to directors), €15,000 per year to the Chairmen of the specialized Committees and €30,000 per year to the Chairman of the Board;
- retention of a fixed amount of €3,000 for each attendance at an official meeting of the Board or one of the four specialized Committees (no distinction being made here between directors and non-voting directors). This fixed amount may be reduced if circumstances require the Company to hold an exceptional number of meetings, resulting in aggregate attendance fees exceeding the €700,000 threshold.

In this respect, it should be noted that Paul Hermelin and myself spontaneously decided to waive, for both 2009 and 2010, our right to receive attendance fees for our duties as directors of Cap Gemini S.A., a decision warmly received by the Board. This being said, and despite this voluntary decision, the amount of attendance fees due in respect of fiscal year 2010 pursuant to the formulae detailed above, largely exceeded the maximum annual threshold of €700,000. The Board of Directors therefore decided to reduce by approximately 20% the amount due to each director in respect of the second six months of 2010, thereby reducing the total amount of attendance fees paid to directors and non-voting directors in respect of 2010 to €698,500 (€407,500 for the first six months and only €291,000 for the second six months). It was also decided to request the next Combined Shareholders' Meeting to increase the threshold for attendance fees paid to directors and non-voting directors to €800,000 from €700,000, the threshold for the last 5 years.

With respect more specifically to the two executives who are also corporate officers, the Board verified and had it confirmed that in France, in a limited liability company *(société anonyme)* governed by French law, the compensation of the Chairman and the Chief Executive Officer is determined freely by the Board of Directors, pursuant to "exclusive" powers clearly defined by Articles L.225-47 and L.225-53 of the French Commercial Code *(Code de commerce)* and that these exclusive powers confer an institutional – and not a contractual – nature on this compensation. The determination and review of this compensation is not subject to regulated agreement procedures, provided, of course, it is specifically paid for the performance of corporate officer duties and in consideration for actual services rendered to the Company. This is obviously the case for Cap Gemini's two executive corporate officers, it being noted that the rules applied to determine their compensation are identical to those applied for all Group managers (a breakdown of compensation paid to Paul Hermelin and myself in respect of fiscal year 2010 is presented in section "Compensation of the two executive corporate officers" page 81 of the Management Report).

5.4 General organization of the Group

Cap Gemini S.A. is the parent company of what is generally known as "the Capgemini Group" comprising approximately 170 companies, which are listed on page 174 to 176 of this Reference Document (after removing dormant companies and companies in the course of dissolution).

OPERATIONAL STRUCTURE

I would remind you, should this be necessary, that one of the founding principles underlying the creation of this Group is decentralization. This seeks to ensure that operating managers act as entrepreneurs, taking each year the risk to commit to a budget and personal and collective objectives. They are provided by the Company with the means necessary to react rapidly to market requirements, changes in demand and the opportunities offered by technological innovation which, in our businesses, is particularly rapid and abundant.

Today, the organizational structure of the Group remains based on this decentralized model, with basic business units deliberately kept small to allow their managers to remain in close contact with clients and employees of their allocated region. With access to numerous management tools and the daily monitoring of results obtained (contracts signed, activity rates, progress on contracts in progress, etc.), these managers are fully responsible for their business units meeting quantifiable objectives relating to financial performance (growth, profitability, etc), the quality of human resource management (recruitment, training, motivation, good match of employees to the business unit's needs, etc,), business development, client satisfaction, management rigor (administrative and accounting), strict application of internal control procedures, absolute compliance with the values adopted by the Group, etc.

These basic business units – grouped, depending on their number, into larger business units – reflect the Group's presence in around thirty countries, which are in turn grouped into eight geographic areas:

- North America: USA, Canada;
- the United Kingdom and Ireland;
- France, to which our branch in Morocco is associated;
- Benelux;
- Nordic countries: Denmark, Norway, Sweden, Finland;
- Germany and Central European countries: Switzerland, Austria, Poland, Czech Republic, Romania, Hungary, etc.;
- Southern Europe (Italy, Spain, Portugal) to which Latin America is associated: Mexico, Brazil, Argentina, Chile, etc.;
- and finally the Asia/Pacific region: India, China, Singapore, Hong-Kong, Australia.

Useful for reporting purposes and comparing performance year-on-year, this geographic grouping is accompanied by a breakdown of the Group by business into seven strategic business units:

- 4 global strategic business units:
  - Consulting
  - Infrastructure Services, i.e. the design, installation and maintenance of client infrastructures
  - BPO (business process outsourcing)
  - Local Professional Services, provided by the SOGETI sub-group and its subsidiaries
- 2 systems integration and applicative maintenance strategic business units (generally known as "APP.S" for "Application Services") in the following regions and countries:
  - APP.S 1: North America, UK and the Asia/Pacific region (excluding China), including global responsibility for the Financial Services sector;
  - APP.S 2: France, Benelux, the Nordic countries, Germany and Central Europe, Southern European and Latin America (excluding Brazil).
- 1 strategic business unit with responsibility for high-growth emerging countries (currently Brazil and China) and new business models.

GROUP MANAGEMENT

As I already indicated above:

- in December 2001, the Cap Gemini S.A. Board of Directors decided to replace Geoff Unwin by Paul Hermelin as Chief Executive Officer of the Group.
- he has been renewed in these functions twice (in May 2006 and May 2010)
- at my recommendation, the Board elected in July 2002 to separate the functions of Chairman and Chief Executive Officer as authorized by the New Economic Regulations Law (NRE) of May 15, 2001.

Paul Hermelin has now therefore been Chief Executive Officer of the Capgemini Group for nearly ten years. Pursuant to the law, he has the most extensive powers to act in all circumstances in the name of the Company and its subsidiaries. He is assisted in the conduct of business, the monitoring of control procedures and the definition of strategic objectives submitted periodically to the Board of Directors, by two Deputy General Managers and a General Secretary:

- **Nicolas Dufourcq:** the position of Deputy General Manager adds a certain number of duties to his primary role as Chief Financial Officer, which are detailed below;
- **Paul Spence,** Deputy General Manager, Director of Development
- **Alain Donzeaud,** General Secretary in charge of Human Resource management, Capgemini University, legal affairs and controlling the application of prevailing ethical rules within all Capgemini Group companies.

All four are members of the **Executive Committee,** whose role is to assist Group Management define broad strategies for submission to the Board of Directors, make all decisions enabling an improvement in Group performance, determine in this context the actions to be undertaken and the priorities to be respected, coordinate their implementation, assess the performance of Group managers and prepare succession plans for major positions within the organization. The Executive Committee meets once a month with:

- the Marketing and Communications Director
- the Strategy and Transformation Director
- the Directors of the seven Strategic Business Units defined above (Paul Spence having direct responsibility for the seventh unit, i.e. high-growth emerging countries: Brazil and China)
- the Director of our operations in India

representing a total of 13 individuals.

Together with the Legal Director, all four take part in two special-purpose committees:

- the Group Review Board which – with the Risk Management Director – examines the major business proposals in the course of drafting or negotiation, multi-national or multi-business framework agreements entered into with clients or suppliers, major contracts involving guarantees given by the Group etc.
- the Merger & Acquisitions Committee which examines acquisition and divestment projects in the course of identification, selection, assessment or negotiation, with the assistance of the Strategy and Transformation Director, the Merger and Acquisitions Director and the Director of the Business Unit which would perform the transaction in question.

Finally, in a certain number of cases where it was considered useful or necessary, a board was appointed bringing together local managers of the different Group businesses and tasked with ensuring improved cooperation (particularly with respect to actions carried out individually by one or other business for major clients, a list of which was drawn up at the beginning of the year). The Chief Executive Officer (or the Deputy General Manager,Director of Development) meets at least four times a year with the Chairmen of these boards within the Development Committee, which has the role of deciding and launching strategic commercial initiatives requiring the consultation and close collaboration of all Group entities.

THE CENTRAL DEPARTMENTS

Group Management is supported by the following central departments:

The Group finance department

This department is headed by **Nicolas Dufourcq,** whose primary tasks are the preparation of budgets and monitoring performance, management control, operational reporting, financial and management accounting, consolidation and accounting standards, treasury management, taxation, and financial communications. As Deputy General Manager, Nicolas Dufourcq is also responsible for conducting merger, acquisition and divestment transactions and assessing and managing the risks presented by certain business proposals. He is also responsible for the Group Lean program, procurement, internal information systems and the Technical and Support department, which, led by **François Hucher** is tasked with designing and disseminating prevailing methodologies within the Group, certifying certain categories of employee (project leaders, architects, etc.) and performing audits of risk-sensitive projects conducted by specialized teams known as “flying squads” (122 audits of this type were carried out in 2010).

The business development department

Headed by Paul Spence encompasses:

- the management of client offerings and the launch of growth initiatives **(Paul Nannetti);**
- relationships with major strategic and technological partners of the Group **(Jean-Claude Viollier);**
- the stimulation and promotion of Group offerings in the following sectors: Energy, Utilities & Chemicals / Manufacturing / Consumer Products, Retail, Distribution & Transportation / Telecom, Media & Entertainment / Public sector **(Stanislas Cozon);**
- leading big deals, involving close cooperation between several business units **(Derek Crates);**
- the launch of client offerings targeting new business models such as “Smart Energy Services” and “Managed Business Services”, with high technology content but billed based on indicators tied to our clients’ businesses **(Gilles Taldu);**
- the development of the Group in emerging countries (Brazil, China) placed under the direct responsibility of **Paul Spence.**

The general secretariat

(Alain Donzeaud) is in charge of:

- Legal affairs, covering two departments: one dealing with problems encountered in international operations and all legal matters related to the Group's operating activities **(Isabelle Roux-Chenu**) and the other concerned with the functioning of the Group's governing bodies (the Board of Directors, specialized Board Committees, Shareholders' Meetings, etc.) and in charge of legal matters impacting the general Group structure **(Philippe Hennequin);**
- The Human Resources Department, which is tasked with coordinating policies that fall within its remit implemented by the Group's subsidiaries, in particular career management and employee retention policies for high potential managers **(Jérémy Roffe-Vidal);**
- Capgemini University, which is tasked with providing Group managers and employees with the additional training they require (in new technologies and commercial functions, large-scale project management skills, personal leadership skills development, etc.) and also forms a natural and convivial platform for exchange for all Group members (**Jacques Collin** and **Steven Smith**);
- The Ethics & Compliance Department is primarily tasked with developing a corporate culture that explains and strengthens the duty of integrity and requires all Group managers and employees to behave in an ethical manner. It implements initiatives aimed at consolidating prevention methods and avoiding any infractions or non-compliance in this area **(Hervé Canneva).**

The strategy department

(Cyril Garcia) is primarily tasked with fostering deliberations on strategic issues by Group Management, the Board of Directors, its Chairman and the Strategy & Investments Committee. To this end, it maintains close relations with leading firms specializing in analyzing the market and trends therein.

The marketing and communications department

(Philippe Grangeon) is responsible for the Group's internal and external communications, coordinating, in order to strengthen brand awareness and reputation, actions implemented in this area by operating subsidiaries and coordinating marketing deliberations and initiatives, etc.

The technology department

(Andy Mulholland) is tasked with identifying major technological developments, fostering an active relationship with the Group's major partners (for example by identifying common development projects), assisting with the development of commercial offerings calling on advanced solutions, etc.

The internal audit department

(Philippe Christelle) reports directly to the Chairman and the Chief Executive Officer and is tasked with controlling the correct application by business units of Group principals and rules, particularly with respect to risk management and control. The implementation of recommendations issued by the Internal Audit Department by the business units concerned is systematically monitored.

5

5.5 Internal control and risk management procedures

I would like to make an

INTRODUCTORY COMMENT

On this subject: In France, Title III of the New Economic Regulations Law of May 15, 2001 authorizes limited liability companies to separate – if they so wish - the functions of Chairman of the Board of Directors and Chief Executive Officer. The unification of these functions within the hands of the Chairman and Chief Executive Officer had been rendered mandatory in 1940, at a time when Caesarism was a dominant model in this part of Europe.

In the United States - the home of the corporate governance principles to which we are now all supposed to adhere - the unification of these two functions remains largely prevalent and several major US companies have returned these functions to the hands of a single individual (the Chairman and CEO) after experimenting with their separation for a number of years, suggesting this approach is not the answer to all problems. In the United Kingdom however, 80% of companies have a separate Chairman and Managing Director and quite naturally UK institutional investors are pushing for this separation of functions in the continental companies in which they propose to invest (*).

As I have already mentioned above, Cap Gemini S.A. adopted this model in July 2002 and is extremely happy with it after nearly nine years, although I think I can say that this is more due to:

- the fact that the Chief Executive Officer selected by the Board is also a director and member of this Board (which is not mandatory),
- the fact that the Chairman is also the founder of the Group, conferring legitimacy on his active participation in the "smooth functioning of Group Management",
- the 20-year relationship of trust, friendship and mutual respect between the current holders of these functions,

than what the law says regarding the roles, powers and responsibilities of the Chairman. The law was drafted very generally and is a source of ambiguity and confusion and seems to more closely reflect the vagueness of the legislator's intentions than his certainties.

It is in this "uncertain" framework that I describe below the procedures implemented to ensure internal control and risk management within Capgemini Group. As a matter of form, I would make clear that the presentation of this description and the fact that I am supposed to "ensure – on behalf of the Board of Directors – the smooth functioning of the company and the group it controls", does not mean that the Chairman is personally liable for any dysfunctions that may arise.

* Further details may be found in the September 2001 memorandum issued by Philippe Bissara, delegate general to the French National Association of Joint-Stock Companies *(ANSA, Association Nationale des Sociétés par Actions).*

OBJECTIVES AND MEANS

I would firstly remind you that a Special Committee formed at the initiative of the French stock market authority (AMF) devised a blueprint for internal control which French companies subject to the requirements of the Financial Security Law *(Loi de Sécurité Financière)* are recommended to use and apply within their subsidiaries. Capgemini Group has therefore defined and implemented a control system with a view to ensuring:

- compliance of all management acts with relevant laws and regulations;
- compliance with the Group's seven core values and guidelines set by the Board of Directors and/or Group Management;
- application by the subsidiaries of instructions communicated;
- the smooth functioning of the Group's internal control processes safeguarding assets; and
- the reliability of the Group's financial information.

While contributing to the improved efficiency of its operational support functions, the optimal use of resources and good risk control, this system does not however offer an absolute guarantee of the control of all possible risks imaginable, no more than it can – irrespective of the skills of the employees performing the controls – guarantee alone the realization by the Group of all objectives set.

For these reasons, since its creation in 1967, Capgemini has placed significant importance on compliance with the values and principles which guide and inspire our actions and, in particular, our business practices. Our seven values (headed by honesty) represent the Group's fundamental DNA and justify its reputation as an ethical and responsible company.

For over 20 years, a set of rules and procedures known as the "Blue Book" has had force of law within Cap Gemini and its subsidiaries. The Blue Book reminds employees of their obligations in this area and inventories the tools and methods helping them avoid identified risks in the exercise of the Group's businesses. In 2010, a Code of Business Ethics was drafted and adopted by the Board of Directors and issued to all Capgemini employees as part of the "Ethics and Compliance" program aimed at:

- developing within new recruits an ethical culture guaranteeing integrity of behavior;
- increasing awareness of compliance with international and national laws;
- highlighting initiatives aimed at strengthening the system to prevent and avoid infractions, non-compliance and negligence in these areas.

Since even longer still, the Capgemini Group has had a central **Internal Audit** function which currently comprises a multi-disciplinary team of 25 auditors and whose Director, **Philippe Christelle** (see Section 5.4), reports directly to both the Group's Chairman and its Chief Executive Officer. Over the last few years, this team has become highly international to accompany the expansion of the Group into new regions of the world and includes a Bombay desk with nine auditors. The Internal Audit department is tasked with:

- reviewing the internal control procedures implemented in the Strategic Business Units and their component legal entities to ensure that they comply with the general principles and rules laid down by the Group and with certain specific procedures enabling the elimination or mitigation of the risks to which they are exposed locally.
- auditing the Group's major contracts considered to present significant risk: Internal Audit uses one or more technical experts (Group Delivery Auditors), who are selected from among a list of eight accredited professionals according to their skills (and also their complete independence from the unit being audited).

Each Strategic Business Unit is audited in line with a bi-annual program that the Chairman and/or the Chief Executive Officer have the power to modify in the event of a contingency (delays and irregularities, major divergence from budgetary commitments, etc.). During 2010, the Internal Audit Department performed:

- 45 audits of units belonging to all Group Strategic Business Units, with each audit involving on average 46 days in the field and concluding with the issue of an action plan that management of the unit audited undertook to implement as quickly as possible in order to improve or correct the points identified by the audit.
- 2 due diligence assignments, that is, prior audits of companies that the Group intends to acquire.

At the request of the Chairman or Chief Executive Officer, the Internal Audit Department may also perform special engagements to review specific situations. Once annually, the Internal Audit Director presents:

- to the Audit Committee, a comprehensive report on the department's work (particularly regarding internal control efficiency and risk management in the preparation and processing of financial and accounting information),
- to the Ethics & Governance Committee, a specific report on compliance with the Group's Code of Business Ethics.

Finally, the Internal Audit Department may at any moment draw up a special report for presentation to the Chairman or the Chief Executive Officer on any matter that it considers should be brought to their attention.

General principles

The aim of the general internal control principles is to ensure efficient and traceable decision-making. They concern:

- **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 Business Unit, for all issues that fall within its remit;
  - the Strategic Business Unit (or the Country Board) for all issues that concern several or all Business Units under their authority;
  - the Group (Group Management, Executive Committee, central departments, etc.), for all decisions outside the scope of responsibility of a Strategic Business Unit or region which must be taken at Group level due to their nature (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 an objective assessment of the advantages and drawbacks of each of the possible solutions.
- **Framework of general policies and procedures:** in the more general context of the Code of Business Ethics, 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 Group's organization and corporate governance scenarios as well as authorization guidelines;
  - sales policy;
  - contractual engagement guidelines;
  - service production;
  - finance function organization and procedures;
  - human resources management;
  - external communications;
  - business knowledge management, sharing and protection;
  - information systems;
  - procurement organization and controls; and
  - environmental protection guidelines.

Operational risk management

The project risk control process

The Group has devised a formal process 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 risk controls;
- technical controls during the project execution phase; and
- business control.

Pre-sale risk 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;
- validation, at the various organizational levels of the Group's operational structure and at the different stages of the selling process (from identification of an opportunity as investment-worthy from a Group perspective and the submission of service proposals, often in several stages, to the signature of a contract) 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. For particularly complex projects, reviews of solutions may be carried out during the final pre-sale phase in order to bring to the Group Review Board's attention any potential operational risks..

Production and quality 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. The key features of these policies include:

- clear definition of the roles and responsibilities of each individual 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;
- 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 independent technical audits 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. These engagements are carried out by the Group technical department, and complement the upstream independent technical audits carried out by the Business Units as a preventative measure for operational risks

Business control

- financial oversight for each project, primarily monitoring budgeted versus actual project production costs. Progress reports and management indicators are built into the monitoring process, which relies mainly on the periodic analysis of estimated costs to completion and their accounting impact;
- ongoing control over compliance with contractual commitments – particularly billing and payment milestones.

Reputational risk

Compliance with clear principles of business ethics is firmly embedded in Capgemini's culture. On its creation in 1967, the Group identified seven core values which form the keystone of its identity. Today, each of the 110,000 managers and employees continue to refer to these values and have committed to applying them personally on a daily basis and ensuring their compliance by individuals in their business unit or who participate on joint projects. From this point of view, the Code of Business Ethics issued in 2010 represents the continuation and formal documentation of cultural reflexes already firmly embedded in Capgemini. In addition, the Group has decided only to locate in those countries satisfying a certain number of criteria concerning work ethics and security in the conduct of business. Listed in Paris and a global leader in its business sector, the Group is frequently called upon by the media and the financial community to provide information on its expertise, strategic direction, forecasts, results, etc. Therefore, to control and limit risks to its reputation, only persons duly authorized by Group Management are permitted to speak on behalf of the Group.

Human resources risk

Each Business Unit has a human resources management function responsible for the local implementation of Group-wide HR policies and procedures. Special attention is paid to recruitment, training, career development for managers, equal opportunity performance appraisal and promotion procedures, and dialogue between management, staff and their elected representatives. An internal survey is conducted each year aimed at measuring commitment and expectations among the Group's 110,000 employees. This survey is a management tool and gives rise to a number of action plans implemented locally based on results recorded and problems identified. In addition, a roll-out project in SaaS mode (Software as a Service) has just been launched by the Human Resources Department to ensure the comprehensive management of all processes concerning the management of high-performing individuals. This roll-out, supported by the human resources community, will enable a uniform approach to monitoring performance, the development plans of each of our 110,000 employees, the management of international mobility and succession plans, in a manner consistent with the strategic objectives of the Group and the interests of our clients.

Information systems risk

While the Group is not highly dependent on information systems in the course of its business, it has nevertheless implemented data recovery procedures for its activities in the event of a disruption to IT services. The Group has drawn up an IT infrastructure security policy which is verified annually by each Group entity. However, certain Group entities have heightened security imperatives reflecting their clients' line of business, and they are consequently certified ISO 27001-compliant by an independent agency.

Offshore risk

Telecommunications networks used by the Group are automatically duplicated in cases where "Rightshored" production resources are deployed. In the event of a breakdown in the preferred (fastest) communications network between Europe and India, service continuity is ensured by tried and tested alternative routes. The Group's Indian subsidiary has also set up a Business Continuity Management (BCM) structure to ensure service continuity in line with the Good Practice Guidelines of the Business Continuity Institute (BCI). These measures take account of various hypothetical threats along with the differing degrees of potential damage at site, urban and country level.
Where required by the local contract in force, a business continuity plan is prepared by selecting appropriate measures according to the criticality of the service. The Group uses reviews and simulations to test the efficiency of these plans.

Environmental risk

Although Capgemini's activities leave a minimal environmental footprint, the Group pays special attention to energy consumption, the management of its IT hardware, waste and business travel. The Group has run internal campaigns to raise employee awareness of these issues.

Client risk

The Group is exposed to several types of client risk:

- the risk of dissatisfaction: Capgemini pays particular attention to assessing client satisfaction, implementing a rigorous client relationship management process that it carries out throughout the project, known as OTACE *(On Time and Above Client Expectations).* This is a key pillar of the Group's client loyalty policy, particularly for major client accounts.
- the risk of dependence on a single client or group of clients: The Group also has several thousand clients, which to a certain extent enables it to resist market turbulence and reduce its exposure to volatility in certain sectors. The client portfolio consists of a large number of entities from the public sector and the diverse market segment spread of entities from the private sector further mitigates Group risk. The Group implements the Karma client portfolio management procedure to eliminate the unacceptable risk of being exposed to a single client or group of clients.
- insolvency risk: supervision of client solvency also helps minimize client credit risk.

Supplier and subcontractor risk

Over recent years, the Group has signed strategic partnership contracts with a diversified group of major suppliers in order to preserve its independence and guarantee the sustainability of its services. In parallel, Capgemini has implemented a tool allowing for worldwide procurement management and monitoring. Suppliers are selected based on rigorous procedures using multiple criteria, several of which concern ethical standards and sustainable development.

Country risk

The Capgemini Group restricts operations to countries able to offer satisfactory guarantees in terms of individual security. Work on client engagements in certain countries classified as "at risk" is subject to approval by the Group Review Board. Rules and procedures have been drawn up for "at risk" territories in which the Group conducts engagements in order to satisfy the demands of its major clients. Specific contracts have been agreed with organizations specialized in managing these risks to assess independently the risk exposure in each country. All travel to countries classified as "red" is strictly forbidden. This notion of risk is reassessed continuously based on the geopolitical position, using warning systems informing of changes in "at risk" countries. Furthermore, these organizations help us resolve any potential difficulties encountered by employees assigned to work in these countries and provides prior risk prevention training courses.

Acquisition risk

Capgemini has a wealth of experience in acquisitions, having carried out around 50 external growth transactions since the 1970s. Entrepreneurial spirit, managerial autonomy, and the principle of subsidiarity are crucial factors in the successful integration of newly-acquired businesses. The successful integration of new businesses is also facilitated by the Group's organization along geographic regions and business lines. The Group's Legal Department is involved in the negotiation of the legal aspects of merger/acquisition projects.

Economic climate risk

Although a substantial proportion of the Group's operations depends on its clients' investment capacity, the fact that the Group is organized around medium-sized Business Units close to their target market allows for rapid responsiveness to downturns in the business environment. A variety of scenario forecasts have been devised and are kept up to date by the Group. These are designed to ensure the most appropriate response to a sharp downturn in the Group's markets or the general economic environment.

Legal risk management

Legal risks are identified, analyzed and managed by the Group Legal Affairs Department, which is comprised of central, regional and local teams in each of the main geographic areas in which Capgemini has operations.

Draft contracts containing terms and conditions that are not in compliance with the contractual guidelines issued by the Group are subject to specific examination at regional and Group level. Regional and local legal affairs teams, in liaison with the sales, delivery and risk management teams, are required to submit to the Group Legal Affairs Department and/or Group Review Board, an analysis of the risks arising on these contracts and their recommended risk mitigation plan. The Group Review Board authorizes the Special Business Deals submitted to it for approval or opinion and, in this framework, is called on to assess the legal risks of certain major contracts.

Financial risk management

The Group has standardized rules and procedures for the identification, control and management of financial risks. These are framed in a conservative financing policy based notably on the upstream authorization by the Board of Directors of all major financing decisions, and the measured use of debt thanks to the Group's high liquidity levels. The management of other financial risks (equity, interest rate, currency, credit and counterparty risks) is primarily centralized by the Group Finance Department as described in Notes 9, 15 and 19 to the consolidated financial statements. In addition, with respect to risks arising on employee benefit obligations, the Group actively manages financial commitments under the United Kingdom defined benefit pension plan, which represents almost 77% of the total Group obligation.

Compliance with rules governing share trading

The Group requires all employees to refrain from carrying out any transactions involving the Company's shares during certain periods of the year. All Group employees are reminded of these restrictions in writing before the start of each such period.

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. During each accounts closing period, the Group Finance Department sends 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. These questionnaires are analyzed for any irregularities and corrective measures devised where appropriate.

a. Financial and accounting structure

The Group's financial functions are organized to reflect its operating structure, that is, both by Business Unit and country. Each Business Unit has a dedicated financial controller (reporting to the corresponding Strategic Business Unit's financial controller) who is responsible for ensuring that the results of its activities are accurately reported in the accounts in accordance with Group accounting rules and methods. The financial controller verifies that services are correctly 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. These Business Unit financial controllers report to the financial controller of the Strategic Business Unit, whose main responsibility is to ensure that financial and accounting information is reported to the parent company on a timely basis. Their direct superior is the Group Chief Financial Officer in order to safeguard the independence required when preparing accounting results. Operational control is, therefore, decentralized.

The geographic areas have a Legal Financial Director, who also reports to the Group Chief Financial Officer and whose duties and responsibilities include ensuring that all financial staff in the region are well-versed in the Group's accounting policies and methods, checking compliance with local taxation and statutory reporting requirements, helping maintain 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 under his or her authority, 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 is required to apply the Group's accounting procedures and policies contained in the TransFORM manual, which sets out:

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

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 and negotiated at length between the different Group Business Unit managers and their superiors, with each budgetary item decided based on past performance, the Group's chosen strategic priorities and available information concerning expected market trends. Group Management sets quantified targets for each geographic area, Strategic Business Unit and their component Business Units. The budget preparation process is a key moment in the relationship between the different levels of the Group's management and makes it possible to substantially link the variable portion of the compensation paid to Business Unit managers to the attainment of the budgetary targets of their Business Unit and the next level Business Unit to which they belong. A forecast operating income statement (for the current month, the following six months and the full year) is prepared monthly by each Business Unit manager. 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:** Information reporting is structured by geographic area and business. This allows revenues and costs to be analyzed on a monthly basis both by type and function, and performance indicators to be updated and measured against budget (A/B), the latest forecasts (A/F) and prior-year figures (A/A'). Balance sheet items are analyzed on a quarterly basis. A monthly management report is prepared for each Strategic Business Unit jointly by the manager and financial controller, and is submitted to Group Management for review. 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. Reconciliations are performed systematically to ensure that financial information derived from the operational reporting system is 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 inter-company 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 by geographic area, 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.

c. Financial information

• **Controlling financial information:** the interim and annual financial statements are subject to specific controls covering 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 department and the Statutory Auditors:
- Internal Audit: based on its program covering the Group's Business Units, drawn up in agreement with the Chairman and the Chief Executive Officer (as it reports to both directly), the Internal Audit department 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 department is required to pay special attention to revenue recognition methods and to controlling the percentage-of-completion of projects, so as to ensure that these 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 Business Unit to ensure the security and validity of transactions and accounting entries;
- the Statutory Auditors, who it need merely be noted here, carry out an ongoing review of internal control procedures with an impact on the preparation and quality of the financial statements as part of their audit engagement.

• **Communicating financial information:** this is subject to rigorous internal control, with a particular focus on three key media used to report financial information:
- the half-year financial report and annual report,
- financial press releases,
- analysts and investors meetings.

• **The Annual Report** has been the cornerstone of the Group's financial communications strategy for the past 36 years (the first edition concerned the 1975 fiscal year). 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 who are each responsible for designing and setting out a chapter on their area of competence, within the general framework proposed by the Communications Department. The Reference 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 validation 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.

- **Analysts and investors meetings** 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, the Chief Financial Officer, or employees in charge of investor relations during the meetings.

Grenoble, February/March 2011
Serge Kampf

(This report was reviewed by the Statutory Auditors who issued a report thereon, which may be found on the following page).

5.6 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. (year ended december 31, 2010)

This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board on the internal control procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users.
This report should be read in conjunction with, and construed in accordance with, French law and the relevant professional 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, 2010.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:
- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report sets out the other information required by Article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:
- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- 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 the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in 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 and risk management 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.

Other information

We attest that the Chairman of the Board's report sets out the other information required by Article L.225-37 of the French Commercial Code.

The Statutory Auditors

Neuilly-sur-Seine, March 15, 2011	Paris La Défense, March 15, 2011
PricewaterhouseCoopers Audit	KPMG Audit Division of PMG S.A.
Serge Villepelet Edouard Sattler	Jean-Luc Decornoy Jacques Pierre Partner Partner

6.

CONSOLIDATED FINANCIAL STATEMENTS

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6.1 Statutory auditors' report

on the consolidated financial statements Year ended december 31, 2010

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.
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 compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying consolidated financial statements of Cap Gemini S.A.,
- the justification of our assessments,
- the specific verification required by law.

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

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 verifying, on a test basis or by other selection methods, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2010, and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

Without qualifying the opinion expressed above, we draw your attention to Note 1 to the consolidated financial statements describing the impact of new accounting standards applicable as from January 1, 2010.

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-E 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 abovementioned accounting rules and principles adopted by your Group 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.
- Net intangible assets carried in the consolidated balance sheet include €3,201 million in unamortized goodwill. The approach adopted by the Group as well as the accounting principles and methods applied to determine the value in use of these assets are described in Notes 1-H and 12 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 €891 million are recorded in the consolidated balance sheet. Notes 1-K and 13 to the consolidated financial statements describe the methods used to calculate the value of these assets. As part of our assessments, we verified the overall consistency of the information and assumptions used to perform these calculations.
- Notes 1-F and 2 to the consolidated financial statements set out the methods used to account for the acquisition of the Brazilian company CPM Braxis by your Group. As part of our assessment of the accounting policies adopted by your Group, we verified that the accounting options and methods applied for this acquisition and the information provided in the notes to the consolidated financial statements were appropriate.

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.

SPECIFIC VERIFICATION

In accordance with professional standards applicable in France, we have also verified the specific information required by law and 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, March 15th, 2011

PricewaterhouseCoopers Audit

Serge Villepelet Edouard Sattler

Paris La Défense, March 15th, 2011

KPMG Audit
Division of KPMG S.A. de KPMG S.A.

Jean-Luc Decornoy
Partner

Jacques Pierre
Partner

6.2 Consolidated income statement

in millions of euros	Note	2008 Amount	2008 %	2009 Amount	2009 %	2010 Amount	2010 %
Revenues	3	**8,710**	**100**	**8,371**	**100**	**8,697**	**100**
Cost of services rendered	4	(6,478)	(74.4)	(6,366)	(76.1)	(6,631)	(76.2)
Selling expenses	4	(632)	(7.3)	(629)	(7.5)	(680)	(7.8)
General and administrative expenses	4	(856)	(9.8)	(781)	(9.3)	(799)	(9.2)
Operating margin		**744**	**8.5**	**595**	**7.1**	**587**	**6.8**
Other operating income	5	20	0.2	7	0.1	6	0.1
Other operating expenses	5	(178)	(2.0)	(269)	(3.2)	(104)	(1.3)
Operating profit		**586**	**6.7**	**333**	**4.0**	**489**	**5.6**
Income from cash equivalents and cash management assets	6	68	0.8	22	0.3	20	0.3
Gross finance costs	6	(66)	(0.8)	(65)	(0.8)	(74)	(0.9)
Net finance costs	6	2	-	(43)	(0.5)	(54)	(0.6)
Other financial income	6	86	1.0	75	0.9	22	0.2
Other financial expense	6	(107)	(1.2)	(125)	(1.6)	(55)	(0.6)
Net financial expense		**(19)**	**(0.2)**	**(93)**	**(1.2)**	**(87)**	**(1.0)**
Income tax expense	7	(116)	(1.3)	(61)	(0.7)	(124)	(1.4)
Share of profit of associates		-	-	(1)	-	-	-
Non-controlling interests		-	-	-	-	2	-
PROFIT FOR THE YEAR (GROUP SHARE)		**451**	**5.2**	**178**	**2.1**	**280**	**3.2**

EARNINGS PER SHARE (in euros)	Note	2008	2009	2010
Average number of shares		143,424,188	145,153,387	152,979,307
Earnings per share based on average number of shares	8	3.14	1.23	1.83
Number of shares at December 31		145,844,938	154,177,396	155,770,362
EARNINGS PER SHARE AT DECEMBER 31 (EPS)		**3.09**	**1.16**	**1.80**
Average number of shares (diluted)		156,466,779	157,065,374	182,239,201
Diluted earnings per share based on average number of shares	8	2.97	1.22	1.74

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6.3 Statement of income and expense recognized in equity

in millions of euros	Note	2008	2009	2010
Exchange differences on translating foreign operations	*9*	(105)	42	158
Remeasurement of hedging derivatives, net of deferred tax	*19*	(31)	27	9
Actuarial gains and losses on defined benefit pension plans, net of deferred tax	*20*	(41)	(120)	(101)
Other income		-	-	1
Other expenses		-	-	-
TOTAL INCOME AND EXPENSE RECOGNIZED IN EQUITY		**(177)**	**(51)**	**67**
Profit for the year (reminder)		**451**	**178**	**278**
If this income and expense recognized in equity had been recognized in profit or loss, profit for the year would have been as follows		274	127	345
Attributable to: Owners of the Company		-	-	*347*
Non-controlling interests		-	-	*(2)*

6.4 Consolidated statement of financial position

in millions of euros	Note	December 31, 2008	December 31, 2009	December 31, 2010
Goodwill	*10*	2,726	2,750	3,201
Intangible assets	*10*	140	116	169
Property plant and equipment	*11*	422	421	499
Deferred taxes	*13*	863	887	891
Other non-current assets	*14*	91	112	115
Total non-current assets		**4,242**	**4,286**	**4,875**
Accounts and notes receivable	*15*	2,396	2,067	2,371
Current tax assets		39	54	40
Other current receivables	*16*	184	203	306
Cash management assets	*17*	-	-	71
Cash and cash equivalents	*17*	1,868	2,603	2,305
Total current assets		**4,487**	**4,927**	**5,093**
TOTAL ASSETS		**8,729**	**9,213**	**9,968**

in millions of euros	Note	December 31, 2008	December 31, 2009	December 31, 2010
Share capital		1,167	1,233	1,246
Additional paid-in capital		2,689	2,842	2,875
Retained earnings and other reserves		(368)	(40)	(87)
Profit for the year		451	178	280
Equity (attributable to owners of the Company)	*9*	**3,939**	**4,213**	**4,314**
Non-controlling interests		-	-	(7)
Total equity		**3,939**	**4,213**	**4,307**
Long-term borrowings	*17*	987	1,057	1,102
Deferred taxes	*13*	138	153	178
Provisions for pensions and other post-employment benefits	*20*	503	680	804
Non-current provisions	*21*	45	21	13
Other non-current liabilities	*22*	112	95	279
Total non-current liabilities		**1,785**	**2,006**	**2,376**
Short-term borrowings and bank overdrafts	*17*	47	278	210
Accounts and notes payable	*23*	2,096	2,026	2,305
Advances from customers and billed in advance	*15*	639	567	576
Current provisions	*21*	20	28	53
Current tax liabilities		74	52	61
Other current payables	*24*	129	43	80
Total current liabilities		**3,005**	**2,994**	**3,285**
TOTAL EQUITY AND LIABILITIES		**8,729**	**9,213**	**9,968**

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6.5 Consolidated statement of cash flows

in millions of euros	Note	2008	2009	2010
Profit for the year (Group share)		**451**	**178**	**280**
Non-controlling interests		-	-	(2)
Impairment of goodwill	*12*	24	12	-
Depreciation, amortization and impairment of fixed assets	*10 -11*	213	164	176
Net charges to provisions		(62)	(54)	(2)
Gains and losses on disposals of assets		3	4	5
Expenses relating to share subscriptions, share grants and stock options	*5*	22	19	16
Net finance costs	*6*	(2)	43	54
Income tax expense	*7*	116	61	124
Unrealized gains and losses on changes in fair value and other		(17)	18	(23)
Cash flows from operations before net finance costs and income tax (A)		**748**	**445**	**628**
Income tax paid (B)		**(94)**	**(56)**	**(52)**
Change in accounts and notes receivable and advances from customers and amounts billed in advance		(158)	309	(85)
Change in capitalized costs on projects		5	(15)	(16)
Change in accounts and notes payable		12	(73)	3
Change in other receivables/payables		35	(115)	25
Change in operating working capital (C)		**(106)**	**106**	**(73)**
NET CASH FROM (USED IN) OPERATING ACTIVITIES (D=A+B+C)		**548**	**495**	**503**
Acquisitions of property, plant and equipment and intangible assets	*10 -11*	(134)	(119)	(144)
Proceeds from disposals of property, plant and equipment and intangible assets		20	24	11
		(114)	**(95)**	**(133)**
Cash outflows on business combinations net of cash and cash equivalents acquired	*2*	(267)	(11)	(218)
Net proceeds on disposals of companies and operations		-	3	1
Net proceeds/payments relating to deposits and long-term investments		(16)	(5)	(13)
Cash outflows on cash management assets		-	-	(71)
Dividends received from associates		1	-	1
		(282)	**(13)**	**(300)**
NET CASH FROM (USED) IN INVESTING ACTIVITIES (E)		**(396)**	**(108)**	**(433)**
Proceeds from issues of share capital		10	225	46
Dividends paid		(143)	(143)	(122)
Net proceeds/payments relating to treasury share transactions		(75)	8	(1)
Proceeds from borrowing	*17*	10	569	10
Repayments of borrowings	*17*	(130)	(310)	(367)
Interest paid	*6*	(39)	(26)	(32)
Interest received	*6*	68	22	21
NET CASH FROM (USED) IN FINANCING ACTIVITIES (F)		**(299)**	**345**	**(445)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (G=D+E+F)		**(147)**	**732**	**(375)**
Effect of exchange rate movements on cash and cash equivalents (H)		(185)	60	85
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (I)	*17*	**2,137**	**1,805**	**2,597**
CASH AND CASH EQUIVALENTS AT END OF YEAR (G+H+I)	*17*	**1,805**	**2,597**	**2,307**

Cash flows for the period are discussed in Note 18 – Cash flows.

6.6 Consolidated statement of changes in equity

							Total income and expense recognized in equity				
in millions of euros	Note	Number of shares	Share capital	Additional paid-in capital	Treasury shares	Consolidated retained earnings and other reserves	translation adjust-ments	Other	Equity (attribut-able to owners of the Com-pany)	Non-controlling interests [1]	Total equity
At january 1, 2008		**145,425,510**	**1,164**	**2,682**	**(10)**	**299**	**(172)**	**(112)**	**3,851**	**-**	**3,851**
Dividends paid out for 2007		-	-	-	-	(143)	-	-	(143)	-	(143)
Incentive instruments and employee share ownership	*9*	419,428	3	7	(1)	23	-	-	32	-	32
Treasury shares	*9*	-	-	-	(73)	(2)	-	-	(75)	-	(75)
Transactions with shareholders		**419,428**	**3**	**7**	**(74)**	**(122)**	**-**	**-**	**(186)**	**-**	**(186)**
Income and expense recognized in equity		**-**	**-**	**-**	**-**	**-**	**(105)**	**(72)**	**(177)**	**-**	**(177)**
Profit for the year		**-**	**-**	**-**	**-**	**451**		**-**	**451**	**-**	**451**
At december 31, 2008		**145,844,938**	**1,167**	**2,689**	**(84)**	**628**	**(277)**	**(184)**	**3,939**	**-**	**3,939**
Dividends paid out for 2008		-	-	-	-	(143)	-	-	(143)	-	(143)
OCEANE bonds	*17*	-	-	-	-	39	-	-	39	-	39
Incentive instruments and employee share ownership	*9*	8,332,458	66	153	-	25	-	-	244	-	244
Treasury shares	*9*	-	-	-	5	2	-	-	7	-	7
Transactions with shareholders		**8,332,458**	**66**	**153**	**5**	**(77)**	**-**	**-**	**147**	**-**	**147**
Income and expense recognized in equity		**-**	**-**	**-**	**-**	**-**	**42**	**(93)**	**(51)**	**-**	**(51)**
Profit for the year		**-**	**-**	**-**	**-**	**178**	**-**	**-**	**178**	**-**	**178**
At december 31, 2009		**154,177,396**	**1,233**	**2,842**	**(79)**	**729**	**(235)**	**(277)**	**4,213**	**-**	**4,213**
Dividends paid out for 2009		-	-	-	-	(122)	-	-	(122)	-	(122)
Incentive instruments and employee share ownership	*9*	1,592,966	13	33	-	15	-	-	61	-	61
Put option granted to CPM Braxis minority shareholders	*2*	-	-	-	-	(185)	-	-	(185)	-	(185)
CPM Braxis minority interest (43.94%)		-	-	-	-	-	-	-	-	(5)	(5)
Treasury shares	*9*	-	-	-	(2)	2	-	-	-	-	-
Transactions with shareholders		**-**	**13**	**33**	**(2)**	**(290)**	**-**	**-**	**(246)**	**(5)**	**(251)**
Income and expense recognized in equity		**-**	**-**	**-**	**-**	**-**	**158**	**(91)**	**67**	**-**	**67**
Profit for the year		**-**	**-**	**-**	**-**	**280**	**-**	**-**	**280**	**(2)**	**278**
At december 31, 2010		**155,770,362**	**1,246**	**2,875**	**(81)**	**719**	**(77)**	**(368)**	**4,314**	**(7)**	**4,307**

[1] In 2008 and 2009, non-controlling interests were negligible. The main movement during the period concerns non-controlling interests in CPM Braxis, acquired on October 6, 2010 (see Note 2 – Changes in Group structure).

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6.7 Notes to the consolidated financial statements

for the year ended december 31, 2010

NOTE 1 – ACCOUNTING POLICIES

The consolidated financial statements for the year ended December 31, 2010 and the notes thereto were approved by the Board of Directors on February 16, 2011. The consolidated financial statements become definitive after their approval by the Combined Shareholders' Meeting, scheduled for May 26, 2011.

Accounting basis

Ifrs standards-base

Pursuant to European Commission Regulation No.1606/2002 of July 19, 2002, the 2010 consolidated financial statements have been prepared in accordance with international accounting standards (IFRS, International Financial Reporting Standards) issued by the International Accounting Standards Board (IASB), endorsed by the European Union at December 31, 2010 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 certain IFRSs.

New standards and interpretations applicable in 2010

New standards, amendments and interpretations of mandatory application (published by the IASB, endorsed by the EU, entered into effect on January 1, 2010)
The accounting policies applied by the Group are unchanged on those applied for the preparation of the 2009 consolidated financial statements, with the exception of new standards which entered into effect subsequently and which are presented below.
With effect from January 1, 2010, the Group applies prospectively IFRS 3, Business Combinations (2008) and IAS 27, Consolidated and Separate Financial Statements (2008), when accounting for business combinations and non-controlling interests, whose effects in the consolidated financial statements at December 31st; 2010 are detailed in Note 1 – § F a) and Note 2 – Changes in Group structure.
The other standards, amendments and interpretations of mandatory effect from January 1, 2010 did not impact the Group financial statements.

New standards, amendments and interpretations not adopted early (published by the IASB, endorsed by the EU, not yet in effect at January 1, 2010)
The Group did not elect to adopt early the standards, amendments, and interpretations published by the IASB and endorsed by the European Union as of December 31, 2010 but not yet in effect as of January 1, 2010. Early application of these standards, amendments and interpretations would not have had a material impact on the 2010 consolidated financial statements.

New standards, amendments and interpretations not yet endorsed (published by the IASB, not yet endorsed by the EU, not yet in effect at January 1, 2010)
The Group did not elect to adopt early the standards, amendments, and interpretations published by the IASB, but not yet endorsed by the European Union as of December 31, 2010 or in effect as of January 1, 2010. Early application of these standards, amendments and interpretations would not have had a material impact on the 2010 consolidated financial statements.

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 period end or on certain items of either the net profit or the income and expenses recognized directly in equity 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, recognition of deferred tax assets, measurement of the recoverable amount of assets, pensions and other post-employment benefit obligations, the fair value of derivatives, and current and non-current provisions.

Overview of the main accounting policies adopted by Capgemini Group

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 proportionate consolidation. This method consists of consolidating the income and expenses and 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 associates over whose management Cap Gemini S.A. directly or indirectly exercises significant influence, without however exercising full or joint control, are accounted for by the equity method. This method consists of recording the Group's share in profit for the year of the associate in the Income Statement. The Group's share in net assets of the associate is recorded under "Other non-current assets" in the Consolidated Statement of Financial Position.

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, 2010 in accordance with the accounting policies adopted by the Group.

Inter-company transactions are eliminated on consolidation, as well as inter-company profits.

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

B) Foreign currency translation

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

The Consolidated Statements of Financial Position of subsidiaries denominated in foreign currencies 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 denominated in foreign currencies 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 translation at these different rates are recognized directly in equity under "Translation reserves" and have no impact on the Income Statement.

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 in 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		
	2008	2009	2010	2008	2009	2010
US dollar	0.68361	0.71958	0.75513	0.70077	0.69745	0.75301
Pound sterling	1.25885	1.12282	1.16610	1.02192	1.10619	1.16252
Canadian dollar	0.64214	0.63110	0.73312	0.57445	0.66494	0.75330
Swedish krona	0.10418	0.09423	0.10485	0.09108	0.09713	0.11095
Australian dollar	0.57736	0.56623	0.69368	0.48555	0.62360	0.76458
Norwegian krona	0.12196	0.11465	0.12492	0.10055	0.12016	0.12789
Indian rupee	0.01573	0.01487	0.01652	0.01446	0.01491	0.01676
Polish zloty	0.28543	0.23133	0.25039	0.24155	0.24243	0.25221
Brazilian real*	0.37622	0.36233	0.42919	0.29601	0.40106	0.45082

* The income statement of CPM Braxis, purchased on October 6, 2010, was consolidated in the Group financial statements at the average exchange rate for the fourth quarter of 2010, i.e. 0.43392.

C) Consolidated income statement

Income and expense are presented in the Consolidated Income Statement by function to reflect the specific nature of the Group's business more accurately. 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 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 expenses from operating margin. Other operating income and expense 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, notably 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 cost of acquiring and integrating companies acquired by the Group, and the effects of curtailments and settlements relating to defined benefit pension plans.

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

- net finance costs, including interest on borrowings calculated using the effective interest rate, less income from cash and cash equivalents;
- other financial income and expense, which primarily correspond to the impact of remeasuring financial instruments at fair value when these relate to items of a financial nature, disposal gains and losses and the impairment of investments in non-consolidated companies, net interest costs on defined benefit pension 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 of profit of associates;
- share of non-controlling interests.

D) Earnings per share

Earnings per share are measured as follows:

- basic earnings per share are calculated by dividing profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares. 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 owners of the Company 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 subscription options, (ii) bonds convertible/exchangeable into new or existing Cap Gemini shares, (iii) redeemable share subscription or purchase warrants and (iv) performance shares..

E) 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 cost of services are recognized as services are rendered.

b) Long-term fixed-price contracts

Revenues, including systems development and integration contracts, are recognized using the "percentage-of-completion" method. Costs are recognized as they are incurred.

c) Outsourcing contracts

Revenues from outsourcing agreements are recognized over the term 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 term 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 from the costs incurred.

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

Revenues receivable from these contracts are recognized in the Consolidated Statement of Financial Position under "Accounts and notes receivable" when invoiced to customers and "Accrued income" when they are not yet invoiced. Advances from customers and billed in advance are included in current liabilities.

F) Goodwill and intangible assets

a) Goodwill and business combinations

Since January 1st, 2010, 2010, business combinations are accounted for using the acquisition method. Under this method, the identifiable assets acquired and liabilities assumed are recognized at fair value at the acquisition date and may be adjusted during the 12 months following this date.
Goodwill represents the excess of the acquisition price over the the net fair value of the identifiable assets and liabilities

assumed of the acquiree (revalued net assets). Where an acquisition confers control with remaining non-controlling interests (acquisition of less than 100%), the Group elects either to recognize goodwill on the full amount of revalued net assets, including the share attributable to non-controlling interests (full goodwill method, in force since January 1st, 2010) or on the share in revalued net assets effectively acquired only (partial goodwill method).
When a business combination with residual non-controlling interests provides for the grant of a put option to these non-controlling interests, a liability is recognized in this respect in the Consolidated Statement of Financial Position through a reduction in reserves. Changes in this put option resulting from any changes in estimates or the unwinding of the discount will also be recognized through reserves. Any additional acquisitions of non-controlling interests are considered a transaction with shareholders and, as such, are not remeasured.

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 Income Statement.

Acquisition-related costs are expensed in the income statement in the year incurred, whereas they were previously part of goodwill calculation.

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 relate directly to its production, i.e. the salary costs of the staff that developed the relevant software.

Finally, on certain business combinations, where the nature of the customer portfolio held by the entity and the nature of the business performed, should enable the entity to continue commercial relations with its customers as a result of efforts to build customer loyalty, customer relationships are valued in intangible assets and amortized over the known term of contracts held in portfolio at the acquisition date.

G) Property plant and equipment

The carrying amount of property, plant and equipment is recorded in assets in the Consolidated Statement of Financial Position and corresponds to the historical cost of these items, less accumulated depreciation and any 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 relevant assets. Ongoing maintenance costs are expensed as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the relevant assets. It is calculated based on acquisition cost less any 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 period end.

The sale of property, plant and equipment gives rise to disposal gains and losses corresponding to the difference between the selling price and the net carrying amount of the relevant asset.

H) Asset impairment tests

Intangible assets and property, plant and equipment are tested for impairment when there is an indication at the period end 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 value in use 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). The cash-generating units identified by the Group are the geographic areas.
The assessment is performed using the discounted cash flows method and the recoverable amount of each cash-generating unit is calculated based on various assumptions used in the budget procedure and three-year 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 cash-generating units. These rates are determined based on analyses of the business segments in which the Group operates.
When the recoverable amount of a cash-generating unit 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 expenses.”

I) 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 borrowings. 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 as appropriate.

J) Treasury shares

Cap Gemini S.A. shares held by the Company or by any consolidated companies are shown as a deduction from equity, at cost. Any proceeds from sales of treasury shares are taken directly to equity, net of the tax effect, so that the gain or loss on the sale has no impact on the Income Statement for the period.

K) Deferred taxes

Deferred taxes are:

- recorded to take account of temporary differences between the carrying amounts of certain assets and liabilities and their tax basis;
- recognized in income or expenses in the Income Statement, in income and expense recognized in equity, or directly in reserves in the period, depending on the underlying to which they relate;
- measured taking account of known changes in tax rates (and tax regulations) adopted or practically adopted at the year-end. Adjustments for changes in tax rates to deferred taxes previously recognized in the Income Statement, in income and expense recognized in equity or directly in reserves are recognized in the Income Statement, in income and expense recognized in equity or directly in reserves, respectively, in 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 recognized tax asset can be utilized. The carrying amount of deferred tax assets is reviewed at each period end. This amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which to offset all or part of the 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 by the same taxation authority.

L) Financial instruments

Financial instruments consist of:

- financial assets, including certain other non-current assets, accounts receivable, certain other current receivables, cash management assets and cash and cash equivalents;
- financial liabilities, including long- and short-term borrowings and bank overdrafts, certain accounts payable, and certain other current payables and non-current liabilities.

a) Recognition of financial instruments

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 borrowings;
- the effective interest rate, which is the rate that exactly discounts the estimated cash flows through the expected term 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;
- the market interest rate, which reflects the effective interest rate recalculated at the measurement date based on current market parameters.

Financial instruments (assets and liabilities) are initially recognized in the Consolidated Statement of Financial Position at their initial 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 Consolidated Statement of Financial Position. Financial assets measured at amortized cost are subject to impairment tests as soon as there are indicators of a loss in value. Any loss in value is recognized in the Income Statement.

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 repayments 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 on the basis 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.

b) Derivative instruments

Derivative instruments mainly comprise forward foreign exchange 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 bank counterparties, are recognized in the Income Statement at the period end.

When cash flow hedges are eligible for hedge accounting, changes in the fair value of the hedging instruments are recognized firstly in "Income and expense recognized in equity" and subsequently taken to operating profit when the hedged item itself impacts the Income Statement.

c) Financial instrument classification and fair value hierarchy
Financial instruments valued at fair value after initial recognition, that is financial instruments at fair value through the Income Statement, available-for-sale assets and derivative instruments, can be classified according to the following three fair value levels:

- Level 1: quoted prices (unadjusted) in active markets for identical financial assets or liabilities,
- Level 2: inputs other than quoted prices in active markets, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices),
- Level 3: inputs that are not based on observable market data.

Financial assets	Note	Classification	Subsequent measurement	Fair value hierarchy	
Shares in non-consolidated companies	14	Available-for- sale assets (fair value through equity)	Fair value (listed shares)	1	Stock market price
Deposits and long-term receivables	14	Loans and receivables	Amortized cost	N/A	
Long-term investments	14	Fair value through the Income Statement	Fair value	1	Market value (net asset value)
Asset derivatives	19	Fair value through the Income Statement	Fair value	2	Present value of future cash flows (ECB fixing)
Accounts receivable (net of provisions)	15	Loans and receivables	Amortized cost	N/A	
Other short-term receivables	16	Loans and receivables	Amortized cost	N/A	
Cash management assets	17	Fair value through the Income Statement	Fair value	1	Market value (net asset value)
Cash and cash equivalents	17	Fair value through the Income Statement	Fair value	1	Market value (net asset value)

Financial liabilities	Note	Classification	Subsequent measurement	Fair value hierarchy	
Bonds	17	Liabilities carried at amortized cost	Amortized cost	N/A	
Finance lease obligations	17	Liabilities carried at amortized cost	Amortized cost	N/A	
Other borrowings	17	Liabilities carried at amortized cost	Amortized cost	N/A	
Liability derivative instruments	19	Fair value through the Income Statement	Fair value	2	Present value of future cash flows (ECB fixing)
Trade payables	23	Liabilities carried at amortized cost	Amortized cost	N/A	
Other liabilities	22, 24	Liabilities carried at amortized cost	Amortized cost	N/A	
Bank overdrafts	17	Fair value through the Income Statement	Fair value	1	Market value (net asset value)

M) Net cash and cash equivalents

Cash and cash equivalents consist of short-term investments and cash at bank less bank overdrafts, and also include the fair value of hedging instruments relating to these items.

Net cash and cash equivalents comprise cash and cash equivalents as defined above, and cash management assets (see below), less short- and long-term borrowings. Account is also taken of the impact of hedging instruments when these relate to borrowings.

The Group changed its definition of net cash and cash equivalents at December 31, 2010, which now includes cash management assets, the characteristics of which do not strictly satisfy the criteria for cash equivalents as defined in IAS 7. These cash management assets are therefore presented separately from cash equivalents in the Statement of Financial Position. Given the absence of this type of investment in the fiscal years prior to 2010, retrospective application of this change in presentation would not have had an impact on net cash and cash equivalents in the fiscal years considered and the information presented in respect of fiscal years 2009 and 2008 is therefore uniform.

N) 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 United Kingdom, the Netherlands, Germany and Central Europe, Nordic countries, Italy and Spain), in the United States and in the Asia-Pacific region.

Defined benefit pension plans

Defined benefit pension 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 assumptions. These unfunded plans correspond mainly to retirement termination payments 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 obligation.

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 funding short-fall is covered by a provision.

Current and past service costs – corresponding to an increase in the obligation – are recorded within operating expenses, respectively on an as-incurred basis in the period and over the residual vesting period of the relevant rights.

Gains or losses on the curtailment or settlement of defined benefit pension plans are recognized in "Other operating income" or "Other operating expenses."

The impact of discounting pension benefit obligations as well as the expected return on plan assets is recorded net in "Other financial income" or "Other financial expense."

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 in "Income and expense recognized directly in equity" in the year in which they arise.

O) Incentive instruments and employee share ownership

a) Instruments granted to employees

Stock options

Stock options have been granted to certain Group employees entitling them to purchase Cap Gemini S.A. shares over a period of five years, at a strike 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 at the grant date. This amount is recognized in "Other operating expenses" in the Income Statement on a straight-line basis over the vesting period, with a corresponding adjustment to equity.
The fair value of stock options is calculated using the "Black & Scholes" model, which incorporates assumptions concerning the option strike price and term, implicit share price volatility and the risk-free interest rate. The expense recognized also takes into account staff attrition rates for eligible employee categories which are reviewed each year.

Performance shares

Performance shares were granted to a certain number of Group employees, subject to performance and continued employment conditions, as set out in Note 9 – Equity. Share grants become definitive after a vesting period of two or four years, depending on the geographic location of the subsidiaries employing the beneficiaries.

The shares are measured at fair value, corresponding to the value of the benefit granted to the employee at the grant date. This amount is recognized in “Other operating expenses” in the Income Statement on a straight-line basis over the vesting period, with a corresponding adjustment to equity.
The fair value of performance shares is calculated using the “Monte Carlo” model, which incorporates assumptions concerning the share price at the grant date, implicit share price volatility, the risk-free interest rate, the expected dividend yield and external performance conditions (market conditions). The expense recognized also takes into account staff attrition rates for eligible employee categories, which are reviewed each year, and internal performance conditions (non-market conditions).

b) Instruments proposed to employees

Redeemable share subscription or purchase warrants (BSAAR)
Redeemable share subscription or purchase warrants were proposed to employees and corporate officers of the Group. They confer entitlement to subscribe for Cap Gemini S.A. shares at a strike price determined at their date of acquisition by the employees and corporate officers of the Group. The exercise period commences the date of listing of the BSAAR warrants on the Euronext Paris market and terminates on the seventh anniversary of the issue date.
The issue price of these BSAAR warrants is equal to their market value and no benefit granted to beneficiaries is recognized in the consolidated accounts of the Company.

Employee savings plan
A leveraged employee share ownership plan offering the possibility to subscribe for shares at a discounted preferential rate was set up by the Group. When determining the IFRS 2 expense measuring the benefit granted to employees, the Group adjusts the amount of the discount granted by the Group to employees on the subscription price based on the following two items:
- the cost of the non-transferability of shares granted to employees during a period of five years. This cost is measured taking account of the five-year lock-in period. It corresponds to the cost of a two-stage strategy under which the market participant enters into a forward sale effective at the end of the five-year lock-in period and simultaneously borrows the amount necessary to buy a share available for immediate transfer. This borrowing is financed with the proceeds from the forward sale of the share and the dividends received during the lock-in period. This cost is calculated based on the following assumptions:
  - the subscription price is set by the Chief Executive Officer pursuant to the powers delegated by the Board of Directors. This subscription price is equal to the average Cap Gemini S.A. share price, adjusted for volumes, during the twenty trading days preceding the decision of the Chief Executive Officer, to which a discount is applied;
  - the grant date is the date at which employees are fully informed of the specific characteristics and terms and conditions of the offer and particularly the subscription price;
  - the loan rate granted to employees and used to determine the cost of the non-transferability of shares, is the rate at which a bank would grant a consumer loan repayable on maturity without allocation, to a private individual with an average risk profile, for a term corresponding to the term of the plan;
- the opportunity benefit reflecting the possibility granted to employees to benefit from market terms and conditions identical to those of the Group.

In those countries where an Employee Savings Mutual Fund (Fonds Commun de Placement Entreprise) cannot be set up or is not relevant, the employee share ownership plan (@ESOP) includes a Stock Appreciation Rights (SAR) mechanism. The benefit offered by the Group corresponds to the amount of the discount on the share subscription price.

P) Provisions

A provision is recognized in the Consolidated Statement of Financial Position at the year-end 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.

Q) Consolidated statement of cash flows

The Consolidated Statement of Cash Flows analyzes the year-on-year change in cash flows from operating, investing and financing activities.

Foreign currency cash flows are translated into euros at the average exchange rate for the year. Exchange gains or losses resulting from the translation of cash flows relating to foreign currency assets and liabilities at the year-end exchange rate are shown in “Effect of exchange rate movements on cash and cash equivalents” in the Statement of Cash Flows.

R) Operating segments

Group Management analyzes and measures activity performance:
- in the different businesses (Consulting Services, Technology Services, Local Professional Services and Outsourcing Services) and
- in the geographic areas where the Group is present.

The business analysis enables the transversal management and monitoring of resources and service production in 2010 in the eight strategic business units and therefore the roll-out of uniform expertise and know-how in all countries and regions.

The geographic analysis enables management to monitor the performance:
- of commercial development: it focuses on trends in major contracts and clients in Group markets across all its

businesses. This monitoring seeks to coordinate the service offering of the different businesses in the territories, given their considerable interaction and to measure the services rendered. These analyses are performed by Group Management within the Coordination Committee of the geographical area, which brings together the business managers operating in a given area;
- at operational and financial level: management of treasury and support services, the operating investment and financing policies and the acquisition policy are decided and implemented by geographic area.

This led the Group to present its segment reporting for the 8 geographical areas grouping together the countries where it is located.

Costs relating to operations and incurred by Group holding companies on behalf of geographic areas are allocated to the relevant segments either directly or on the basis of an allocation key. Items not allocated correspond to headquarter expenses.

Inter-segment transactions are carried out on an arm's length basis.

S) Exchange gains and losses on inter-company transactions

The results and financial position of a foreign subsidiary are included in the Group's consolidated financial statements using consolidation procedures, such as the elimination of inter-company balances and transactions. However, an inter-company short- or long-term monetary asset (or liability) cannot be eliminated against the corresponding inter-company 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, these exchange differences continue to be recognized in "Income statement" or "Income and expense recognized directly in equity" if the underlying forms an integral part of the net investment in the foreign operation.

NOTE 2 – CHANGES IN GROUP STRUCTURE

Acquisitions during fiscal year 2010

CPM Braxis

On October 6, 2010, the Group acquired 56.06% of the share capital of the number one IT service provider in Brazil, CPM Braxis S.A., for €224 million. CPM Braxis is fully consolidated since this date.
This acquisition was recognized using the partial goodwill method. As such, only the goodwill relating to the 56.06% investment acquired, provisionally valued at €226 million, was recognized in goodwill in the Consolidated Statement of Financial Position. The future acquisition of the residual 43.94% of share capital against which a put option has been granted to minority shareholders, will not generate any additional goodwill. This put option was recognized in liabilities through a reduction in reserves (attributable to owners of the Company) in the amount of €183 million at October 6, 2010.

At December 31, 2010, the provisional allocation of the acquisition price can therefore be summarized as follows:

in millions of euros	Historical cost	Fair value adjustments	Fair value
Goodwill	11	(11)	-
Intangible assets	11	42	53
Property plant and equipment	32	1	33
Deferred taxes	-	(14)	(14)
Inventories	6	-	6
Cash and cash equivalents	12	-	12
Long-term and short-term borrowings	(236)	-	(236)
Other assets and liabilities	142	-	142
Net assets at the acquisition date	**(22)**	**18**	**(4)**
Share of net assets acquired (56.06%)			**(2)**
Goodwill			**226**
Acquisition price, o/w:			**224**
Paid in cash and cash equivalents			*227*
Paid via the contribution of the Capgemini do Brazil Ltda business			*3*
Guaranteed net assets price adjustment to be deducted from the price and relating to the put option granted to Non-controlling interests on the remaining 43.94% of share capital			*(6)*
Acquisition-related costs expensed in the Income Statement			2.5
Employees at the acquisition date			5,487

Price adjustments clauses concerning the 56.06% investment acquired

The purchase agreement for the 56.06% investment includes two acquisition price adjustment clauses, one concerning a guaranteed minimum net asset amount and the other concerning vendor warranties for tax and employee-related disputes for which the trigger date is prior to the acquisition date. These price adjustments will be payable on the exercise date of the put option granted to minority shareholders and, as such, are recognized at December 31, 2010 as a deduction from the value of this option in “Other non-current liabilities” in the amount of €10 million.

Put option granted to CPM Braxis minority shareholders

In addition, on October 6, 2010, Capgemini Group granted minority shareholders in CPM Braxis a put option over the remaining 43.94% of share capital, which may be exercised between 2013 and 2015. This put option was valued at its fair value of €183 million (BRL425 million) and is recognized in the Consolidated Statement of Financial Position in “Other non-current liabilities” (see Note 22 – Other non-current liabilities) through a reduction in reserves (attributable to owners of the Company). Subsequent changes in this put option resulting from any changes in estimates or the unwinding of the discount will also be recognized through reserves (Equity attributable to owners of the Company).

Minority shareholders in CPM Braxis granted Capgemini Group in exchange a call option over the remaining 43.94% of share capital, which may be also exercised between 2010 and 2015.

Stock option plans granted to CPM Braxis employees

The put option includes the buyback of stock options granted under four plans issued on September 20 and October 6, 2010 by CPM Braxis to certain of its employees and available for exercise at the same time as the put option granted to minority shareholders. These stock options will be paid to the employees of CPM Braxis on the exercise of the minority interest put option, subject to their presence in the company at the final vesting dates. In this respect, the total estimated cost of €5 million (BRL11 million) is amortized on a straight-line basis over the period between the different grant and final vesting dates and is recognized in the Income Statement in “Other operating expenses”. The expense recognized in fiscal year 2010 is less than €1 million.

Recognition of non-controlling interests in CPM Braxis

The share of reserves attributable to the 43.94% non-controlling interests at the acquisition date is presented in equity. The share in net profit attributable to the 43.94% non-controlling interests from the acquisition date, is presented in the Income Statement on a separate line.

Other acquisitions during fiscal year 2010

IBX Group AB

On February 25, 2010, the Group purchased the entire share capital of IBX Group AB at a cost of €59 million. The IBX Group is a provider of e-purchasing solutions. It is based in Sweden and has operations in Europe and the United States. The group is fully consolidated.

At December 31, 2010, the provisional allocation of the acquisition price can be summarized as follows:

in millions of euros	Historical cost	Fair value adjustment	Fair value
Intangible assets	3	5	8
Property plant and equipment	1	-	1
Deferred taxes	5	(1)	4
Cash and cash equivalents	8	-	8
Other assets and liabilities	(3)	-	(3)
Net assets at the acquisition date	**14**	**4**	**18**
Goodwill			**41**
Acquisition price (paid in full in cash and cash equivalents)			**59**
Acquisition-related costs expensed in the Income Statement			n/m
Employees at the acquisition date			197

SSS Holdings Corporation Ltd.

On June 15, 2010, the Group purchased 51.17% of the share capital of Strategic Systems Solutions (SSS) Holdings Corporation Ltd., in addition to the 48.83% investment already held by the Group since 2007, following the acquisition of Kanbay International Inc. The UK-based SSS Group specializes in financial services and operates in the United States, Singapore, China and the Philippines. The acquisition cost of the 51.17% investment was €20 million. The fair value of the 48.83% investment previously held is €20 million (compared to €18 million previously recognized in shares in associates). This group is now fully consolidated.

At December 31, 2010, the provisional allocation of the acquisition price can be summarized as follows:

in millions of euros	Historical cost	Fair value adjustment	Fair value
Intangible assets	-	4	4
Property plant and equipment	2	-	2
Deferred taxes	-	(1)	(1)
Cash and cash equivalents	3	-	3
Other assets and liabilities	3	-	3
Net assets at the acquisition date	**8**	**3**	**11**
Goodwill			**29**
Acquisition price, o/w:			**40**
Acquisition of 51.17% (paid in full in cash and cash equivalents)			*20*
Fair value of 48.83% previously held			*20*
Acquisition-related costs expensed in the Income Statement			n/m
Employees at the acquisition date			696

Other acquisitions

The Group also purchased companies in the United States, France, Sweden, the Netherlands and India, representing a total headcount of 712 employees. The total cost of these acquisitions was €34 million. Acquisition-related costs recognized in the Income Statement totaled €1 million. These companies are all fully consolidated. The resulting goodwill totaled €34 million.

Exercise of the call option on Capgemini Business Services (India) Ltd.

On March 25, 2010, the Group completed the acquisition of Capgemini Business Services (India) Ltd., in which the Group has held a 51% shareholding since October 11, 2006, by exercising its call option over the remaining 49% shareholding held by Hindustan Lever Limited (Unilever Group) for an acquisition price of €15 million, including an earn-out of €5 million. As this company has been fully consolidated since the acquisition of the 51% shareholding in 2006, due to the existence of this call option, the acquisition of the remaining 49% did not modify the amount of goodwill and had no impact on the Income Statement.

Contribution of acquisitions during fiscal year 2010

The contribution of the companies acquired in 2010 to the Group's revenues totaled €184 million, including €120 million for CPM Braxis (estimated at €534 million if the companies had been acquired on January 1, 2010, including €426 million for CPM Braxis).
Their contribution to Group operating margin in 2010 was €3 million, including €4 million for CPM Braxis (estimated at €(10) million if the companies had been acquired on January 1, 2010, including €(10) million for CPM Braxis).
Their contribution to Group net profit in 2010 was €(8) million, including €(3) million for CPM Braxis (estimated at €(45) million if the companies had been acquired on January 1, 2010, including €(40) million for CPM Braxis).

Overview of major acquisitions in previous fiscal years

BAS B.V.

On December 1, 2008, the Group acquired Getronics Pinkroccade Business Application Services B.V. (BAS B.V), which had a headcount of 2,200 and is fully consolidated since this date. The total cost of this acquisition was €259 million.

NOTE 3 – REVENUES

	2008		2009		2010	
in millions of euros	Amount	%	Amount	%	Amount	%
North America	1,668	19	1,590	19	1,665	19
France	2,077	24	1,949	23	1,931	22
United Kingdom and Ireland	1,922	22	1,852	22	1,912	22
Benelux	1,303	15	1,397	17	1,314	16
Southern Europe and Latin America	449	5	434	5	599	7
Nordic countries	578	7	488	6	543	6
Germany and Central Europe	592	7	531	6	534	6
Asia-Pacific	121	1	130	2	199	2
REVENUES	**8,710**	**100**	**8,371**	**100**	**8,697**	**100**

The year-on-year increase in revenues in 2010 was 3.9% based on the year-end Group structure and exchange rates, compared to a decrease of -1.1% on a like-for-like basis (constant Group structure and exchange rates).

NOTE 4 – OPERATING EXPENSES BY NATURE

in millions of euros	2008 Amount	2008 % of revenues	2009 Amount	2009 % of revenues	2010 Amount	2010 % of revenues
Personnel costs	4,940	56.7	4,851	58.0	5,193	59.7
Travel expenses	389	4.5	330	3.9	370	4.2
	5,329	**61.2**	**5,181**	**61.9**	**5,563**	**63.9**
Purchases and sub-contracting expenses	2,138	24.6	2,082	24.9	2,042	23.5
Rent and local taxes	286	3.3	304	3.6	282	3.2
Depreciation, amortization and provisions and proceeds from asset disposals	213	2.4	209	2.5	223	2.6
OPERATING EXPENSES	**7,966**	**91.5**	**7,776**	**92.9**	**8,110**	**93.2**

Breakdown of personnel costs

in millions of euros	Note	2008	2009	2010
Wages and salaries		3,958	3,871	4,138
Payroll taxes		931	945	1,008
Pension costs related to defined benefit pension plans and other post-employment benefit expenses	*20*	51	35	47
PERSONNEL COSTS		**4,940**	**4,851**	**5,193**

NOTE 5 – OTHER OPERATING INCOME AND EXPENSE

in millions of euros	Note	2008	2009	2010
Restructuring costs		(103)	(213)	(71)
o/w Workforce reduction		*(68)*	*(151)*	*(44)*
o/w Real estate assets streamlining		*(21)*	*(52)*	*(19)*
o/w Rightshoring		*(14)*	*(10)*	*(8)*
Integration costs relating to acquired companies		(7)	(16)	(11)
Acquisition-related costs	*2*	na	na	(4)
Expenses relating to share subscriptions, share grants and stock options	*9*	(22)	(19)	(16)
Impairment of goodwill	*12*	(18)	(12)	-
Other operating income		20	7	6
Other operating expenses		(28)	(9)	(2)
OTHER OPERATING INCOME AND EXPENSE		**(158)**	**(262)**	**(98)**

Restructuring costs

2010 restructuring costs are considerably lower than costs incurred in 2009, when the economic context required the implementation of substantial workforce reduction measures and the streamlining of real estate assets, particularly in the Netherlands.

Integration cost relating to acquired companies

In 2010, these costs concern the definitive integration of the activities of BAS B.V. acquired at the end of 2008 and the integration costs relating to the various acquisitions of the period.

In 2009, these costs concerned the integration of BAS B.V. and in 2008 the finalization of the integration of Kanbay.

Other operating income and expenses

In 2008, other operating income was primarily generated by the transfer of responsibility for the defined benefit pension plan available to Canadian employees who joined the Group, under the Hydro One contract. Other operating expenses mainly concerned the closure to accrual of pensionable service of the main Capgemini UK Plc defined benefit plan and the early termination of the outsourcing agreement with TXU.

NOTE 6 – NET FINANCIAL EXPENSE

in millions of euros	Note	2008	2009	2010
Income from cash equivalents and cash management assets		68	22	20
Interest on borrowings		(39)	(31)	(42)
Finance costs at the nominal interest rate		**29**	**(9)**	**(22)**
Impact of amortized cost on borrowings		(27)	(34)	(32)
Finance costs at the effective interest rate		**2**	**(43)**	**(54)**
Net interest cost on defined benefit pension plans	*20*	(19)	(42)	(28)
Exchange gains (losses) on financial transactions	*19*	49	(66)	2
Currency derivative instruments on financial transactions	*19*	(48)	63	(2)
Interest rate derivative instruments	*19*	5	(2)	-
Other		(8)	(3)	(5)
Other financial income and expense		**(21)**	**(50)**	**(33)**
o/w financial expense		*(107)*	*(125)*	*(55)*
o/w financial income		*86*	*75*	*22*
NET FINANCIAL EXPENSE		**(19)**	**(93)**	**(87)**

Interest on borrowings mainly comprises:

- the coupons on “OCEANE 2005” and “OCEANE 2009” bonds convertible/ exchangeable into new or existing Cap Gemini shares, in the amount of €24 million;
- interest on finance leases of €8 million (primarily in the United Kingdom, France and Canada);
- interest on bank loans of €10 million (primarily CPM Braxis).

The decrease in income from cash equivalents and cash management assets essentially results from a significant decline in returns on 2010 short-term investments, mainly in Cap Gemini S.A. The average return on short-term investments in Cap Gemini S.A. was 0.9% in 2010 compared to 1.3% in 2009.

In other financial income and expense, currency derivative instruments on financial transactions mainly concern fair value gains and losses on currency swaps hedging an inter-company loan granted by Capgemini UK Plc. to Cap Gemini S.A. and an inter-company loan granted by Cap Gemini S.A. to Capgemini North America Inc.

The decrease in the net interest cost on defined benefit pension plans is analyzed in Note 20 – Provisions for pensions and other post-employment benefits.

NOTE 7 – INCOME TAX EXPENSE

in millions of euros	Note	2008	2009	2010
Current income taxes		(87)	(24)	(71)
Deferred taxes	*13*	(29)	(37)	(53)
INCOME TAX EXPENSE		**(116)**	**(61)**	**(124)**

In 2010, the current income tax expense includes the Corporate Value-Added Contribution *(Cotisation sur la Valeur Ajoutée des Entreprises, CVAE)*, a new tax introduced in France by the 2010 Finance Act, in the amount of €25 million.

The difference between the French standard rate of income tax and the effective Group tax rate can be analyzed as follows:

		2008		2009		2010	
in millions of euros	Note	Amount	%	Amount	%	Amount	%
Profit before tax		**567**		**240**		**402**	
Standard tax rate in France (%)		**34.4**		**34.4**		**34.4**	
Tax expense at the standard rate		**(195)**	**34.4**	**(83)**	**34.4**	**(138)**	**34.4**
Difference in tax rates between countries		**18**	**(3.1)**	**7**	**(2.9)**	**9**	**(2.3)**
Impact of:							
Deferred tax assets not recognized on temporary differences and tax loss carry-forwards arising in the period		8	(1.4)	1	(0.6)	(9)	2.3
Revaluation of deferred tax assets generated in France	*13*	45	(7.9)	-	-	-	-
Net recognition of deferred tax assets on temporary differences and tax loss carry-forwards arising prior to January 1		42	(7.4)	16	(6.5)	24	(6.1)
Utilization of previously unrecognized tax loss carry-forwards		2	(0.4)	3	(1.3)	6	(1.5)
Adjustments to prior years		1	(0.2)	29	(12.1)	9	(2.3)
Minimum income tax charge		(15)	2.6	(13)	5.1	(38)	9.3
Permanent differences and other items		(22)	3.9	(21)	9.4	13	(2.9)
ACTUAL TAX EXPENSE		**(116)**	**20.5**	**(61)**	**25.5**	**(124)**	**30.9**
Effective rate of income tax (%)		**20.5**		**25.5**		**30.9**	

NOTE 8 – EARNINGS PER SHARE

Basic earnings per share

	2008	2009	2010
Profit for the year (in millions of euros)	451	178	280
Weighted average number of ordinary shares	143,424,188	145,153,387	152,979,307
BASIC EARNINGS PER SHARE (IN EUROS)	**3.14**	**1.23**	**1.83**

The year-on-year increase in the average number of shares between 2009 and 2010 reflects principally shares issued following share ownership plan (@ESOP) emission in December 2009 and shares issued upon the exercise of stock options held by employees.

Diluted earnings per share

Diluted earnings per share are calculated by assuming conversion into ordinary shares of all dilutive instruments outstanding at the period end. The average share price in 2010 was €35.78.

At December 31, 2010, instruments considered dilutive for the purpose of calculating diluted earnings per share include:

- shares falling within the scope of the 2009 and 2010 performance share plans and not subject to any performance conditions;
- performance shares subject to market performance conditions contained in the 2009 plan. As the performance of the Cap Gemini share since the grant date, at December 31, 2010, is between 96% and 97% of the performance of the reference basket, 355,320 performance shares would have been granted at December 31 if the performance measurement period ended at that date;
- the 11,810,809 "OCEANE 2005" convertible bonds issued on June 16, 2005, as the €14 million interest expense recorded (net of taxes) on the bonds is lower per bond than basic earnings per share. These bonds are convertible at any time until the seventh business day preceding January 1, 2012, when they will be redeemable at a price of €41.90 per bond, representing 113,2% of their par value;
- the 16,911,765 "OCEANE 2009" convertible bonds issued on April 20, 2009, as the €23 million interest expense recorded (net of taxes) is lower per bond than basic earnings per share. These bonds are convertible at any time until the seventh business day preceding January 1, 2014, when they will be redeemable at par.

The following financial instruments are not considered dilutive:

- performance shares subject to market performance conditions contained in the 2010 plan. As the performance of the Cap Gemini share since the grant date, at December 31, 2010, is below 90% of the performance of the reference basket, no performance shares would have been granted if the performance measurement period ended at that date;
- employee stock options, which are not considered to be potentially dilutive when the average price of ordinary shares during the period is inferior to the strike price of the options including fair value;
- the Redeemable Share Subscription or Purchase Warrants, since the aggregate of the €34 strike price and €3.22 issue premium is higher than the average market price of the Cap Gemini share in 2010.

in millions of euros	2008	2009	2010
Profit for the year	**451**	**178**	**280**
Interest expense on "OCEANE 2005" bonds (net of taxes)	13	14	37
Diluted profit for the year	**464**	**192**	**317**
Weighted average number of ordinary shares (diluted)			
Weighted average number of ordinary shares	143,424,188	145,153,387	152,979,307
Adjusted for:			
"OCEANE 2005" convertible/exchangeable bonds (weighted average)	11,810,809	11,810,809	11,810,809
"OCEANE 2009" convertible/exchangeable bonds (weighted average)	-	-	16,911,765
employee stock options	1,231,782	36,428	-
performance shares that can be exercised	-	64,750	537,320
Weighted average number of ordinary shares (diluted)	**156,466,779**	**157,065,374**	**182,239,201**
Diluted earnings per share (in euros)	**2.97**	**1.22**	**1.74**

NOTE 9 – EQUITY

Incentive instruments and employee share ownership

Stock option plans

At the May 23, 2000 and May 12, 2005 Combined Shareholders' Meetings, the Board of Directors was given a five-year authorization in respect of the May 23, 2000 plan ("2000 Plan"), and a 38-month authorization in respect of the May 12, 2005 plan ("2005 Plan"), to grant stock options to certain Group employees on one or several occasions.

The Group has no contractual or constructive obligations to purchase or settle the options in cash.

In the event of a notice of authorization of a takeover bid 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 main features of these plans and their bases of calculation are set out in the table below:

	2000 Plan	2005 Plan	Total
Date of Combined 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, 2005	
Deadline for exercising stock options after their grant date (based on progressive tranches)	6 years then 5 years as from October 1, 2001	5 years	
Strike price as a % of the average share price over the 20 stock market trading days preceding the grant date	80% then 100% as from October 1, 2001	100%	
Subscription price (per share and in euros) of the various stock option grants:			
Low	*Plan closed*	*30.00*	
High		*55.00*	
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2009	507,037	5,039,645	5,546,682
Number of new stock options granted during the year	Plan expired	Plan expired (1)	
Number of options forfeited or cancelled in 2010	23,922	447,294	471,216
Number of options exercised in 2010	483,115 (2)	1,109,851 (3)	1,592,966
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2010	-	3,482,500 (4)	3,482,500
Residual weighted average life (in years)	Plan expired	1.31	

(1) Last stock options granted on June 1, 2008 at a price of €40.50.
(2) At December 31, 2010, 483,115 stock options granted at €27 had been exercised.
(3) Stock options granted at a price of €30, offer now closed.
(4) Representing 1,553,000 shares at a price of €43, 165,000 shares at €55, 1,593,500 shares at €44 and 171,000 shares at €40.50.

Summary	2000 Plan	2005 Plan				
Grant dates	April 1, 2005	October 1, 2005	October 1, 2006	April 1, 2007	October 1, 2007	June 1, 2008
Number of shares initially granted	1,623,000	1,915,500	2,067,000	400,000	1,932,500	219,000
Of which granted to executive corporate officers	-	*50,000*	*50,000*	-	-	-
Subscription price (per share and in euros) of the various stock option grants	27	30	43	55	44	40.5
Share price at the grant date	27.06	32.59	41.84	57.00	42.98	43.37
Number of shares subscribed at December 31, 2010	1,098,777	1,295,306	1,100	-	-	-
Principal market conditions at the grant date:						
Volatility	*32.4-33.8%*	*27.4-29.4%*	*32.4-35.9%*	*31.7-32.7%*	*34.8-35.7%*	*41.2-42.3%*
Average length of the option exercise period (in years)	*3-4.25*	*3-4.25*	*3-4.25*	*3-4.25*	*3-4.25*	*3-4.25*
Risk-free interest rate	*2.2-2.9%*	*2.3-2.7%*	*3.5-3.6%*	*4.1-4.2%*	*4.1%*	*4.3-4.4%*
Expected dividend rate	*1%*	*1%*	*1%*	*1.5%*	*1.5%*	*2.3%*
Off-market conditions:						
Employee presence within the Group at the exercise date	*yes*	*yes*	*yes*	*yes*	*yes*	*yes*
Other	*no*	*no*	*no*	*no*	*no*	*no*
Pricing model used to calculate stock option fair values	Black & Scholes model					
Range of fair values in euros	6.2-7.8	7.6-9.4	10.7-11.7	14.5-17.1	10.6-12.6	13.5-15.3
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2010	-	-	1,553,000	165,000	1,593,500	171,000

Impact on the financial statements

An expense of €6 million was recognized in 2010 in “Other operating expenses”. The residual amount to be amortized between 2011 and 2012 in respect of active option grants is €2 million.

Performance share plan

The Combined Shareholders’ Meetings of April 17, 2008 and April 30, 2009, authorized the Board of Directors to grant shares to a certain number of Group employees, on one or several occasions and within a maximum period of 12 months and 18 months, respectively, subject to certain performance and presence conditions within the Group. On March 5, 2009 and then on September 15, 2010, the Board of Directors approved the terms and conditions and the list of beneficiaries of the first and the second plan.

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The main features of these plans are set out in the table below:

Summary	2009 Plan	Of which corporate officers	2010 Plan	Of which corporate officers
Date of Combined Shareholders' Meeting	April 17, 2008		April 30, 2009	
Total number of shares to be granted	1% of the share capital on the date of the Board of Directors' decision, i.e. a maximum of 1,458,860 shares		1% of the share capital on the date of the Board of Directors' decision, i.e. a maximum of 1,557,703 shares	
Total number of shares granted	1,148,250 (1)		1,555,000	
Date of the Board of Directors' decision	March 5, 2009		October 1, 2010	
Performance assessment dates	At the end of the first and second years following the grant date		At the end of the first and second years following the grant date	
Vesting period	Two years as from the grant date (France) or four years as from the grant date (other countries)		Two years as from the grant date (France) or four years as from the grant date (other countries)	
Mandatory lock-in period effective as from the vesting date (France only)	Two years, or five years in the event of departure from the Group during the two years following the vesting date		Two years, or five years in the event of departure from the Group during the two years following the vesting date	
Number of shares subject to performance and presence conditions granted during the year	-	50,000 (2)	1,555,000 (4)	- (6)
Number of options forfeited or canceled during the year	63,750		3,000	
Number of shares at December 31, 2010 that may be definitively allocated under this plan in respect of shares previously granted, subject to performance and presence conditions	1,046,000 (3)	50,000	1,552,000 (5)	-
Share price at the grant date (in euros)	23.30		37.16	
Main market conditions at the grant date:				
Volatility *Risk-free interest rate* *Expected dividend rate*	*42.7 %* *1.4 %* *3.0 %*		*42.8 %* *1.67 %* *3.0 %*	
Other conditions:				
Performance conditions *Employee presence within the Group at the vesting date*	*Yes (see below)* *Yes*		*Yes (see below)* *Yes*	
Pricing model used to calculate the fair values of shares	- Monte Carlo for performance share - Black& Scholes for bonus shares		- Monte Carlo for performance shares with external (market) conditions - Black& Scholes for shares granted without conditions or with internal performance conditions	
Range of fair values in euros:				
Bonus shares (per share and in euros) *Performance shares (per share and in euros)*	*20.7 - 21.9* *16.5 - 17.53*	*17.53*	*32.3 – 32.96* *21.54 – 21.97*	

(1) Of which 64,750 shares granted without performance conditions (5.6% of the total) pursuant to the relevant resolution (authorization capped at 15% of the total).
(2) Shares subject to performance conditions only.
(3) Of which 59,000 shares granted without performance conditions.
(4) Of which 124,000 shares granted without performance conditions (8% of the total) pursuant to the relevant resolution (authorization capped at 15% of the total).
(5) Of which 123,000 shares granted without performance conditions.
(6) No performance shares granted in 2010.

Performance conditions of the 2009 plan

The exact number of shares vesting at the end of the vesting period will be equal to the maximum number of shares initially granted, multiplied by a percentage (from 0% to 100%) corresponding to the chosen performance measurement criteria. The performance of the Cap Gemini share, measured over the first two years, compared to the average performance of a basket of ten securities of listed companies, measured over the same period and representative of the Group's business sector in at least five countries in which the Group is firmly established, will ultimately condition the vesting of the shares.

The definitive allocation will depend on the relative performance of the Cap Gemini share in relation to the basket of comparable securities:

- no shares will be granted if the performance of the Cap Gemini share during the period in question is less than 90% of the average performance of the basket of securities over the same period;
- the number of shares that will ultimately vest:
  - will be equal to 60% of the number of shares initially allocated if the performance of the Cap Gemini share is equal to 90% of the basket;
  - will vary on a straight-line basis between 60% and 100% of the initial allocation, based on a predefined schedule, where the performance of the Cap Gemini share is between 90% and 110% of the basket;
  - will be equal to 100% of the number of shares initially allocated if the performance of the Cap Gemini share is higher than or equal to 110% of the basket.

Performance conditions of the 2010 plan

In accordance with the AMF recommendation of December 8, 2009 regarding the inclusion of internal and external performance conditions when granting performance shares, the Board of Directors decided to add an internal condition to the external condition initially planned.

External performance condition:

The external performance condition is calculated in the same way as under the first plan, except for the grant thresholds which have been tightened compared to the first plan. As such:

- no shares will be granted if the performance of the Cap Gemini S.A. share during the period in question is less than 90% of the average performance of the basket of securities over the same period;
- the number of shares that will ultimately vest:
  - will be equal to 40% of the number of shares initially allocated if the performance of the Cap Gemini S.A. share is at least equal to 90% of the basket;
  - will be equal to 60% of the number of shares initially allocated if the performance of the Cap Gemini S.A. share is equal to 100% of the basket;
  - will vary on a straight-line basis between 40% and 60% and between 60% and 100% of the initial allocation, based on a predefined schedule, where the performance of the Cap Gemini S.A. share is between 90% and 100% of the basket in the first case and 100% and 110% of the basket in the second case;
  - will be equal to 100% of the number of shares initially allocated if the relative performance of the Cap Gemini S.A. share is higher than or equal to 110% of the basket.

Under these conditions, if the performance of the Cap Gemini S.A. share is in line with that of the basket of comparable shares, only 60% of the initial allocation will be granted compared to 80% under the first plan.

The external performance condition accounts for 70% of the grant calculation.

Internal performance condition:

The internal performance condition is based on the progression in the 2011 audited and published operating margin of Capgemini Group compared with the 2010 operating margin at constant Group structure and exchange rates.

The performance calculation will be performed once the 2011 accounts have been approved, by comparing the percentage increase in the 2011 audited and published operating margin of Capgemini Group compared with the 2010 audited and published operating margin at constant Group structure and exchange rates. Based on the percentage increase calculated in this way:

- no shares will be granted in respect of the internal performance condition if the increase in the operating margin thus calculated is less than 12%;
- the number of shares that will ultimately vest:
  - will be equal to 40% of the number of shares initially allocated if the increase is between 12% and 13.5%;
  - will be equal to 60% of the number of shares initially allocated if the increase is between 13.5% and 15%;
  - will be equal to 100% of the number of shares initially allocated if the increase is greater than or equal to 15%.

The internal performance condition accounts for 30% of the grant calculation.

The fair value of shares subject to external performance conditions was adjusted for a discount calculated in accordance with the Monte Carlo model, together with a discount for non-transferability for the shares granted in France.

The fair value of shares subject to internal performance conditions is taken into account assuming 100% realization, to which an adjustment may be applied depending on the effective realization or not of this performance condition, and together with a discount for non-transferability for the shares granted in France.

Impact on the financial statements

An expense of €9 million was recognized in 2010 in "Other operating expenses" in respect of performance shares (including employer contributions). The residual amount to be amortized between 2011 and 2014 in respect of this plan is €38 million.

Redeemable share subscription or purchase warrants *(bons de souscription et / ou d'acquisition d'actions remboursables – bsaar)* (reminder 2009)

During 2009, 2,999,000 warrants were subscribed by employees and corporate officers of the Group (at a price of €3.22 per warrant), generating income net of issue costs of €9 million. The exercise period begins on the date on which the warrants are admitted to trading on Euronext Paris and ends on the seventh anniversary of the issue date. The warrants will be listed on July 23, 2013. Between July 23, 2009 and the date the warrants are admitted to trading on Euronext Paris, they may not be exercised or transferred except under the conditions specified in the issue agreement (namely in the event of a takeover bid for Cap Gemini S.A. shares). The issue was disclosed in a prospectus approved by the AMF on May 14, 2009 under reference number 09-140.

Employee share ownership plan - @ESOP (reminder 2009)

In the second half of 2009, the Group set-up an employee share ownership plan (@ESOP). On December 16, 2009, the Group issued 5,999,999 new shares reserved for employees with a par value of €8, representing a share capital increase of €164 million. The total cost of this employee share ownership plan in 2009 was €1 million and was the result of a mechanism granting employees entitlement to capital gains on shares in countries where the set-up of an Employees Savings Mutual Fund (FCPE) was not possible or appropriate.

Treasury shares and management of share capital and market risks

The Group does not hold any shares for financial investment purposes and does not have any interests in listed companies. However, at December 31, 2010, under the share buyback program Cap Gemini S.A. holds:

- 175,000 treasury shares following the implementation of a liquidity agreement (the associated liquidity line amounts to €10 million); the related share buyback program was described in a prospectus published on May 12, 2010;
- 2,000,000 treasury shares representing 1.3% of the share capital at December 31, 2010, purchased between January 17 and 25, 2008, at an average price of €34.48 euros. These share buybacks concern the hedging of instruments conferring access to the share capital issued by the Company and are aimed in particular at neutralizing part of the dilutive effect of Group employee share-based incentive instruments.

At December 31, 2010, the value of these treasury shares was deducted from consolidated equity in the amount of €81 million. In view of the small number of treasury shares held, the Group is not therefore exposed to significant equity risk. Finally, as the value of treasury shares is deducted from equity, changes in the share price have no impact on the Consolidated Income Statement.

The Group's capital management strategy is designed to maintain a strong capital base in view of supporting the continued development of its business activities and delivering a return to shareholders, while adopting a prudent approach to debt as evidenced by the use of the debt-to-equity ratio as a key performance indicator. At December 31, 2008, 2009 and 2010, the Group had a positive net cash position. In order to preserve and control the structure of its capital, the Group can issue new shares, buy back its own shares or adjust the dividend paid to shareholders.

Currency risk and translation gains and losses on the accounts of subsidiaries with a functional currency other than the euro

Regarding risks arising on the translation of the foreign currency accounts of consolidated subsidiaries, as a substantial proportion of the Group's consolidated revenues are generated in the UK and the US (22% and 16% respectively in 2010), fluctuations of the pound sterling and the dollar against the euro may have an impact on the consolidated financial statements. The positive impact on translation reserves is mainly due to the appreciation of the US dollar against the euro during 2010.
For example, a 10% fluctuation in the pound sterling-euro exchange rate would trigger a corresponding 2% change in revenues and 2.5% change in operating margin. Similarly, a 10% fluctuation in the dollar-euro exchange rate would trigger a corresponding 1.5% change in revenues and a 1% change in operating margin.

The Group does not hedge risks arising on the translation of the foreign currency accounts of consolidated subsidiaries whose functional currency is not the euro. The main exchange rates used for the preparation of the financial statements are presented in Note 1 – Accounting policies, B) Foreign currency translation.

NOTE 10 – GOODWILL AND INTANGIBLE ASSETS

in millions of euros	Note	Goodwill	Customer relationships	Licenses and software	Other intangible assets	Total
GROSS VALUE						
At January 1, 2008		**2,599**	**104**	**130**	**161**	**2,994**
Translation adjustments	9	(89)	1	(15)	(3)	(106)
Acquisitions / Increase		-	6	19	1	26
Internal developments		-	-	-	6	6
Disposals / Decrease		-	-	(5)	(5)	(10)
Business combinations	2	261	29	1	3	294
Other movements		-	-	(1)	(5)	(6)
At December 31, 2008		**2,771**	**140**	**129**	**158**	**3,198**
Translation adjustments	9	27	1	4	1	33
Acquisitions / Increase		-	-	16	4	20
Internal developments		-	-	-	6	6
Disposals / Decrease		-	(5)	(15)	(6)	(26)
Business combinations	2	11	3		(1)	13
Other movements		(9)	(8)	(9)	-	(26)
At December 31, 2009		**2,800**	**131**	**125**	**162**	**3,218**
Translation adjustments	9	122	9	7	3	141
Acquisitions / Increase		-	-	16	4	20
Internal developments		-	-	-	7	7
Disposals / Decrease		-	(28)	(4)	(10)	(42)
Business combinations	2	330	52	31	16	429
Other movements		(1)	-	(2)	-	(3)
At December 31, 2010		**3,251**	**164**	**173**	**182**	**3,770**
ACCUMULATED AMORTIZATION						
At January 1, 2008			**35**	**97**	**82**	**214**
Translation adjustments	9		-	(12)	(2)	(14)
Additions			18	19	49	86
Disposals			-	(4)	(3)	(7)
Business combinations	2		-	-	-	-
Other movements			-	1	(2)	(1)
At December 31, 2008			**53**	**101**	**124**	**278**
Translation adjustments	9		-	4	-	4
Additions			17	17	8	42
Disposals			(5)	(14)	(6)	(25)
Business combinations	2		-	-	1	1
Other movements			-	(8)	-	(8)
At December 31, 2009			**65**	**100**	**127**	**292**
Translation adjustments	9		3	6	2	11
Additions			20	18	10	48
Disposals			(28)	(4)	(8)	(40)
Business combinations	2		-	20	9	29
Other movements			-	(1)	-	(1)
At December 31, 2010			**60**	**139**	**140**	**339**
IMPAIRMENT						
At January 1, 2008		**22**	**-**	**4**	**6**	**32**
Translation adjustments	9	(2)	-	-	-	(2)
Additions		24	-	-	2	26
Disposals		-	-	-	-	-
Business combinations	2	-	-	-	-	-
Other movements		1	-	(3)	-	(2)
At December 31, 2008		**45**	**-**	**1**	**8**	**54**
Translation adjustments	9	1	-	-	-	1
Additions		12	-	-	1	13
Disposals		-	-	-	-	-
Business combinations	2	-	-	-	-	-
Other movements		(8)	-	-	-	(8)
At December 31, 2009		**50**	**-**	**1**	**9**	**60**
Translation adjustments	9	-	-	-	-	-
Additions		-	-	-	-	-
Disposals		-	-	-	-	-
Business combinations	2	-	-	-	1	1
Other movements		-	-	-	-	-
At December 31, 2010		**50**	**-**	**1**	**10**	**61**
NET						
AT DECEMBER 31, 2008		**2,726**	**87**	**27**	**26**	**2,866**
AT DECEMBER 31, 2009		**2,750**	**66**	**24**	**26**	**2,866**
AT DECEMBER 31, 2010		**3,201**	**104**	**33**	**32**	**3,370**

Intangible assets purchased under finance lease

Net *(in millions of euros)*	Note	2008	2009	2010
AT JANUARY 1		**3**	**2**	**3**
Translation adjustments	*9*	(1)	-	-
Acquisitions / Increase		2	1	3
Disposals / Decrease		(1)	-	-
Amortization		(1)	-	(2)
AT DECEMBER 31		**2**	**3**	**4**

The substantial increase in goodwill and customer relationships is attributable to the various acquisitions performed during the period and presented in Note 2 – Changes in Group structure (€382 million) and translation adjustments (€128 million).

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

in millions of euros	Note	Land, buildings, fixtures and fittings	Computer equipment	Other property, plant and equipment	Total
GROSS VALUE					
At January 1, 2008		**447**	**433**	**132**	**1,012**
Translation adjustments	*9*	(27)	(34)	(9)	(70)
Acquisitions / Increase		42	87	16	145
Disposals / Decrease		(27)	(84)	(7)	(118)
Business combinations	*2*	5	1	-	6
Other movements		(10)	(10)	(3)	(23)
At December 31, 2008		**430**	**393**	**129**	**952**
Translation adjustments	*9*	7	12	3	22
Acquisitions / Increase		41	85	13	139
Disposals / Decrease		(21)	(98)	(7)	(126)
Business combinations	*2*	-	-	1	1
Other movements		2	31	(7)	26
At December 31, 2009		**459**	**423**	**132**	**1,014**
Translation adjustments	*9*	14	22	10	46
Acquisitions / Increase		66	80	23	169
Disposals / Decrease		(16)	(105)	(4)	(125)
Business combinations	*2*	34	89	15	138
Other movements		(23)	(5)	12	(16)
At December 31, 2010		**534**	**504**	**188**	**1,226**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At January 1, 2008		**201**	**276**	**93**	**570**
Translation adjustments	*9*	(17)	(21)	(6)	(44)
Additions		34	82	9	125
Disposals		(25)	(68)	(5)	(98)
Business combinations	*2*	1	-	-	1
Other movements		(16)	(8)	-	(24)
At December 31, 2008		**178**	**261**	**91**	**530**
Translation adjustments	*9*	4	8	2	14
Additions		35	75	11	121
Disposals		(17)	(77)	(5)	(99)
Business combinations	*2*	-	-	1	1
Other movements		-	28	(2)	26
At December 31, 2009		**200**	**295**	**98**	**593**
Translation adjustments	*9*	5	16	5	26
Additions		41	74	14	129
Disposals		(14)	(94)	(4)	(112)
Business combinations	*2*	12	82	7	101
Other movements		(14)	(3)	7	(10)
At December 31, 2010		**230**	**370**	**127**	**727**
NET					
AT DECEMBER 31, 2008		**252**	**132**	**38**	**422**
AT DECEMBER 31, 2009		**259**	**128**	**34**	**421**
AT DECEMBER 31, 2010		**304**	**134**	**61**	**499**

Property, plant and equipment purchased under finance lease

Net *(in millions of euros)*	**Note**	**2008**	**2009**	**2010**
AT JANUARY 1		**150**	**140**	**153**
Translation adjustments	*9*	(10)	3	3
Acquisitions / Increase		40	42	49
Disposals / Decrease		(9)	(1)	(6)
Depreciation and impairment		(41)	(38)	(45)
Business combinations	*2*	-	-	4
Other movements		10	7	(1)
AT DECEMBER 31		**140**	**153**	**157**

NOTE 12 – ASSET IMPAIRMENT TESTS

Goodwill was tested for impairment at December 31, 2010 in line with the Group procedure for verifying the value of such 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: five years, based on data taken from the budget process for the first year and from the three-year strategic plan for the next two years, with extrapolation of this data for the remaining period;
- long-term growth rate used to extrapolate to perpetuity final year estimated cash flows: 2.3% (unchanged on 2009);
- discount rate: 9.2% for North America, 9.3% for the United Kingdom and 9.6% for other cash-generating units (respectively 9.8%, 10.1% and 10.2% in 2009).

The long-term growth and discount rates are based on the average of a representative sample of projections by financial analysts who use these indicators to value the Group. In 2010, the Group used estimates produced by 11 financial analysts, 10 of whom were already included in the group of 12 financial analysts called on in 2009. The change in discount rates arises from the three components used for the calculation: the risk-free rates, the risk premium and the volatility of the Cap Gemini share price in relation to changes in its listed market ("beta").

No impairment losses were recognized at December 31, 2010 as a result of these impairment tests.

An analysis of the calculation's sensitivity to a combined change in the key parameters (operating margin, discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenario where the recoverable amount of one of the CGUs would fall below its carrying amount.

Goodwill per cash-generating unit

The cash-generating units adopted by the Group correspond to geographic areas representing the Group's major markets and the main lines of development and strategic investment.

	December 31, 2008			**December 31, 2009**			**December 31, 2010**		
in millions of euros	**Gross value**	**Impairment**	**Net carrying amount**	**Gross value**	**Impairment**	**Net carrying amount**	**Gross value**	**Impairment**	**Net carrying amount**
North America	530	(6)	524	528	(6)	522	599	(6)	593
Benelux	778	(12)	766	781	(12)	769	796	(12)	784
France	638	(1)	637	644	(1)	643	658	(1)	657
United Kingdom and Ireland	436	(7)	429	453	-	453	515	-	515
Southern Europe and Latin America	33	-	33	33	-	33	270	-	270
Nordic countries	125	-	125	130	-	130	158	-	158
Germany and Central Europe	210	(19)	191	206	(31)	175	214	(31)	183
Asia-Pacific	21	-	21	25	-	25	41	-	41
GOODWILL	**2,771**	**(45)**	**2,726**	**2,800**	**(50)**	**2,750**	**3,251**	**(50)**	**3,201**

NOTE 13 – DEFERRED TAXES

Recognized deferred taxes

Change in deferred tax assets

in millions of euros	Note	Tax loss carry-forwards	Acquisition of Ernst & Young's consulting business	Provisions for pensions and other post-employment benefits	Other deductible temporary differences	Total deferred tax assets
AT JANUARY 1, 2008		**601**	**112**	**116**	**78**	**907**
Translation adjustments	*9*	(6)	3	(28)	-	(31)
Deferred tax expense recognized in the Income Statement	*7*	(4)	-	(6)	(21)	(31)
Deferred tax expense recognized in equity		-	-	16	2	18
AT DECEMBER 31, 2008		**591**	**115**	**98**	**59**	**863**
Business combinations		-	-	-	23	23
Translation adjustments	*9*	1	-	8	3	12
Deferred tax expense recognized in the Income Statement	*7*	(55)	-	(4)	11	(48)
Deferred tax expense recognized in equity		-	-	39	(2)	37
AT DECEMBER 31, 2009		**537**	**115**	**141**	**94**	**887**
Business combinations		7	-	-	1	8
Translation adjustments	*9*	3	8	8	4	23
Deferred tax expense recognized in the Income Statement	*7*	(45)	-	(9)	2	(52)
Deferred tax expense recognized in equity		-	-	26	(1)	25
AT DECEMBER 31, 2010		**502**	**123**	**166**	**100**	**891**

Change in deferred tax liabilities

in millions of euros	Note	Tax-deductible goodwill amortization	Customer relationships resulting from business combinations	Amortized cost of OCEANE convertible/ exchangeable bonds	Other taxable temporary differences	Total deferred tax liabilities
AT JANUARY 1, 2008		**47**	**26**	**16**	**49**	**138**
Business combinations		-	1	-	-	1
Translation adjustments	*9*	-	-	-	-	-
Deferred tax expense recognized in the Income Statement	*7*	(2)	(2)	(5)	7	(2)
Deferred tax expense recognized in equity		-	-	-	1	1
AT DECEMBER 31, 2008		**45**	**25**	**11**	**57**	**138**
Business combinations		-	4	-	-	4
Translation adjustments	*9*	-	-	-	2	2
Deferred tax expense recognized in the Income Statement	*7*	4	(9)	(11)	5	(11)
Deferred tax expense recognized in equity		-	-	20	-	20
AT DECEMBER 31, 2009		**49**	**20**	**20**	**64**	**153**
Business combinations		-	17	-	1	18
Translation adjustments	*9*	2	1	-	4	7
Deferred tax expense recognized in the Income Statement	*7*	-	(5)	(9)	15	1
Deferred tax expense recognized in equity		-	-	-	(1)	(1)
AT DECEMBER 31, 2010		**51**	**33**	**11**	**83**	**178**

Deferred tax assets arising from tax loss carry-forwards (excluding the United States)

Recognized tax loss carry-forwards (excluding the United States) total €502 million at December 31, 2010. They include tax losses of €438 million attributable to the France tax grouping (compared to €489 million at December 31, 2009). These tax loss carry-forwards are recognized in the accounts given the availability of sufficient future taxable profits within a reasonable timeframe.

Deferred tax assets arising from the acquisition of Ernst & Young's consulting business in the United States

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 (€3,017 million at December 31, 2010) is amortized over 15 years for tax purposes, representing an income tax saving of €1,176 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 ordinary tax losses that may be carried forward over a period of 20 years. The recognized deferred tax asset totals €123 million (USD 164 million) and is assessed based on estimated taxable profit of the Group's North American operations, using growth and profitability rates and a timeframe considered reasonable.

Unrecognized deferred tax assets

At December 31 *(in millions of euros)*	2008	2009	2010
Tax loss carry-forwards	267	233	318
Acquisition of Ernst & Young's consulting business	975	971	1,053
Deductible temporary differences	138	146	135
UNRECOGNIZED DEFERRED TAX ASSETS	**1,380**	**1,350**	**1,506**

Expiry dates of tax loss carry-forwards (taxable base)

	2008		2009		2010	
At December 31 *(in millions of euros)*	Amount	%	Amount	%	Amount	%
Y+1	79	2	9	-	11	-
Y+2	31	1	14	1	11	-
Y+3	16	-	7	-	5	-
Y+4	7	-	5	-	7	-
Y+5	11	-	10	-	30	1
Beyond 5 years	3,964	97	4,086	99	4,544	99
TAX LOSS CARRY-FORWARDS (TAXABLE BASE)	**4,108**	**100**	**4,131**	**100**	**4,608**	**100**

Tax loss carry-forwards do not include tax-deductible amortization charges recorded against goodwill arising on the acquisition of Ernst & Young's consulting business, amounting to €841 million at December 31, 2010.

NOTE 14 – OTHER NON-CURRENT ASSETS

At December 31 *(in millions of euros)*	Note	2008	2009	2010
Shares in associates		21	16	-
Shares in non-consolidated companies		2	1	1
Deposits, receivables and other long-term investments		43	58	88
Derivative instruments	*19*	1	3	5
Pension plans with funding surpluses	*20*	5	21	3
Other		19	13	18
OTHER NON-CURRENT ASSETS		**91**	**112**	**115**

On June 15, 2010, the Group purchased 51.17% of Strategic Systems Solutions (SSS) Holdings Corporation Ltd., in addition to the 48.83% investment already held as a result of the acquisition of Kanbay International Inc. in 2007 and recognized since this date in Investments in associates. This company is fully consolidated from June 30, 2010 (see Note 2 – Changes in Group structure).

Deposits and other long-term investments consist mainly of security deposits and guarantees relating to leases and "aides à la construction" (building aid program) loans in France, as well as at December 31, 2010, legal deposits guaranteeing tax and employee-related disputes in CPM Braxis of €17 million.

NOTE 15 – ACCOUNTS AND NOTES RECEIVABLE

At December 31 *(in millions of euros)*	2008	2009	2010
Accounts receivable	1,590	1,326	1,447
Provisions for doubtful accounts	(14)	(30)	(14)
Accrued income	745	677	821
Accounts and notes receivable excluding capitalized costs on projects	**2,321**	**1,973**	**2,254**
Capitalized costs on projects	75	94	117
ACCOUNTS AND NOTES RECEIVABLE	**2,396**	**2,067**	**2,371**

Total accounts receivable and accrued income net of advances from customers and billed in advance, can be analyzed as follows in number of days:

At December 31 *(in millions of euros)*	2008	2009	2010
Accounts and notes receivable (excluding capitalized project costs)	2,321	1,973	2,254
Advances from customers and billed in advance	(639)	(567)	(576)
TOTAL ACCOUNTS RECEIVABLE NET OF ADVANCES FROM CUSTOMERS AND BILLED IN ADVANCE	**1,682**	**1,406**	**1,678**
In number of days' annual revenues [1]	67	60	66

[1] In 2008 and 2010, this ratio was adjusted to eliminate the impact of entries into the scope of consolidation.

Aged analysis of accounts receivable

The low bad debt ratio (1% at December 31, 2010) reflects the fact that most invoices are only issued after the client has validated the services provided.

At end-2010, past due balances totaled €377 million, representing 26.3% of accounts receivable less provisions for doubtful accounts. This breaks down as follows:

in millions of euros	< 30 days	> 30 days and < 90 days	> 90 days
Net accounts receivable	**199**	**107**	**71**
As a % of accounts and notes receivable, net of provisions for doubtful accounts	13.9%	7.5%	4.9%

Past due balances concern accounts receivable from customers which are individually analyzed and monitored.

Credit risk

The Group's largest client, a major British public body, contributes around 10% of Group revenues (11% in 2009 and 2008), while the second-largest client accounts for just 2%. The top 10 clients collectively account for 23% of Group revenues, and the top 30 represent 37%. The solvency of these major clients and the sheer diversity of the other smaller clients help limit credit risk. The economic environment could impact the business activities of the Group's clients, as well as the amounts receivable from these clients. However, the Group does not consider that any of its clients, business sectors or geographic areas present a significant risk of non-collection that could materially impact the financial position of the Group as a whole.

NOTE 16 – OTHER CURRENT RECEIVABLES

At December 31 *(in millions of euros)*	Note	2008	2009	2010
Social security and tax-related receivables, other than income tax		62	79	126
Prepaid expenses		108	106	119
Derivative instruments	*19*	2	7	22
Other		12	11	39
OTHER CURRENT RECEIVABLES		**184**	**203**	**306**

At December 31, 2010, "Social security and tax-related receivables, other than income tax" comprise €37 million in respect of CPM Braxis, including various taxes of €29 million and a receivable resulting from the favorable outcome of tax disputes (€8 million).

NOTE 17 – NET CASH AND CASH EQUIVALENTS

At December 31 *(in millions of euros)*	Note	2008	2009	2010
Cash management assets		-	-	**71**
Short-term investments		1,290	2,109	1,912
Cash at bank		578	494	393
Asset/liability derivative instruments on cash items	*19*	(61)	1	8
Bank overdrafts (liability)		(2)	(7)	(6)
Cash and cash equivalents	*18*	**1,805**	**2,597**	**2,307**
OCEANE convertible/ exchangeable bonds		(891)	(969)	(1,001)
Obligations under finance leases		(85)	(87)	(88)
Draw-downs on bank and similar facilities		-	-	(8)
Other borrowings		(11)	(1)	(5)
Long-term borrowings		**(987)**	**(1,057)**	**(1,102)**
OCEANE convertible/ exchangeable bonds		(8)	(211)	(24)
Obligations under finance leases		(34)	(42)	(51)
Draw-downs on bank and similar facilities		(3)	(8)	(85)
Other borrowings		-	(10)	(44)
Short-term borrowings		**(45)**	**(271)**	**(204)**
Borrowings		**(1,032)**	**(1,328)**	**(1,306)**
Derivative instruments on borrowings	*19*	1	-	(9)
NET CASH AND CASH EQUIVALENTS		**774**	**1,269**	**1,063**

Cash management assets

In 2010, Cap Gemini S.A. invested in capitalization contracts as part of the active management of its cash and cash equivalents. These contracts are presented in "Cash management assets" (see Note 1 – Accounting policies, M) Net Cash and cash equivalents) and may be cancelled by the Company at any time without penalty.

Cash and cash equivalents

At December 31, 2010, cash equivalents mainly consist of money market mutual funds (FCP and SICAV), certificates of deposit, commercial paper and term bank deposits.
Derivative instruments on cash items represent a receivable of €8 million at December 31, 2010, corresponding to the fair value of hedging instruments taken out in connection with inter-company financing transactions at Cap Gemini S.A. This receivable is classified under "Other current receivables" in the Consolidated Statement of Financial Position (compared to a receivable of €1 million in 2009).

Borrowings

OCEANE convertible/ exchangeable bonds

"OCEANE 2009" bonds

On April 8, 2009, Cap Gemini S.A. issued bonds convertible/ exchangeable into new or existing Cap Gemini shares, maturing on January 1, 2014 ("OCEANE 2009"). Bondholders enjoy all rights from April 20, 2009.

The total amount of the issue was €575 million, represented by 16,911,765 bonds with a nominal value of €34 each, resulting in an issue premium of 35% compared to the Company benchmark share price. The bonds bear interest at 3.5% per year. They may be converted at any time commencing April 20, 2009 and are redeemable at par on January 1, 2014 if not converted. The terms and conditions of this issue were set out in the prospectus approved by the AMF on April 8, 2009 under reference number 09-084.

"OCEANE 2005" BONDS

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"). Bondholders enjoy all rights from 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. They may be converted at any time commencing June 24, 2005 and are redeemable at a price of €41.90 per bond, representing approximately 113.2% of their nominal unit value, on January 1, 2012 if not converted. The terms and conditions of this issue were set out in the prospectus approved by the AMF on June 16, 2005 under reference number 05-564.

Impact of OCEANE bonds on the financial statements

		2008		2009			2010	
At December 31 *(in millions of euros)*	Note	"OCEANE 2003" bonds	"OCEANE 2005" bonds	"OCEANE 2003" bonds	"OCEANE 2005" bonds	"OCEANE 2009" bonds	"OCEANE 2005" bonds	"OCEANE 2009" bonds
Equity component		57	40	52	40	64	40	64
Debt component at amortized cost		453	446	192	464	524	480	545
Effective interest rate		5.1%	4.8%	5.1%	4.8%	6.8%	4.8%	6.8%
Interest expense recognized in the Income Statement for the period	*6*	22	21	14	21	24	21	35
Nominal interest rate		2.5%	1%	2.5%	1%	3.5%	1%	3.5%
Nominal interest expense (coupon)		12	4	7	4	14	4	20

The remaining OCEANE 2003 bonds were entirely redeemed on January 4, 2010 at maturity.

Fair value of OCEANE bonds

	2008		2009			2010	
At December 31 *(in millions of euros)*	"OCEANE 2003" bonds	"OCEANE 2005" bonds	"OCEANE 2003" bonds	"OCEANE 2005" bonds	"OCEANE 2009" bonds	"OCEANE 2005" bonds	"OCEANE 2009" bonds
Fair value	452	440	202	481	580	488	582
Market rate	4.3%	5.0%	na	2.3%	3.3%	2.2%	3.1%

Obligations under finance leases

in millions of euros	Earliest date of leases	Latest expiry date	Effective interest rate	December 31, 2010
Buildings (Université Capgemini Les Fontaines)	October 2002	July 2014	3-month Euribor +0.75%	35
Computer equipment	October 2000	November 2015	6.46%	101
Other fixed assets	January 2004	June 2015	-	3
OBLIGATIONS UNDER FINANCE LEASES				**139**

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, 2011 at the latest. At December 31, 2010, this credit facility has not yet been drawn and the only impact on the financial statements is the fee on undrawn amounts recorded in other financial expense.

This facility was refinanced on January 13, 2011 with a syndicate of 18 banks and a new multi-currency credit facility was signed for an identical amount (€500 million), maturing on January 13, 2016 at the latest.

The initial margin on this new credit facility is 0.90%, compared to 0.40% previously. This margin may be adjusted according to the credit rating of Cap Gemini S.A. The new facility is also subject to a fee on undrawn amounts equal to 35% of the margin (i.e. 0.315%), compared to 30% of the margin previously (i.e. 0.12%), that may be increased to 40% (35% previously) if Cap Gemini S.A.'s rating falls. An upgrade or downgrade in Cap Gemini S.A.'s credit rating would have no impact on the availability of this credit facility. The other main terms and conditions of the credit facility, in particular with respect to certain financial ratios, remain unchanged. (See Note 27-Off-balance sheet commitments).

Effective interest rate

In 2010, the effective interest rate on the Group's average outstanding borrowings was 5.6% (5.3% in 2009). At December 31, 2010, 91% of the Group's borrowings are at fixed rates (compared to 83% at end-2009) and the remainder is at floating rates. The marked increase in the percentage of fixed-rate borrowings is due to the redemption in January 2010 of the residual balance on the OCEANE 2003 bond issue, also fixed-rate but swapped to a capped floating rate (15% of borrowings were at capped floating rates in 2009).

At December 31, 2010

	Euro		US dollar		Pound sterling		Other	Total
	EIR %	Amount M€	EIR %	Amount M€	EIR %	Amount M€	Amount M€	Amount M€
"OCEANE 2005" bonds	4.8%	480	-	-	-	-	-	480
"OCEANE 2009" bonds	6.8%	545	-	-	-	-	-	545
Draw-downs on bank and similar facilities	-	-	-	-	-	-	93	93
Obligations under finance leases	4.2%	59	7.3%	14	8.0%	46	20	139
Other borrowings	-	-	na	1	-	-	48	49
BORROWINGS		**1,084**		**15**		**46**	**161**	**1,306**

Net cash and cash equivalents by maturity at redemption value

The amounts indicated below correspond to the undiscounted value of future contractual cash flows. Future cash flows relating to the "OCEANE 2005" and "OCEANE 2009" bonds were estimated based on contractual nominal interest rates (1% and 3.5%, respectively) and on the assumption that the bonds would be fully redeemed at maturity. The contractual cash flows associated with "Obligations under finance leases" represent contractual repayments of the liability.

	At December 31, 2010						
in millions of euros	Contractual maturity	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Beyond 5 years
Cash management assets	2011	**71**	**71**	**71**	-	-	-
Cash and cash equivalents	2011	2,305	2,305	2,305	na	na	na
Bank overdrafts	2011	(6)	(6)	(6)	na	na	na
Derivative instruments on cash items	2011	8	8	8	na	na	na
Cash and cash equivalents		**2,307**	**2,307**	**2,307**	**na**	**na**	**na**
"OCEANE 2005" bonds	2012	(480)	(504)	(4)	(500)	-	-
"OCEANE 2009" bonds	2014	(545)	(656)	(20)	(20)	(616)	-
Obligations under finance leases	2011 to 2015	(139)	(149)	(55)	(40)	(54)	-
Draw-downs on bank and similar facilities	2011 to 2012	(93)	(93)	(85)	(8)	-	-
Other borrowings	2011 to 2015	(49)	(49)	(44)	(4)	(1)	-
Borrowings		**(1,306)**	**(1,451)**	**(208)**	**(572)**	**(671)**	**-**
Derivative instruments on borrowings	na	(9)	na	na	na	na	na
NET CASH AND CASH EQUIVALENTS		**1,063**	**927**	**2,170**	**(572)**	**(671)**	**na**

	At December 31, 2009						
in millions of euros	Contractual maturity	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Beyond 5 years
Cash and cash equivalents	2010	2,603	2,603	2,603	na	na	na
Bank overdrafts	2010	(7)	(7)	(7)	na	na	na
Derivative instruments on cash items	2010	1	1	1	na	na	na
Cash and cash equivalents		**2,597**	**2,597**	**2,597**	**na**	**na**	**na**
"OCEANE 2003" bonds	2010	(192)	(192)	(192)	-	-	-
"OCEANE 2005" bonds	2012	(464)	(508)	(4)	(4)	(500)	-
"OCEANE 2009" bonds	2014	(524)	(670)	(14)	(20)	(636)	-
Obligations under finance leases	2010 à 2014	(129)	(129)	(43)	(37)	(49)	-
Other borrowings	2010 à 2015	(19)	(19)	(18)	-	-	(1)
Borrowings		**(1,328)**	**(1,518)**	**(271)**	**(61)**	**(1,185)**	**(1)**
Derivative instruments on borrowings	na	-	na	na	na	na	na
NET CASH AND CASH EQUIVALENTS		**1,269**	**1,079**	**2,326**	**(61)**	**(1,185)**	**(1)**

in millions of euros	At December 31, 2008						
	Contractual maturity	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Beyond 5 years
Cash and cash equivalents	2009	1,868	1,868	1,868	na	na	na
Bank overdrafts	2009	(2)	(2)	(2)	na	na	na
Derivative instruments on cash items	2009	(61)	(61)	(61)	na	na	na
Cash and cash equivalents		**1,805**	**1,805**	**1,805**	**na**	**na**	**na**
"OCEANE 2003" bonds	2010	(453)	(483)	(12)	(471)	-	-
"OCEANE 2005" bonds	2012	(446)	(512)	(4)	(4)	(504)	-
Obligations under finance leases	2009 à 2014	(119)	(119)	(34)	(27)	(50)	(8)
Other borrowings	2009 à 2015	(14)	(14)	(3)	(10)	-	(1)
Borrowings		**(1,032)**	**(1,128)**	**(53)**	**(512)**	**(554)**	**(9)**
Derivative instruments on borrowings	na	1	na	na	na	na	na
NET CASH AND CASH EQUIVALENTS		**774**	**677**	**1,752**	**(512)**	**(554)**	**(9)**

Net cash and cash equivalents and liquidity risk

The financial liabilities whose repayability could expose the Group to liquidity risk are mainly the two convertible bonds ("OCEANE 2005" and "OCEANE 2009").

To manage the liquidity risk that may arise on repayability 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 borrowings;
- maintaining a high level of available funds at all times (€2,378 million at December 31, 2010), which could be increased by a multi-currency syndicated line of credit of €500 million (undrawn to date);
- actively managing the due dates of financial liabilities in order to limit the concentration of borrowings maturities;
- using diverse sources of financing, allowing the Group to reduce its reliance on certain categories of lenders.

Net cash and cash equivalents and credit risk

Financial assets which could expose the Group to a credit or counterparty risk mainly consists of financial investments: in accordance with Group policy, cash balances are not invested in equity-linked products, but in (i) negotiable debt securities (certificates of deposit and commercial paper), (ii) deposits and accounts, (iii) capitalization contracts or (iv) short-term money market mutual funds, subject to minimum credit rating and diversification rules.

At December 31, 2010, short-term investments totaled €1,912 million and comprise mainly (i) money market mutual funds meeting strict criteria (short maturities, daily liquidity, low volatility and sensitivity of less than 0.5); and (ii) negotiable debt securities maturing within three months or immediately available, 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.

NOTE 18 – CASH FLOWS

At December 31, 2010, cash and cash equivalents totaled €2,307 million (see Note 17 – Net cash and cash equivalents), down €290 million on December 31, 2009 (€2,597 million). Excluding the impact of exchange rate fluctuations on cash and cash equivalents (€85 million), this decrease is €375 million (€304 million excluding the impact of investments in capitalization contracts of €71 million). Cash flow impacts are shown in the Consolidated Statement of Cash Flows.

Net cash from (used in) operating activities

In 2010, net cash from operating activities totaled €503 million and comprised:

- cash flows from operations before net finance costs and income tax in the amount of €628 million,
- payment of income taxes in the amount of €52 million,
- an increase in working capital requirements, generating a negative cash impact of €73 million.

Changes in working capital requirement (WCR) and the reconciliation with the Consolidated Statement of Financial Position are as follows:

	Working capital requirement components (Consolidated Statement of Financial Position)						Items with no cash impact			Statement of Cash Flows items
in millions of euros	Note	December 31, 2009	December 31, 2010	Net impact	Non-WCR items (1)	Impact of WCR items	Income impact	Foreign exchange impact	Reclassifications/ Change in Group structure (2)	Amount
Accounts and notes receivable	*15*	2,067	2,371	(304)	-	(304)	-	65	156	(83)
Advances from customers and billed in advance	*15*	(567)	(576)	9	-	9	-	(22)	(5)	(18)
Change in accounts and notes receivable and advances from customers and amounts billed in advance				**(295)**	**-**	**(295)**	**-**	**43**	**151**	**(101)**
Accounts and notes payable (Accounts payable)	*23*	(812)	(957)	145	-	145	-	(38)	(104)	3
Change in accounts and notes payable				**145**	**-**	**145**	**-**	**(38)**	**(104)**	**3**
Other non-current assets	*14*	112	115	(3)	(3)	(6)	(2)	1	-	(7)
Other receivables	*16*	203	306	(103)	7	(96)	4	12	80	-
Other non-current liabilities	*22*	(95)	(279)	184	(183)	1	1	(3)	12	11
Accounts and notes payable (excluding accounts payable)	*23*	(1,214)	(1,348)	134	-	134	-	(37)	(56)	41
Other payables	*24*	(43)	(80)	37	(10)	27	1	(1)	(47)	(20)
Change in other receivables/payables				**249**	**(189)**	**60**	**4**	**(28)**	**(11)**	**25**
CHANGE IN OPERATING WORKING CAPITAL						**(90)**	**4**	**(23)**	**36**	**(73)**

(1) Consolidated Statement of Financial Position items explaining cash flows relating to investing and financing activities and the payment of the income tax expense are not included in working capital requirements.
(2) The Reclassifications heading mainly includes changes relating to the current and non-current reclassification of certain accounts and notes receivable and payable, changes in the position of certain tax and employee-related receivables and payables in assets or liabilities.

Net cash from (used) in investing activities

The main components of net cash used in investing activities amounting to €433 million reflect:

- cash outflows of €218 million on business combinations (net of cash and cash equivalents acquired), mainly relating to the acquisition of CPM Braxis in Brazil.
  The cash outflow by Capgemini Group in respect of the acquisition of CPM Braxis was €227 million, from which cash and cash equivalents acquired of €12 million can be deducted. This includes €116 million received by CPM Braxis to increase share capital at the time of the acquisition;
  Cash outflows in respect of other acquisitions during the year (principally IBX Group AB and Strategic Systems Solutions (SSS) Holdings Corporation Ltd) totaled €112 million, from which cash and cash equivalents acquired of €12 million can be deducted.
  The exercise of the call option on Capgemini Business Services (India) Ltd. generated a cash outflow of €15 million.
  Acquisition-related costs disbursed in the year totaled €4 million;
- cash outflows of €24 million relating to acquisitions of intangible assets, net of disposals, mainly involving software for customer projects or for internal use and internally generated intangible assets (see Note 10 – Goodwill and intangible assets);
- cash outflows of €109 million relating to acquisitions of property, plant and equipment, net of disposals, mainly involving computer purchases for projects or relating to the partial renewal of IT installations and the renovation, extension and refurbishment of office space (see Note 11 – Property, plant and equipment);
- cash outflows of €71 million relating to the investment of liquid assets in new investment vehicles (capitalization contracts).

Net cash from (used) in financing activities

Net cash outflows as a result of financing activities totaled €445 million and mainly comprised:

- payment of the 2009 dividend of €122 million;
- a cash outflow of €197 million to redeem the remaining OCEANE 2003 bonds outstanding in January 2010;
- a cash outflow of €113 million in respect of loan repayments, mainly in CPM Braxis (€109 million);
- a cash outflow of €57 million in respect of repayments of obligations under finance leases;
- share capital increases totaling €46 million following the exercise of stock options.

NOTE 19 – DERIVATIVE INSTRUMENTS AND CURRENCY AND INTEREST RATE RISK MANAGEMENT

Currency risk management

Currency risk management policy

Currency risk and hedging operating transactions

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 primarily located in India, but also in Poland and Latin America, exposes the Group to currency risk with respect to some of its production costs.

The Group has therefore implemented a policy aimed at minimizing and managing these currency risks. When customer contracts 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 Finance Department based on a quarterly report analyzing exposure to currency risks arising on inter-company operations particularly with India;
- hedging operations mainly take the form of forward foreign exchange contracts;
- hedging operations are recognized in accordance with accounting rules applicable to cash flow hedges.

Currency risk and hedging financial transactions

The Group is exposed to the risk of exchange rate fluctuations in respect of:

- inter-company financing transactions, mainly at the level of Cap Gemini S.A.: as inter-company lending and borrowing is systematically hedged (mainly using forward foreign exchange contracts), the impact of changes in exchange rates on the Income Statement is negligible.
  At December 31, 2010, hedged inter-company loans amounted to €440 million (€291 million at December 31, 2009), and concerned loans denominated in pounds sterling, Australian dollars, Swedish krona and US dollars. In 2010, derivative instruments used to hedge these currency risks generated a net financial expense of €2 million (net financial income of €63 million in 2009) - see Note 6 – Net Financial Expense.
- Fees paid to Cap Gemini S.A. 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 the Income Statement is not significant due to the short average period separating the invoicing date and the date payment is received,

Exposure to currency risk

	December 31, 2010					
in millions of euros	**Euro**	**US dollar**	**Pound sterling**	**Australian dollar**	**Swedish krona**	**Other [(1)]**
Total assets	72	303	25	12	38	9
Total liabilities	(40)	(85)	(278)	(1)	(1)	(14)
Exposure to currency risks before hedging	32	218	(253)	11	37	(5)
Amounts hedged	(22)	(175)	240	(10)	(34)	(1)
Exposure to currency risks after hedging	10	43	(13)	1	3	(6)

(1) Other currencies essentially include the Canadian dollar, Polish zloty, Swiss franc and Norwegian krona.

At December 31, 2010, amounts hedged mainly concern Cap Gemini S.A. for inter-company financing transactions, and the Group subsidiary Capgemini India Private Ltd. for subcontracting services it provides to other regions in which the Group has operations.

At December 31, 2010, forward foreign exchange contracts break down by maturity as follows:

in millions of euros	**Less than 6 months**	**More than 6 months and less than 12 months**	**More than 12 months**	**Total**
Forward foreign exchange contracts	180	190	213	**583**

In 2010, the Group hedged almost 77% of its foreign currency risk against the Indian rupee (US dollar, euro and pound sterling). At December 31, 2010, the hedges contracted comprised forward contracts to sell foreign currency maturing between 2011 and 2013 with an aggregate equivalent value of €532 million (€317 million at December 31, 2009). The hedges were chiefly taken out in respect of transactions in US dollars ($413 million), euros (€162 million) and pounds sterling (£51 million). The maturities of the hedges range from 2 months to nearly 3 years. The Group has also entered into forward contracts to sell foreign currency (mainly pounds sterling, US dollar and Swedish krona) in Poland, France and the United States. These contracts mature between 2011 and 2016 and have an equivalent value of €51 million.

Fair value of hedging derivatives

At December 31 *(in millions of euros)*		**Note**	**2008**	**2009**	**2010**
Other non-current assets		*14*	1	3	5
Other current receivables		*16*	2	7	22
Other non-current liabilities		*22*	(7)	(3)	(2)
Other current payables		*24*	(90)	(4)	(10)
Fair value of hedging derivatives			**(94)**	**3**	**15**
relating to:	*- operating transactions*		*(34)*	*3*	*16*
	- financial transactions		*(60)*	*-*	*(1)*
Hedging derivative counterparty recognized in equity at December 31 (on operating transactions)			**(27)**	**2**	**11**
Change in the period in hedging derivatives recognized in equity			**(33)**	**29**	**9**
Of which					
amounts released to operating profit in respect of transactions performed			*(29)*	*19*	*(15)*
fair value of hedging derivatives relating to future transactions			*(4)*	*10*	*24*

Interest rate risk management

Interest rate risk management policy

The Group's exposure to interest rate risk should be analyzed in light of its cash position: at December 31, 2010, the Group had €2,378 million in cash and cash equivalents, mainly invested at floating rates (or failing this at fixed rates for periods of less than or equal to 3 months), and €1,306 million in gross indebtedness principally at fixed rates (91%). The high proportion of fixed rate borrowings is due to the weight of the OCEANE bond issues in gross indebtedness and the Group's decision to use funding sources whose cash cost is as close as possible to the expected return on short-term investments and with its fiscal capacity.

Exposure to interest rate risk: sensitivity analysis

Based on average levels of cash and cash equivalents and borrowings in 2010, a 100-basis point rise in interest rates would have a positive impact of around €17 million on the Group's net finance costs (€17 million in 2009 and 2008). Conversely, a 100-basis point fall in interest rates would have an estimated €17 million negative impact on the Group's net finance costs for 2010 (€17 million in 2009 and 2008).

Fair value of interest rate derivatives

At December 31 *(in millions of euros)*	**Note**	**2008**	**2009**	**2010**
Other non-current assets	*14*	1	-	-
FAIR VALUE OF INTEREST RATE DERIVATIVES		**1**	**-**	**-**

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 (owner of Capgemini University) was entered into by this latter in 2003 for a notional amount of €35 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.

Counterparty risk management

In addition, in line with its policies for managing currency and interest rate risks as described above, the Group also enters into hedging agreements with leading financial institutions. Accordingly, counterparty risk can be deemed not material. At December 31, 2010, the Group's main counterparties in respect of managing currency and interest rate risk are BNP-Paribas, CA CIB, Citibank and HSBC.

NOTE 20 – PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Breakdown of provisions for pensions and other post-employment benefits

Change in the obligation, plan assets and the expense recognized in the income statement

in millions of euros	Note	2008	2009	2010
Present value of the obligation at January 1		**2,139**	**1,616**	**2,112**
Business combinations		4	-	-
Service cost		47	30	39
Past service cost		-	14	6
Interest cost		116	113	131
Effect of curtailments and settlements		(2)	(4)	(2)
Contributions paid by employees		5	5	6
Benefits paid to employees		(50)	(48)	(76)
Changes in actuarial gains and losses (1)		(291)	249	198
Translation adjustments		(443)	133	133
Other movements		91	4	1
Present value of the obligation at December 31		**1,616**	**2,112**	**2,548**
Fair value of plan assets at January 1		**(1,492)**	**(1,090)**	**(1,417)**
Expected return on plan assets		(97)	(71)	(103)
Effect of curtailments and settlements		-	3	2
Contributions paid by employees		(5)	(5)	(6)
Benefits paid to employees		44	41	68
Contributions paid		(104)	(100)	(84)
Changes in actuarial gains and losses (1)		347	(90)	(71)
Translation adjustments		319	(100)	(97)
Other movements		(102)	(5)	(5)
Fair value of plan assets at December 31		**(1,090)**	**(1,417)**	**(1,713)**
Total net funding shortfall		526	695	835
Unrecognized past service costs		(28)	(36)	(34)
Net provision in the Consolidated Statement of Financial Position at December 31		**498**	**659**	**801**
Funding surplus recognized in assets	*14*	(5)	(21)	(3)
Provisions recognized in liabilities		**503**	**680**	**804**
Expense for the period recognized in the Income Statement				
Service cost	*4*	(47)	(30)	(39)
Past service cost	*4*	(4)	(5)	(8)
Interest cost	*6*	(116)	(113)	(131)
Expected return on plan assets	*6*	97	71	103
Effect of curtailments and settlements	*5*	2	1	-
TOTAL EXPENSE FOR THE PERIOD		**(68)**	**(76)**	**(75)**

(1) The change in actuarial gains and losses is recorded in "Income and expense recognized in equity".

Breakdown of the change by main beneficiary country

in millions of euros	United Kingdom	Canada	Other	Total
At December 31, 2008				
Present value of obligations underfunded plans	1,159	212	113	1,484
Fair value of plan assets	(820)	(197)	(73)	(1,090)
Funding shortfall underfunded plans	339	15	40	394
o/w actuarial gains and losses recognized in equity [(1)]	*133*	*36*	*18*	*187*
Funding shortfall under unfunded plans	-	25	107	132
o/w actuarial gains and losses recognized in equity [(1)]	-	*(8)*	*17*	*9*
Total net funding shortfall	**339**	**40**	**147**	**526**
Unrecognized past service costs	-	-	(28)	(28)
Net provision in the Consolidated Statement of Financial Position	**339**	**40**	**119**	**498**
Funding surplus recognized in assets	-	-	(5)	(5)
Provisions recognized in liabilities	339	40	124	503
At December 31, 2009				
Present value of obligations underfunded plans	1,525	305	130	1,960
Fair value of plan assets	(1,024)	(289)	(104)	(1,417)
Funding shortfall underfunded plans	501	16	26	543
o/w actuarial gains and losses recognized in equity [(1)]	*297*	*56*	*8*	*361*
Funding shortfall under unfunded plans	-	37	115	152
o/w actuarial gains and losses recognized in equity [(1)]	-	*(5)*	*18*	*13*
Total net funding shortfall	**501**	**53**	**141**	**695**
Unrecognized past service costs	-	-	(36)	(36)
Net provision in the Consolidated Statement of Financial Position	**501**	**53**	**105**	**659**
Funding surplus recognized in assets	-	(5)	(16)	(21)
Provisions recognized in liabilities	501	58	121	680
At December 31, 2010				
Present value of obligations underfunded plans	1,827	368	167	2,362
Fair value of plan assets	(1,251)	(341)	(121)	(1,713)
Funding shortfall underfunded plans	576	27	46	649
o/w actuarial gains and losses recognized in equity [(1)]	*398*	*75*	*13*	*486*
Funding shortfall under unfunded plans	-	58	128	186
o/w actuarial gains and losses recognized in equity [(1)]	-	*6*	*25*	*31*
Total net funding shortfall	**576**	**85**	**174**	**835**
Unrecognized past service costs	-	-	(34)	(34)
Net provision in the Consolidated Statement of Financial Position	**576**	**85**	**140**	**801**
Funding surplus recognized in assets	-	-	(3)	(3)
Provisions recognized in liabilities	576	85	143	804

(1) Actuarial gains and losses are recorded in "Income and expense recognized in equity".

The countries included in the "Other" column are the United States, Sweden, France, Germany, Austria, Switzerland, the Netherlands, Italy and India. These countries represent 17% of net provisions in the Consolidated Statement of Financial Position.

Principal actuarial assumptions

Discount rate and salary inflation rate

	2008	2009	2010		
%			United Kingdom	Canada	Other
Discount rate	3.3 - 8.5	3.3 - 8.3	5.5	5.7	2.4 - 8.4
Salary inflation rate	1.5 - 6.0	1.0 - 7.0	4.2	3.3	1.0 - 7.0

In 2010, the benchmark indexes used to calculate discount rates were identical to those used in previous years.

Plan assets and the expected and actual return on plan assets

			Expected return			Actual return		
in millions of euros	Amount	%	United Kingdom	Canada	Other	United Kingdom	Canada	Other
At December 31, 2008								
Shares	481	44	8.0	8.3	1.5 - 8.3	(25.0) - (26.0)	(27.5) - (24.0)	(46.3) - 2.9
Bonds	439	40	6.5	4.9	1.5 - 5.5	(2.0) - 3.3	0.2 - 0.4	(6.0) - 4.9
Real estate assets	22	2	6.5	-	1.5 - 4.5	(23.6)	-	1.0
Cash and cash equivalents	128	12	3.8	1.4	2.8 - 3.8	3.4	1.2 - 1.8	1.6
Other	20	2	-	-	(15.4) - 7.5	-	-	(23.2) - 7.5
TOTAL	**1,090**	**100**						
At December 31, 2009								
Shares	841	59	8.0	8.5	6.3 - 8.3	17.6 - 26.6	11.6 - 12.2	(2.5) - 32.2
Bonds	509	36	5.9	4.0	2.1 - 4.7	7.0 - 9.2	7.1	(2.5) - 23.3
Real estate assets	14	1	6.5	-	3.9	(6.1)	-	(2.5) - 9.8
Cash and cash equivalents	31	2	3.8	1.0	3.9	0.8	(1.5) - (1.1)	0.2
Other	22	2	-	-	(6.6) - 12.2	-	-	(12.3) - 9.8
TOTAL	**1,417**	**100**						
At December 31, 2010								
Shares	1,015	59	8.0	8.5	3.0 - 8.7	12.8 - 16.3	8.6 - 8.8	0.9 - 13.5
Bonds	595	35	5.5	4.0	1.5 - 4.5	9.4 - 11.0	9.0 - 9.2	0.9 - 8.5
Real estate assets	3	-	-	-	3.0 - 3.9	-	-	0.9 - 8.5
Cash and cash equivalents	71	4	3.8	1.0	0.8 - 3.0	1.3	(1.4) - (1.3)	0.1 - 8.5
Other	29	2	-	-	3.8 - 5.9	-	-	0.9 - 24.3
TOTAL	**1,713**	**100**						

In the United Kingdom, expected rates of returns are validated by experts. For shares, the expected rate of return is based on a study of a selection of leading companies in the United Kingdom which takes account of the maturity of obligations hedged and forecast expected returns based on past trends. The expected rate of return on bonds is determined based on the discount rate used for the obligation, that is, the expected rate of return on corporate bonds rated AA.

In Canada, expected rates of return are determined in accordance with a model based on economic data observable in financial markets (assumptions on the profitability of shares and bonds, validated by expert analyses).

Employees covered by pension plans

	2008	2009	2010			
At December 31	Total	Total	United Kingdom	Canada	Other	Total
Current employees - accruing pensionable service	44,860	44,626	1,194	2,637	50,453	54,284
Former and current employees - not accruing pensionable service	12,396	12,101	8,744	210	3,060	12,014
Retirees	2,062	2,288	1,694	585	259	2,538
TOTAL	**59,318**	**59,015**	**11,632**	**3,432**	**53,772**	**68,836**

The increase in employees in 2010 is chiefly attributable to the expansion of Group operations in India. At December 31, 2010, a total of 30,621 employees were eligible for these pension plans in India, versus 20,931 employees at December 31, 2009.

Analysis of the change in provisions for pensions and other post-employment benefits

Change in regulatory context: pension reform in france

The pension reforms adopted in France and resulting in the lengthening of the period of activity, did not have a material impact on the amount of retirement termination payments.

Impact on the income statement: change in the service cost and the interest cost

In 2010, the expense recognized in operating margin in respect of the service cost and the past service cost is €47 million and mainly concerns France (€17 million), Canada (€11 million) and the United Kingdom (€10 million). The increase in the service cost in 2010 compared to 2009 (€9 million) was mainly due to the decrease in discount rates between 2008 and 2009 in the majority of regions and particularly Canada.

The net impact of the interest cost (discounting of the obligation) and the expected return on plan assets was a financial expense of €28 million (mainly concerning the United Kingdom for €20 million). The decrease in this financial expense in 2010 compared to 2009 (€14 million) was due to:

- the increase in the fair value of plan assets as a result of the rise in financial markets and contributions paid by the Group, as well as the positive impact of the rise in the expected average rate of return for the main pension regime in the United Kingdom. The overall impact was a decrease in the net financial expense of €32 million,
- the fall in discount rates in the majority of regions, although this was more than offset by the increase in the net present value of obligations, particularly in the United Kingdom, generating an increase in the net financial expense of €18 million.

Impact on equity: change in 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 impact of changes in actuarial assumptions and (ii) experience adjustments, reflecting differences between projected actuarial assumptions and what has actually occurred.

	2008	2009	2010			
At December 31	Total	Total	United Kingdom	Canada	Other	Total
Impact of changes in actuarial assumptions	(290)	257	134	37	15	186
Experience adjustments, o/w:	346	(98)	(48)	(8)	(3)	(59)
Adjustment on liabilities (1)	*(1)*	*(8)*	*12*	*(1)*	*1*	*12*
Adjustment on assets (2)	*347*	*(90)*	*(60)*	*(7)*	*(4)*	*(71)*
IMPACT ON INCOME AND EXPENSE RECOGNIZED IN EQUITY	**56**	**159**	**86**	**29**	**12**	**127**

(1) + : increase in liabilities / - : decrease in liabilities
(2) - : increase in assets / + : decrease in assets

Impact of changes in actuarial assumptions

Changes in actuarial assumptions (essentially the discount rate and the expected rate of return on plan assets) generated an actuarial loss in 2010 of €127 million. This loss is attributable to changes in actuarial assumptions between 2009 and 2010, particularly in the United Kingdom and Canada where discount rates dropped by 38 and 85 basis points, respectively.

Experience adjustments

Experience adjustments result from differences between projected actuarial assumptions and what has actually occurred during the fiscal year. The impact of experiences adjustments on the value of plan assets was an actuarial gain of €71 million, as actual rates of return exceeded expected rates of return in the United Kingdom and Canada.

Other impacts on the statement of financial position: contributions, benefits and translation adjustments

Contributions paid by the Group totaled €84 million in 2010, including €61 million in the United Kingdom and €15 million in Canada. The Group expects to pay €91 million in contributions in 2011.

The benefits paid to employees of €76 million mainly involved the United Kingdom (€27 million) and Canada (€37 million). The €36 million increase in provisions for pensions for translation adjustments, was due to the appreciation of the pound sterling (€25 million) and the Canadian dollar (€7 million).

In the United Kingdom, the defined benefit section of the main Capgemini UK Plc. pension plan terminated on March 31, 2008 for the large majority of beneficiaries. In exchange, these individuals were given the opportunity to join the defined contribution section of this plan. In accordance with the recommendations put forward by the UK Pensions Regulator, Capgemini UK Plc. has committed to fund the shortfall up to July 2018.

Sensitivity analysis

Analysis of the sensitivity of the present value of the obligation in the United Kingdom

The impact of a change of 50 basis points in the discount rate and the inflation rate on the present value of the obligation in the United Kingdom, which represents 77% of the total Group obligation at December 31, 2010, is presented below:

in millions of euros	Impact	Present value of obligation
Present value of the obligation at December 31, 2010		**1,827**
Increase of 50 basis points in the discount rate	(174)	1,653
Decrease of 50 basis points in the discount rate	200	2,027
Increase of 50 basis points in the inflation rate	164	1,991
Decrease of 50 basis points in the inflation rate	(152)	1,675

Analysis of the sensitivity of healthcare assistance costs

Healthcare assistance costs exclusively concern Canada. For 2008, 2009 and 2010, a 1% change in healthcare assistance costs would have an impact of plus or minus €1 million in the Consolidated Income Statement (service cost and interest cost). The impact of this 1% change would range from a negative €8 million to a positive €10 million in the Consolidated Statement of Financial Position at December 31, 2010.

NOTE 21 – CURRENT AND NON-CURRENT PROVISIONS

in millions of euros	2008	2009	2010
At January 1	**85**	**65**	**49**
Additions	42	24	42
Reversals (utilization of provisions)	(27)	(10)	(8)
Reversals (surplus provisions)	(36)	(37)	(19)
Other	1	7	2
AT DECEMBER 31	**65**	**49**	**66**

At December 31, 2010, current provisions (€53 million) and non-current provisions (€13 million) mainly concern risks relating to projects and contracts amounting to €46 million (€32 million at December 31, 2009) and risks relating to tax and labor disputes amounting to €20 million (€17 million at December 31, 2009).

Additions to provisions mainly concern outsourcing and technology services projects and tax and labor disputes. Reversals for the period mainly reflect the favorable outcome of customer disputes, particularly in the Netherlands

NOTE 22 – OTHER NON-CURRENT LIABILITIES

At December 31 *(in millions of euros)*	Note	2008	2009	2010
Special employee profit-sharing reserve		65	66	68
Derivative instruments	*19*	7	3	2
Liabilities related to acquisitions of consolidated companies	*2*	6	6	189
Other		34	20	20
OTHER NON-CURRENT LIABILITIES		**112**	**95**	**279**

At December 31, 2010, Liabilities related to acquisitions of consolidated companies mainly comprise the put option granted to minority shareholders in CPM Braxis, net of price adjustments on the 56.06% of share capital acquired in 2010 (€10 million), amounting to €184 million (see Note 2 – Changes in Group structure).

NOTE 23 – ACCOUNTS AND NOTES PAYABLE

At December 31 *(in millions of euros)*	2008	2009	2010
Accounts payable	821	812	957
Accrued taxes other than on income	347	327	405
Personnel costs	894	853	924
Other	34	34	19
ACCOUNTS AND NOTES PAYABLE	**2,096**	**2,026**	**2,305**

At December 31, 2010, the “Accrued taxes other than on income” line comprises €35 million payable by CPM Braxis, including €17 million in respect of an old tax liability for which payment was spread over a number of years in agreement with the Brazilian tax authorities.

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NOTE 24 – OTHER CURRENT PAYABLES

At December 31 *(in millions of euros)*	**Note**	**2008**	**2009**	**2010**
Special employee profit-sharing reserve		8	10	21
Derivative instruments	*19*	90	4	10
Liabilities related to acquisitions of consolidated companies	*2*	24	5	6
Other		7	24	43
OTHER CURRENT PAYABLES		**129**	**43**	**80**

At December 31, 2010, the "Other" line includes €25 million in respect of tax and employee-related disputes in CPM Braxis which date from before the acquisition date and which are, as such, covered by the price adjustment clause detailed in Note 2 – Changes in Group structure.

NOTE 25 – OPERATING SEGMENTS

As indicated in Note 1-S – Operating Segments, segment information is provided for the geographic areas presented below (Section I – Segment reporting by geographic area) and complemented in Section II by information on revenues and operating margin for each of the Group's four businesses.

Segment reporting by geographic area

The Group has operations in the following eight geographic areas:

Geographic area	**Country**
North America	Canada, United States
France	France, Morocco
United Kingdom and Ireland	Ireland, United Kingdom
Benelux	Belgium, Luxembourg, Netherlands
Germany and Central Europe	Austria, Czech Republic, Germany, Hungary, Poland, Romania, Slovakia, Switzerland
Nordic countries	Denmark, Finland, Norway, Sweden
Southern Europe and Latin America	Argentina, Brazil, Chile, Guatemala, Italy, Mexico, Portugal, Spain
Asia-Pacific	Australia, China, India, Philippines, Singapore, United Arab Emirates, Vietnam

Analysis of the income statement by geographic area

Fiscal year 2010 *in millions of euros*	North America	France	United Kingdom and Ireland	Benelux	Southern Europe and Latin America	Nordic countries	Germany and Central Europe	Asia-Pacific	Not allocated [1]	Eliminations	Total
REVENUES											
- external [2]	1,665	1,931	1,912	1,314	599	543	534	199	-	-	8,697
- inter-geographic area	58	117	83	43	42	21	117	456	-	(937)	-
TOTAL REVENUES	**1,723**	**2,048**	**1,995**	**1,357**	**641**	**564**	**651**	**655**	**-**	**(937)**	**8,697**
Operating margin [2]	**86**	**127**	**150**	**127**	**19**	**36**	**48**	**61**	**(67)**	**-**	**587**
% of revenues	*5.2*	*6.6*	*7.9*	*9.7*	*3.1*	*6.6*	*9.0*	*na*	-	-	*6.8*
OPERATING PROFIT	**76**	**106**	**132**	**106**	**6**	**30**	**40**	**60**	**(67)**	**-**	**489**

Net finance costs	(54)
Other financial income	22
Other financial expense	(55)
Income tax expense	(124)
Share of profit of associates	-
PROFIT FOR THE YEAR	**278**
Non-controlling interests	2
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	**280**

(1) Items that have not been allocated correspond to headquarter expenses.
(2) Non-Group revenues generated under sub-contracting arrangements are recorded in the ordering region. As operating margin is calculated based on these revenues, the margin for the Asia-Pacific area is not representative of its activities, which mostly consist of internal sub-contracting carried out in India.

Fiscal year 2009 *in millions of euros*	North America	France	United Kingdom and Ireland	Benelux	Southern Europe and Latin America	Nordic countries	Germany and Central Europe	Asia-Pacific	Not allocated [1]	Eliminations	Total
REVENUES											
- external [2]	1,590	1,949	1,852	1,397	434	488	531	130	-	-	8,371
- inter-geographic area	39	98	64	33	33	12	93	358	-	(730)	-
TOTAL REVENUES	**1,629**	**2,047**	**1,916**	**1,430**	**467**	**500**	**624**	**488**	**-**	**(730)**	**8,371**
Operating margin [2]	**77**	**121**	**165**	**122**	**10**	**35**	**51**	**69**	**(55)**	**-**	**595**
% of revenues	*4.9*	*6.2*	*8.9*	*8.7*	*2.3*	*7.3*	*9.7*	*na*	-	-	*7.1*
OPERATING PROFIT	**55**	**65**	**137**	**30**	**(9)**	**21**	**27**	**63**	**(56)**	**-**	**333**

Net finance costs	(43)
Other financial income	75
Other financial expense	(125)
Income tax expense	(61)
Share of profit of associates	(1)
PROFIT FOR THE YEAR	**178**
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	**178**

(1) Items that have not been allocated correspond to headquarter expenses.
(2) Non-Group revenues generated under sub-contracting arrangements are recorded in the ordering region. As operating margin is calculated based on these revenues, the margin for the Asia-Pacific area is not representative of its activities, which mostly consist of internal sub-contracting carried out in India.

Fiscal year 2008 *in millions of euros*	North America	France	United Kingdom and Ireland	Benelux	Southern Europe and Latin America	Nordic countries	Germany and Central Europe	Asia-Pacific	Not allo-cated (1)	Elimina-tions	Total
REVENUES											
- external (2)	1,668	2,077	1,922	1,303	449	578	592	121	-	-	8,710
- inter-geographic area	34	80	75	36	28	17	93	366	-	(729)	-
TOTAL REVENUES	**1,702**	**2,157**	**1,997**	**1,339**	**477**	**595**	**685**	**487**	**-**	**(729)**	**8,710**
Operating margin (2) (3)	**91**	**148**	**164**	**183**	**23**	**55**	**82**	**56**	**(58)**	**-**	**744**
% of revenues	*5.5*	*7.1*	*8.5*	*14.0*	*5.2*	*9.5*	*13.9*	*na*	*-*	*-*	*8.5*
OPERATING PROFIT	**80**	**96**	**131**	**171**	**14**	**51**	**54**	**49**	**(60)**	**-**	**586**

Net finance costs	2
Other financial income	86
Other financial expense	(107)
Income tax expense	(116)
PROFIT FOR THE YEAR	**451**
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	**451**

(1) Items that have not been allocated correspond to headquarter expenses.
(2) Non-Group revenues generated under sub-contracting arrangements are recorded in the ordering region. As operating margin is calculated based on these revenues, the margin for the Asia-Pacific area is not representative of its activities, which mostly consist of internal sub-contracting carried out in India.
(3) Certain items relating to operations in 2008 have been reclassified between geographical areas for comparison purposes with 2009.

Analysis of depreciation, amortization and other expenses with no cash impact included in the operating margin

Fiscal year 2010 *in millions of euros*	North America	France	United Kingdom and Ireland	Benelux	Southern Europe and Latin America	Nordic countries	Germany and Central Europe	Asia-Pacific	Not allocated	Total
Depreciation and amortization expense	(35)	(27)	(28)	(29)	(11)	(11)	(13)	(20)	-	(174)
Net charge to provisions (1)	10	(7)	(11)	6	(1)	(1)	(5)	(3)	-	(12)
TOTAL	**(25)**	**(34)**	**(39)**	**(23)**	**(12)**	**(12)**	**(18)**	**(23)**		**(186)**

(1) This item includes net movements in provisions for doubtful accounts and current and non-current provisions.

Fiscal year 2009 *in millions of euros*	North America	France	United Kingdom and Ireland	Benelux	Southern Europe and Latin America	Nordic countries	Germany and Central Europe	Asia-Pacific	Not allocated	Total
Depreciation and amortization expense	(36)	(26)	(26)	(28)	(6)	(6)	(18)	(18)	-	(164)
Net charge to provisions (1)	(6)	-	(4)	(4)	(1)	1	(1)	3	-	(12)
TOTAL	**(42)**	**(26)**	**(30)**	**(32)**	**(7)**	**(5)**	**(19)**	**(15)**	**-**	**(176)**

(1) This item includes net movements in provisions for doubtful accounts and current and non-current provisions.

Fiscal year 2008 *in millions of euros*	North America	France	United Kingdom and Ireland	Benelux	Southern Europe and Latin America	Nordic countries	Germany and Central Europe	Asia-Pacific	Not allocated	Total
Depreciation and amortization expense	(41)	(29)	(30)	(21)	(5)	(7)	(24)	(19)	(1)	(177)
Net charge to provisions (1)	(12)	(1)	7	1	1	(1)	2	(4)	-	(7)
TOTAL	**(53)**	**(30)**	**(23)**	**(20)**	**(4)**	**(8)**	**(22)**	**(23)**	**(1)**	**(184)**

(1) This item includes net movements in provisions for doubtful accounts and current and non-current provisions.

Analysis of assets and liabilities by geographic area

The location of assets corresponds to the location of the Group's clients, except for outsourcing centers such as in India.

AT DECEMBER 2010 *in millions of euros*	North America	France	United Kingdom and Ireland	Benelux	Southern Europe and Latin America	Nordic countries	Germany and Central Europe	Asia-Pacific	Not allocated	Elimina-tions	Total
Assets by geographic area:											
- external	1,035	1,560	990	1,195	805	340	400	274	35	-	6,634
- inter-geographic area	41	69	47	22	15	7	26	77	22	(326)	-
TOTAL ASSETS BY GEOGRAPHIC AREA	**1,076**	**1,629**	**1,037**	**1,217**	**820**	**347**	**426**	**351**	**57**	**(326)**	**6,634**
Deferred tax assets											891
Current income tax receivable											40
Cash management assets											71
Cash & Cash equivalents											2,305
Derivative instruments											27
TOTAL ASSETS											**9,968**
Liabilities by geographic area:											
- external	497	968	1,198	340	526	179	205	174	11	-	4,098
- inter-geographic area	81	72	43	45	17	21	20	21	6	(326)	-
TOTAL EQUITY AND LIABILITIES BY GEOGRAPHIC AREA	**578**	**1,040**	**1,241**	**385**	**543**	**200**	**225**	**195**	**17**	**(326)**	**4,098**
Total equity											4,307
Deferred tax liabilities											178
Current income tax payable											61
Borrowings and bank overdrafts											1,312
Derivative instruments											12
TOTAL EQUITY AND LIABILITIES											**9,968**

AT DECEMBER 2009 *in millions of euros*	North America	France	United Kingdom and Ireland	Benelux	Southern Europe and Latin America	Nordic countries	Germany and Central Europe	Asia-Pacific	Not allocated	Elimina-tions	Total
Assets by geographic area:											
- external	931	1,493	899	1,203	242	278	372	203	38	-	5,659
- inter-geographic area	37	61	29	21	10	7	24	47	10	(246)	-
TOTAL ASSETS BY GEOGRAPHIC AREA	**968**	**1,554**	**928**	**1,224**	**252**	**285**	**396**	**250**	**48**	**(246)**	**5,659**
Deferred tax assets											887
Current income tax receivable											54
Cash & Cash equivalents											2,603
Derivative instruments											10
TOTAL ASSETS											**9,213**
Liabilities by geographic area:											
- external	472	931	1,087	358	163	148	167	121	6	-	3,453
- inter-geographic area	54	53	30	36	13	18	20	14	8	(246)	-
TOTAL EQUITY AND LIABILITIES BY GEOGRAPHIC AREA	**526**	**984**	**1,117**	**394**	**176**	**166**	**187**	**135**	**14**	**(246)**	**3,453**
Total equity											4,213
Deferred tax liabilities											153
Current income tax payable											52
Borrowings and bank overdrafts											1,335
Derivative instruments											7
TOTAL EQUITY AND LIABILITIES											**9,213**

AT DECEMBER 2008 *in millions of euros*	North America	France	United Kingdom and Ireland	Benelux	Southern Europe and Latin America	Nordic countries	Germany and Central Europe	Asia-Pacific	Not allocated	Eliminations	Total
Assets by geographic area:											
- external	919	1,676	854	1,371	235	286	413	167	35	-	5,956
- inter-geographic area	44	63	31	21	11	10	27	108	11	(326)	-
TOTAL ASSETS BY GEOGRAPHIC AREA	**963**	**1,739**	**885**	**1,392**	**246**	**296**	**440**	**275**	**46**	**(326)**	**5,956**
					Deferred tax assets						863
					Current income tax receivable						39
					Cash & Cash equivalents						1,868
					Derivative instruments						3
					TOTAL ASSETS						**8,729**
Liabilities by geographic area:											
- external	460	1,035	960	411	156	150	175	92	8	-	3,447
- inter-geographic area	73	63	56	45	11	24	27	18	9	(326)	-
TOTAL EQUITY AND LIABILITIES BY GEOGRAPHIC AREA	**533**	**1,098**	**1,016**	**456**	**167**	**174**	**202**	**110**	**17**	**(326)**	**3,447**
					Total equity						3,939
					Deferred tax liabilities						138
					Current income tax payable						74
					Borrowings and bank overdrafts						1,034
					Derivative instruments						97
					TOTAL EQUITY AND LIABILITIES						**8,729**

Analysis of acquisitions of intangible assets and property, plant and equipment

At December 31 *(in millions of euros)*	2008	2009	2010
North America	21	36	31
France	35	37	22
United Kingdom and Ireland	26	23	50
Benelux	40	26	13
Southern Europe and Latin America	5	8	14
Nordic countries	8	3	14
Germany and Central Europe	16	11	15
Asia-Pacific	26	17	37
ACQUISITIONS OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	**177**	**161**	**196**

Total acquisitions of intangible assets and property, plant and equipment reported in the Consolidated Statement of Financial Position is different from the figure provided in the Statement of Cash Flows (€144 million), which excludes acquisitions of assets held under finance leases (€52 million).

Segment reporting by business

The Group's services are organized into four businesses:

- "Consulting Services" helps to enhance the performance of organizations based on in-depth knowledge of client industries and processes;
- "Technology Services" plans, designs and develops IT systems and applications;
- "Local Professional Services" provides assistance and support to internal IT teams within client companies;
- "Outsourcing Services" manages all or part of a company's IT or business process needs.

Breakdown of revenues by business

	2008		2009		2010	
in millions of euros	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Consulting Services	695	8	558	7	511	6
Technology Services	3,396	39	3,345	40	3,610	42
Local Professional Services	1,543	18	1,419	17	1,418	16
Outsourcing Services	3,076	35	3,049	36	3,158	36
REVENUES	**8,710**	**100**	**8,371**	**100**	**8,697**	**100**

Breakdown of operating margin by business

	2008		2009		2010	
in millions of euros	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Consulting Services	89	12.8	64	11.4	56	10.9
Technology Services	348	10.2	230	6.9	242	6.7
Local Professional Services	198	12.9	138	9.7	131	9.2
Outsourcing Services	167	5.4	218	7.2	225	7.1
Not allocated	(58)	-	(55)	-	(67)	-
OPERATING MARGIN	**744**	**8.5**	**595**	**7.1**	**587**	**6.8**

NOTE 26 – NUMBER OF EMPLOYEES

Average number of employees by geographic area

	2008		2009		2010	
	Employees	%	Employees	%	Employees	%
North America	8,650	10	8,032	9	8,265	8
France	21,056	24	20,496	23	19,828	21
United Kingdom and Ireland	8,147	9	8,042	9	8,167	8
Benelux	10,021	12	11,795	13	10,877	11
Southern Europe and Latin America	7,479	9	7,939	9	9,863	10
Nordic countries	4,057	5	3,894	4	3,850	4
Germany and Central Europe	6,880	8	7,649	8	7,853	8
Asia-Pacific	20,049	23	22,230	25	28,696	30
Not allocated	156	-	161	-	172	-
AVERAGE NUMBER OF EMPLOYEES	**86,495**	**100**	**90,238**	**100**	**97,571**	**100**

Number of employees at december 31 by geographic area

	2008		2009		2010	
At December 31	Employees	%	Employees	%	Employees	%
North America	8,379	9	7,950	9	8,667	8
France	21,242	23	19,865	22	20,107	18
United Kingdom and Ireland	7,985	9	7,844	9	8,515	8
Benelux	12,291	13	11,163	12	10,782	10
Southern Europe and Latin America	7,913	9	8,114	9	14,853	14
Nordic countries	4,049	5	3,681	4	4,012	4
Germany and Central Europe	7,534	8	7,724	9	7,928	7
Asia-Pacific	22,078	24	24,008	26	33,655	31
Not allocated	150	-	167	-	179	-
NUMBER OF EMPLOYEES AT DECEMBER 31 BY GEOGRAPHIC AREA	**91,621**	**100**	**90,516**	**100**	**108,698**	**100**

NOTE 27 – OFF BALANCE-SHEET COMMITMENTS

Off-balance sheet commitments relating to group operating activities

Commitments given on client contracts

The Group has provided performance and/or financial guarantees for a number of major contracts. These include the contracts signed in 2004 with HM Revenue & Customs, Schneider Electric Industries and Euroclear, the contract signed in 2005 with the Metropolitan Police and the contracts signed in 2009 with Ontario Power Generation Inc., Environmental Agency and Renault S.A.

In addition, certain clients enjoy:

- limited financial guarantees issued by the Group and totaling €631 million at December 31, 2010 (€266 million and €138 million in 2009 and 2008, respectively),
- bank guarantees borne by the Group and totaling €91 million at December 31, 2010 (€57 million and €58 million in 2009 and 2008, respectively).

Commitments given on non-cancellable leases

in millions of euros	Computer equipment	Offices	Vehicles	Other	Total
Y+1	15	155	64	-	234
Y+2	13	136	44	1	194
Y+3	3	105	24	-	132
Y+4	1	77	7	-	85
Y+5	-	57	-	-	57
Y+6 and beyond	-	103	-	-	103
December 31, 2010	**32**	**633**	**139**	**1**	**805**
December 31, 2009	**36**	**687**	**139**	**3**	**865**
December 31, 2008	**13**	**641**	**153**	**3**	**810**

Lease payments recognized in the Income Statement in 2010 totaled €267 million (€262 million and €242 million in 2009 and 2008, respectively).

Other commitments given

Other commitments given total €50 million at December 31, 2010 (€53 million and €55 million in 2009 and 2008, respectively) and comprise:

- bank guarantees given to the tax authorities in connection with tax disputes in France and Spain,
- commitments relating to employees in the Netherlands,
- firm purchase commitments relating to goods or services in India and France.

Commitments received on client contracts

In the framework of a new contract signed in 2010, Capgemini Group received a limited financial guarantee of €50 million from the client.

Off-balance sheet commitments relating to Group financing

OCEANE bonds

With regard to the OCEANE 2009 and 2005 bond issues detailed in Note 17 – Net cash and cash equivalents, Cap Gemini S.A. has committed to standard obligations and particularly to maintain pari passu status with all other negotiable bonds that may be issued by the Company.

Syndicated credit facility obtained by Cap Gemini S.A. and not drawn to date

Cap Gemini S.A. has agreed to comply with the following financial ratios (as defined in IFRS) in respect of the credit facility disclosed in Note 17 – Net cash and cash equivalents:

- the net debt to consolidated equity ratio must be less than 1 at all times,
- the interest coverage ratio (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, 2008, 2009 and 2010 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 assets as collateral, asset sales, mergers and similar transactions. Cap Gemini S.A. also committed to standard obligations, including an agreement to maintain pari passu status.

Borrowings secured by assets

Some borrowings are secured by assets recorded in the Consolidated Statement of Financial Position. At December 31, 2010, these related to finance leases for an amount of €93 million.

Contingent liabilities

During 2010 and in previous fiscal years, some Group companies underwent tax audits leading in some cases to tax reassessments. A number of these reassessments have been challenged and some litigation proceedings were in progress at the period end. In general, no provisions have been set aside for these disputes in the consolidated financial statements.

NOTE 28 – RELATED-PARTY TRANSACTIONS

Associates

Associates are equity–accounted companies over which the Group exercises significant influence. At December 31, 2010, the Group does not equity account for any companies, following the buy-out of the residual 51.17% of Srategic System Solution (SSS) Holdings corporation Ltd. share capital in 2010 (see Note 2 – Changes in Group structure). Transactions with these companies in 2009 and 2008 were carried out on an arm's length basis, and volumes were not material.

Other related-parties

In 2010, no material transactions were carried out with:

- shareholders holding significant voting rights in the share 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.

Moreover, since the acquisition of 56,06% financial interest in CPM Braxis on October 6, 2010, it is worth noting that Bradesco SA, minority shareholder with 25,3% financial interest, is also the first client of CPM Braxis with 33% of its revenues in 2010.

Group management compensation

The table below provides a breakdown of compensation due in respect of 2010 to members of the Group's management - which includes the Group operating management structure present at each year-end (21 members in 2010 and 29 members in 2009) – and the Chairman of the Board of Directors, as well as attendance fees payable to non-salaried Directors and non-voting Directors.

in millions of euros	2008	2009	2010
Short-term benefits excluding employer payroll taxes (1)	21,493	21,422	18,306
O/w: attendance fees to salaried Directors (2)	*118*	-	-
O/w: attendance fees to non-salaried Directors and non-voting Directors (3)	*576*	*534*	*699*
Short-term benefits: employer payroll taxes	3,771	4,133	3,300
Post-employment benefits (4)	756	909	674
Share-based payment (5)	1,210	1,741	2,183

(1) Includes gross wages and salaries, bonuses, profit-sharing, directors' fees and benefits in kind.
(2) As a reminder, salaried Directors (Serge Kampf and Paul Hermelin) renounced in 2009 and in 2010 to their attendance fees.
(3) 12 in 2008, 14 in 2009 and 13 in 2010.
(4) Including mainly statutory retirement termination payments.
(5) Representing the annual expense relating to the granting of stock options and performance shares.

NOTE 29 – SUBSEQUENT EVENTS

On January 1, 2011, the Group sold its 70% investment in the Czech subsidiary, Capgemini Sophia TS S.r.o.

As disclosed in Note 17 – Net cash and cash equivalents, Cap Gemini S.A. refinanced its €500 million multi-currency credit facility secured on November 14, 2005 and which expires on November 14, 2011. The new credit facility, of the same amount, expires on January 13, 2016 at the latest.

On February 4, 2011, the Group finalized the acquisition of the German IT service provider, CS Consulting GmbH, from the investment fund LRPC.

At the Combined Shareholders' Meeting, the Board of Directors will recommend a dividend payout to Cap Gemini S.A. shareholders of €1 per share in respect of 2010, compared to a dividend of €0.80 per share in 2009 and €1 per share in 2008.

NOTE 30 – LIST OF THE MAIN CONSOLIDATED COMPANIES BY COUNTRY

FC = Full consolidation
EM = Equity method
PC= Proportionate consolidation

Country	Consolidated company	% interest	Consolidation Method
GERMANY	Capgemini Deutschland GmbH	100.00%	FC
	Capgemini Deutschland Holding GmbH	100.00%	FC
	Capgemini Outsourcing Services GmbH	100.00%	FC
	Capgemini SD&M AG	100.00%	FC
	Sogeti Deutschland GmbH	100.00%	FC
	Cap Gemini Telecom Media & Networks Deutschland GmbH	100.00%	FC
	Sogeti High Tech GmbH	100.00%	FC
	IBX Deutschland GmbH	100.00%	FC
	Portum AG	100.00%	FC
	CPM Braxis Deutschland GmbH	56.06%	FC
ARGENTINA	Capgemini Argentina SA	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
BRAZIL	Capgemini do Brasil, Serviços de Consultoria e Informática Ltda.	100.00%	FC
	Capgemini Business Services Brasil – Assessoria Empresarial Ltda.	100.00%	FC
	Consultoria de Gestao Gemini Ltda.	100.00%	FC
	CPM Braxis S.A.	56.06%	FC
	CPM Braxis ERP Tecnologia da Informação Ltda.	56.06%	FC
	CPM Braxis Outsourcing S.A.	56.06%	FC
	CPM Braxis BI Tecnologia da Informação S.A.	56.06%	FC
	CPM Braxis BPO Ltda.	56.06%	FC
CANADA	Capgemini Canada Inc.	100.00%	FC
	Inergi LP	100.00%	FC
	New Horizons System Solutions LP	100.00%	FC
	Capgemini Financial Services Canada Inc.	100.00%	FC
CHILE	Capgemini Business Services Chile Ltda.	100.00%	FC
CHINA	Capgemini (China) Co. Ltd.	100.00%	FC
	Capgemini Hong Kong Ltd.	100.00%	PC
	Capgemini Business Services (China) Ltd.	100.00%	FC
	Capgemini Business Services (Asia) Ltd.	100.00%	FC
	Capgemini Financial Services HK Ltd.	100.00%	IG
	Strategic Systems Solutions Hangzhou (China) Ltd.	100.00%	IG
DENMARK	Capgemini Danmark AS	100.00%	IG
	Sogeti Danmark AS	100.00%	IG
	IBX Danmark AS	100.00%	IG
UNITED ARAB EMIRATES	Capgemini Middle East FZ LLC	100.00%	IG
	Thesys Technologies Middle East FZE	100.00%	IG
	Thesys Technologies LLC	49.00%	IP
SPAIN	Capgemini España, S.L.	100.00%	IG
	Sogeti España, S.L.	100.00%	IG

FC = Full consolidation
EM = Equity method
PC= Proportionate consolidation

Country	Consolidated company	% interest	Consolidation Method
UNITED STATES	Capgemini America Inc.	100.00%	FC
	Capgemini Applications Services LLC	100.00%	FC
	Capgemini US 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 LP	100.00%	FC
	Capgemini Financial Services International Inc.	100.00%	FC
	Capgemini Financial Services USA Inc.	100.00%	FC
	Capgemini Financial Services Europe Inc.	100.00%	FC
	Capgemini Financial Services Japan Inc.	100.00%	FC
	Strategic Systems Solutions (US) Inc.	100.00%	FC
	IBX North America Inc.	100.00%	FC
	CPM Braxis USA Corp.	56.06%	FC
FINLAND	Capgemini Finland Oy	100.00%	FC
	Sogeti Finland Oy	100.00%	FC
	IBX 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 Etoile	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
	Capgemini Telecom Media Défense S.A.S.	100.00%	FC
	Plaisir Informatique S.A.R.L.	100.00%	FC
	Cap Sogeti 2005 S.A.S.	100.00%	FC
	IBX France S.A.R.L.	100.00%	FC
	Sogeti S.A.S.	100.00%	FC
	Sogeti IDF 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
GUATEMALA	Capgemini Business Services Guatemala S.A.	100.00%	FC
HUNGARY	Capgemini Magyarorszag Kft	100.00%	FC
INDIA	Capgemini Business Services (India) Ltd.	100.00%	FC
	Capgemini India Private Ltd.	100.00%	FC
	Thesys Technologies Private Ltd.	100.00%	FC
IRELAND	Sogeti Ireland Ltd.	100.00%	FC

FC = Full consolidation
EM = Equity method
PC= Proportionate consolidation

Country	Consolidated company	% interest	Consolidation Method
ITALY	Capgemini Italia S.p.A.	100.00%	FC
LUXEMBOURG	Sogeti Luxembourg S.A.	100.00%	FC
	Sogeti PSF S.A.	100.00%	FC
	Capgemini Reinsurance Company S.A.	100.00%	FC
MOROCCO	Capgemini Technology Services Maroc S.A.	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 AS	100.00%	FC
	IBX Norge AS	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 Educational Services B.V.	100.00%	FC
	Capgemini N.V.	100.00%	FC
	Capgemini Datacenter Amsterdam B.V.	100.00%	FC
	Sogeti Nederland B.V.	100.00%	FC
	Capgemini Retail Solutions B.V.	100.00%	FC
	Independent Interim v.o.f	50.00%	PC
PHILIPPINES	Strategic Back Office Solutions (Philippines) Ltd.	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
	Capgemini Sophia TS S.r.o.	70.00%	FC
ROMANIA	Capgemini Services Romania s.r.l.	100.00%	FC
	IBX Software Development s.r.l.	100.00%	FC
UNITED KINGDOM	Capgemini UK Plc.	100.00%	FC
	Capgemini Financial Services UK Ltd.	100.00%	FC
	Strategic Systems Solutions Ltd.	100.00%	FC
	Sogeti UK Ltd.	100.00%	FC
	IBX UK Ltd.	100.00%	FC
	Thesys Technologies Ltd.	100.00%	FC
SINGAPORE	Strategic Systems Solutions Pte Ltd.	100.00%	FC
	Capgemini Singapore Pte Ltd.	100.00%	FC
	Thesys Technologies 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
	IBX Group AB	100.00%	FC
	Skvader Systems AB	100.00%	FC
SWITZERLAND	Capgemini Suisse S.A.	100.00%	FC
	Capgemini SD&M Schweiz AG	100.00%	FC
	Sogeti Suisse S.A.	100.00%	FC
VIETNAM	IACP Asia	100.00%	FC

7.

CAP GEMINI S.A. FINANCIAL STATEMENTS

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7.1 Balance Sheet at December 31, 2009 and 2010

ASSETS

in thousands of euros	Dec. 31, 2009 Net	Dec. 31, 2010 Gross	Dec. 31, 2010 Depreciation, amortization and provisions	Dec. 31, 2010 Net
Intangible assets				
Trademarks, patents and similar rights	2,069	35,568	(33,499)	2,069
Property, plant and equipment	224	224	-	224
Financial fixed assets				
Equity interests	7,967,436	14,147,695	(5,964,643)	8,183,052
Receivable from controlled entities (1)	209,938	333,904	-	333,904
Securities held for portfolio management purposes	2	2	-	2
Other financial fixed assets (1)	3,717	6,130	(83)	6,047
Non-current assets	**8,183,386**	**14,523,523**	**(5,998,225)**	**8,525,298**
Advances and downpayments	-	-	-	-
Accounts and notes receivable (1)	381	453	(71)	382
Other receivables (1)	13,356	13,757	-	13,757
Receivable from related and associated companies (1)	187,725	194,566	-	194,566
Miscellaneous receivables (1)	65	13	-	13
Marketable securities	1,416,759	891,202	-	891,202
Cash and cash equivalents	122,024	75,875	-	75,875
CURRENT ASSETS	**1,740,310**	**1,175,866**	**(71)**	**1,175,795**
Prepaid expenses (1)	76	31	-	31
Deferred charges	12,092	8,344	-	8,344
Bond redemption premium	17,751	8,875	-	8,875
Unrealized foreign exchange losses	48	4	-	4
OTHER ASSETS	**29,967**	**17,254**	**-**	**17,254**
TOTAL ASSETS	**9,953,663**	**15,716,643**	**(5,998,296)**	**9,718,347**
(1) of which due within one year	206,118	242,972	-	242,972

SHAREHOLDERS' EQUITY AND LIABILITIES

in thousands of euros	Dec. 31, 2009	Dec. 31, 2010
Share capital (fully paid-up)	1,233,419	1,246,163
Additional paid-in capital	5,683,807	5,717,403
Legal reserve	123,167	123,342
Other reserves	561,853	561,853
Retained earnings	303,520	405,692
Profit for the year	224,022	136,889
Tax-driven provisions	4,198	6,067
Shareholders' equity	**8,133,986**	**8,197,409**
Provisions for contingencies and losses	**48**	**4**
Convertible bonds	1,266,790	1,069,873
Bank loans and borrowings [(2)]	136,629	100,422
Payable to controlled entities [(2)]	275,452	247,500
Borrowings [(2)]	**1,678,871**	**1,417,795**
Accounts and notes payable [(2)]	2,535	4,233
Tax and social security liabilities [(2)]	3,484	2,885
Payable to related and associated companies [(2)]	133,738	95,572
Other payables [(2)]	494	301
Prepaid income [(2)]	443	-
Unrealized foreign exchange gains	64	148
Other liabilities	**140,758**	**103,139**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**9,953,663**	**9,718,347**
[(2)] of which due within one year	749,692	450,913

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7.2 Income Statement
for the years ended December 31, 2009 and 2010

in thousands of euros	2009	2010
Royalties	197,778	200,518
Reversals of depreciation, amortization and provisions, expense transfers	76	-
Other income	713	1,049
Total operating income	**198,567**	**201,567**
Other purchases and external charges	23,311	30,116
Taxes, duties and other levies	3,046	2,399
Depreciation and amortization	2,873	2,311
Charges to provisions	5,124	1,437
Other expenses	695	534
Total operating expenses	**35,049**	**36,797**
OPERATING PROFIT	**163,518**	**164,770**
Investment income [1]	43,754	53,358
Income from other marketable securities and amounts receivable on non-current assets [1]	6,412	4,493
Other interest income [1]	20,711	7,988
Reversals of provisions	19,252	6,190
Foreign exchange gains	2,674	2,413
Net proceeds on disposals of marketable securities	6,247	2,812
Total financial income	**99,050**	**77,254**
Depreciation, amortization and provisions relating to financial items	26,821	88,022
Interest and similar expenses [2]	37,698	26,750
Foreign exchange losses	3,550	3,665
Total financial expenses	**68,069**	**118,437**
NET FINANCE INCOME (EXPENSE)	**30,981**	**(41,183)**
RECURRING PROFIT BEFORE TAX	**194,499**	**123,587**
Non-recurring income from operations	3,490	368
Non-recurring income from capital transactions	2,962	2,286
Reversals of provisions and expense transfers	-	-
Total non-recurring income	**6,452**	**2,654**
Non-recurring expenses on operations	2,361	1,897
Non-recurring expenses on capital transactions	533	1,326
Exceptional depreciation, amortization and charges	1,453	1,869
Total non-recurring expenses	**4,347**	**5,092**
NET NON-RECURRING INCOME (EXPENSE)	**2,105**	**(2,438)**
INCOME TAX EXPENSE	**27,418**	**15,740**
PROFIT FOR THE YEAR	**224,022**	**136,889**
[1] of which income concerning related companies	51,879	59,574
[2] of which interest concerning related companies	5,115	2,006

7.3 Notes to the Financial Statements

I – ACCOUNTING POLICIES

The annual financial statements for the year ended December 31, 2010 are prepared and presented in accordance with French accounting rules and principles (as set out in the 1999 French chart of accounts), including the new accounting rules on assets introduced by the French Accounting Regulatory Committee *(Comité de Réglementation Comptable)* and applicable since January 1, 2005. The annual financial statements are also prepared in accordance with the principles of prudence and accruals, and assuming that the Company is able to continue as a going concern.

Items in the financial statements are generally measured using the historical cost method.

The Company's main accounting policies are described below:

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 a maximum period of three years. At year-end, the value of computer software and user rights is compared to their value in use for the Company.

Financial fixed assets

The gross value of equity interests and other long-term investments carried in the balance sheet comprises their acquisition cost, including any transaction fees. A provision for impairment is set aside when the value in use falls below the acquisition cost. The value in use is calculated based on either the present value of discounted future cash flows adjusted for net debt, or in certain cases on the Company's share in net assets.

Treasury stock

Treasury shares held by Cap Gemini S.A. as part of the liquidity agreement are recorded on the balance sheet within long-term investments at the lower of cost and net realizable value. Realizable value is the average market price for Cap Gemini S.A. shares in December. Other treasury shares held for other objectives of the share buyback program are recorded in listed shares.

Marketable securities

Marketable securities are shown on the balance sheet at the lower of cost and net realizable value. The realizable value of listed securities is based on the average share price in December. The realizable value of unlisted securities is based on their net asset value. At year-end, accrued interest receivable or interest received in advance on certificates of deposit and commercial paper is recognized in accrued income or prepaid income, respectively.
Capitalization contracts subscribed by the Company are also included in marketable securities.

Foreign currency transactions

Receivables, payables and cash and cash equivalents denominated in foreign currencies are translated into euros at the year-end exchange rate or at the hedging rate. Any differences resulting from the translation of foreign currency receivables and payables at these rates are included in the balance sheet under "Unrealized foreign exchange gains/losses". A provision for foreign exchange losses is set aside to cover any unrealized losses.

Receivables and payables

Receivables are measured at their nominal amount, and a provision for impairment set aside when their net realizable value falls below their net carrying amount. Unbilled payables are recognized excluding VAT.

Bond redemption premium

The bond redemption premium is amortized on a straight-line basis over the term of the debt.

Tax consolidation

The Company and French subsidiaries at least 95% owned by the Group have elected to file consolidated tax returns pursuant to Article 223 A of the French General Tax Code. Tax savings realized by the Group on account of losses incurred by consolidated entities are treated as a gain in the period in which they arise.

Financial instruments

Currency and interest rate positions are taken using financial instruments presenting minimum counterparty risk listed on organized markets or over-the-counter. Gains and losses on financial instruments used in hedging transactions are recognized to match the gains and losses arising on the hedged items. The fair value of financial instruments, which is not recognized in the accounts of the Company, in accordance with French accounting principles, is estimated based on market prices or pricing data provided by banks.

II – NOTES TO THE CAP GEMINI S.A. BALANCE SHEET AND INCOME STATEMENT

1. Non-current assets

in thousands of euros	Gross value (at beginning of year)	Increases	Decreases	Gross value (December 31)
Intangible assets				
Trademarks, patents and similar rights	35,568	-	-	35,568
Sub-total	**35,568**	**-**	**-**	**35,568**
Property, plant and equipment	224	-	-	224
Sub-total	**224**	**-**	**-**	**224**
Financial fixed assets		-	-	
Equity interests	13,853,020	294,725	(50)	14,147,695
Receivable from controlled entities	209,938	172,904	(48,938)	333,904
Securities held for portfolio management purposes	2	-	-	2
Other long-term investments	3,717	174,806	(172,393)	6,130
Sub-total	**14,066,677**	**642,435**	**(221,381)**	**14,487,731**
TOTAL NON-CURRENT ASSETS	**14,102,469**	**642,435**	**(221,381)**	**14,523,523**

Equity interests

Equity interests comprise shares in the Company's subsidiaries. The main changes during the period were due to:

- capital increases in France in the amount of €237,321 thousand (primarily by capitalization of a loan granted in October 2010) to help fund the acquisition of the Brazilian company CPM Braxis, in Sweden for €30,221 thousand, in Italy for €5,754 thousand, in Singapore for €5,577 thousand and finally in Guatemala for €1,037 thousand.
- the exercise of the call option by the Company for the residual 49% share capital interest in Capgemini Business Services (India) Ltd (formerly Hindustan Lever Limited) in the amount of €14,815 thousand.

Receivable from controlled entities

Amounts receivable from controlled entities consist of loans granted by the Company to subsidiaries, particularly in the Netherlands (€143,000 thousand), the United States (€125,089 thousand), Sweden (€31,932 thousand), Germany (€18,000 thousand), Australia (€9,214 thousand) and Chile (€5,361 thousand).

The main changes in this heading reflect:

- a loan of €125,089 thousand granted to the US subsidiary to refinance the majority of advances previously granted to the subsidiary through the international cash pooling arrangement;
- a loan of €31,932 thousand granted to a Swedish subsidiary, to help fund the acquisition of IBX;
- partial amortization of the loan granted to a Dutch subsidiary to help fund the acquisition of Getronics Pinkroccade Business Application Services BV (BAS BV) in the amount of €28,500 thousand;
- partial repayment of €8,000 thousand on the loan granted to the Germany subsidiary.

Other long-term investments

This account comprises the treasury shares held under the liquidity agreement. Implementation of this agreement during the fiscal year was successively entrusted by Cap Gemini S.A. to CA Chevreux and then Oddo Corporate Finance (from February 11, 2010). The agreement relates to the share buyback program approved by the Combined Shareholders' Meeting on May 27, 2010. In this context, a total of 4,790,071 shares were acquired and 4,736,071 shares were sold between January 1, 2010 and December 31, 2010. Cap Gemini S.A. held 175,000 treasury shares at December 31, 2010 (121,000 at December 31, 2009), valued at €6,130 thousand.

2. Depreciation, amortization and provisions for non-current assets

in thousands of euros	Depreciation, amortization and provisions (at beginning of year)	Additions	Reversals	Depreciation, amortization and provisions (December 31)
Intangible assets				
Amortization of trademarks, patents and similar rights	33,499	-	-	33,499
Financial fixed assets				
Provisions for equity interests	5,885,584	79,059	-	5,964,643
TOTAL DEPRECIATION, AMORTIZATION AND PROVISIONS	**5,919,083**	**79,059**	**-**	**5,998,142**

In 2010, the charge to provisions for equity interests concerns two French subsidiaries in the amount of €16,316 thousand and €24,363 thousand, respectively, and one subsidiary in the Asia-Pacific region in the amount of €38,380 thousand.

3. Marketable securities

Marketable securities can be analyzed as follows at December 31, 2010:

in thousands of euros	Net asset value	Nominal value	Carrying amount
Listed securities			
Money market funds (SICAV)	136,351	136,351	136,351
Investment funds (FCP)	164,887	164,887	164,887
Treasury shares	69,025	69,025	69,025
Unlisted securities			
Certificates of deposit	250,000	250,000	250,000
Term deposits	200,000	200,000	200,000
Other marketable securities			
Capitalization contracts	70,939	70,939	70,939
TOTAL	**891,202**	**891,202**	**891,202**

Other marketable securities: two capitalization fund contracts were subscribed in July and August 2010 with leading insurance companies in Europe for €20,000 thousand and €50,000 thousand, respectively. Capitalized interest at December 31, 2010 on these two contracts totaled €939 thousand.

4. Maturity of receivables at year-end

in thousands of euros	Gross amount	One year or less	More than one year
Non-current assets			
Receivable from controlled entities	333,904	28,022	305,882
Other financial fixed assets	6,130	6,130	-
Current assets			
Accounts and notes receivable	453	453	-
Income tax receivable	12,086	12,086	-
VAT receivable	1,515	1,515	-
Other taxes and duties receivable	156	156	-
Receivable from related companies	194,566	194,566	-
Miscellaneous receivables	13	13	-
Prepaid expenses	31	31	-
TOTAL	**548,854**	**242,972**	**305,882**

5. Deferred charges

in thousands of euros	Amount at beginning of year	Increase	Amortization	Amount at December 31
Issuance fees on the syndicated credit facility and OCEANE bonds (1)	12,092	-	(3,748)	8,344
TOTAL	**12,092**	**-**	**(3,748)**	**8,344**

(1) Issuance fees on the syndicated credit facility and OCEANE bonds are amortized on a straight-line basis over the term of the debt.

6. Share capital and additional paid-in capital

(in thousands of euros)	Number of shares	Share capital	Additional paid-in capital
At December 31, 2009 (par value of €8)	**154,177,396**	**1,233,419**	**5,683,807**
+ Cash capital increase via the exercise of stock options	1,592,966	12,744	33,596
At December 31, 2010 (par value of €8)	**155,770,362**	**1,246,163**	**5,717,403**

7. Stock option plans

At the May 23, 2000 and May 12, 2005 Combined Shareholders' Meetings, the Board of Directors or Executive Board was given a five-year authorization in respect of the May 23, 2000 plan, and a 38-month authorization in respect of the May 12, 2005, plan, to grant stock options to certain Group employees on one or several occasions.

The main features of the two plans in force at December 31, 2010 are set out in the table below:

Overview	2000 Plan (plan no 5)	2005 Plan (plan no 6)	Total
Date of Combined 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, 2005	
Deadline for exercising stock options after their grant date (based on progressive tranches): 10% after 1 year; +20% after 2 years; +30% after 3 years; +40% after 4 years, up to 100%)	6 years then 5 years as from October 1, 2001	5 years	
Strike price as a % of the average share price over the 20 stock market trading days preceding the grant date	80% then 100% as from October 1, 2001	100% (no discount)	
Strike price (per share and in euros) of the various stock option grants:			
Low	*Plan closed*	*30.00*	
High		*55.00*	
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2009	507,037	5,039,645	**5,546,682**
Number of new stock options granted during the year	Plan expired	Plan expired (1)	-
Number of options forfeited or cancelled in 2010	23,922	447,294	**471,216**
Number of options exercised in 2010	483,115 (2)	1,109,851 (3)	**1,592,966**
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2010	-	3,482,500 (4)	**3,482,500**
Residual weighted average life (in years)	Plan expired	1.31	

(1) Last stock options granted on June 1, 2008 at a price of €40.50.
(2) At the beginning of 2010, 483,115 stock options granted at €27 had been exercised.
(3) Stock options granted at a price of €30, now closed.
(4) Representing 1,553,000 shares at a price of €43; 165,000 shares at €55; 1,593,500 shares at €44 and 171,000 shares at €40.50.

The Group has no contractual or constructive obligations to purchase or settle the options in cash.
In the event of a notice of authorization of a takeover bid 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.

In addition, 3,482,500 shares would be issued on the exercise of outstanding stock options at December 31, 2010:
- if all these options, irrespective of the exercise price at which they were granted (i.e. whether at a price above or below the current share price), were exercised at December 31, 2010, the dilutive impact would be 2.19% after exercise.
- if only those options "in the money" were exercised, there would be no dilution, as all these options have an exercise price above the share price at December 31, 2010 (€34.93).

8. Performance share plan

The Combined Shareholders' Meetings of April 17, 2008 and April 30, 2009 authorized the Board of Directors to grant shares to a certain number of Group employees, on one or several occasions and within a maximum period of 12 months and 18 months, respectively, subject to certain performance and presence conditions within the Group. On March 5, 2009 and then on September 15, 2010, the Board of Directors approved the terms and conditions and the list of beneficiaries of the first and second plans, respectively. The main terms and conditions of these plans are summarized in the table below:

Overview	2009 Plan	Of which corporate officers	2010 Plan	Of which corporate officers
Date of Combined Shareholders' Meeting	April 17, 2008		April 30, 2009	
Total number of shares to be granted	1% of the share capital on the date of the Board of Directors' decision, i.e. a maximum of 1,458,860 shares		1% of the share capital on the date of the Board of Directors' decision, i.e. a maximum of 1,557,703 shares	
Number of shares effectively granted	1,148,250 (1)		1,555,000	
Date of the Board of Directors' decision	March 5, 2009		October 1, 2010	
Performance assessment dates	At the end of the first and second years following the grant date		At the end of the first and second years following the grant date	
Vesting period	Two years as from the grant date (France) or four years as from the grant date (other countries)		Two years as from the grant date (France) or four years as from the grant date (other countries)	
Mandatory lock-in period effective as from the vesting date (France only)	Two years, or five years in the event of departure from the Group during the two years following the vesting date		Two years, or five years in the event of departure from the Group during the two years following the vesting date	
Number of shares subject to performance and presence conditions granted during the year	-	50,000 (2)	1,555,000 (4)	(6)
Number of options forfeited or canceled during the year	63,750		3,000	
Number of shares at December 31, 2010 that may be definitively allocated under this plan in respect of shares previously granted, subject to performance and presence conditions	1,046,000 (3)	50,000	1,552,000 (5)	
Share price at the grant date (in euros)	23.30		37.16	
Main market conditions at the grant date: *Volatility* *Risk-free interest rate* *Expected dividend rate*	 *42.7%* *1.4%* *3.0%*		 *42.8%* *1.67%* *3.0%*	
Other conditions *Performance conditions* *Effective presence within the Group on the vesting date*	 *Yes (see below)* *Yes*		 *Yes (see below)* *Yes*	
Pricing model used to calculate the fair values of shares	Monte Carlo for performance shares and Black & Scholes for bonus shares		Monte Carlo for performance shares with external (market) conditions and Black & Scholes for shares granted without conditions or with internal performance conditions	
Range of fair values in euros *Bonus shares (per share and in euros)* *Performance shares (per share and in euros)*	 20.7 – 21.9 16.5 – 17.53	17.53	 32.3 – 32.96 21.54 – 21.97	

(1) Of which 64,750 shares granted without performance conditions (5.6% of the total) pursuant to the relevant resolution (authorization capped at 15% of the total).
(2) Shares subject to performance conditions only.
(3) Of which 59,000 shares granted without performance conditions.
(4) Of which 124,000 shares granted without performance conditions (8% of the total) pursuant to the relevant resolution (authorization capped at 15% of the total).
(5) Of which 123,000 shares granted without performance conditions.
(6) No bonus shares were granted in 2010.

Performance conditions and measurement of the 2009 Plan

The exact number of shares granted to beneficiairies at the end of the vesting period (2 or 4 years for international plans) will be equal to the maximum number of shares initially granted, multiplied by a percentage (from 0% to 100%) corresponding to the chosen performance measurement criteria. The performance of the Cap Gemini share, measured over the first two years, compared to the average performance of a basket of ten securities of listed companies, measured over the same period and representative of the Group's business sector in at least five countries in which the Group is firmly established, will ultimately condition the vesting of the shares.

The definitive allocation will depend on the relative performance of the Cap Gemini share in relation to the basket of comparable securities:

- no shares will be granted if the performance of the Cap Gemini share during the period in question is less than 90% of the average performance of the basket of securities over the same period;
- the number of shares that will ultimately vest:
  - will be equal to 60% of the number of shares initially allocated if the performance of the Cap Gemini share is equal to 90% of the basket;
  - will vary on a straight-line basis between 60% and 100% of the initial allocation, based on a predefined schedule, where the performance of the Cap Gemini share is between 90% and 110% of the basket;
  - will be equal to 100% of the number of shares initially allocated if the performance of the Cap Gemini share is higher than or equal to 110% of the basket.

Performance conditions and measurement of the 2010 Plan

In accordance with the AMF recommendation of December 8, 2009 regarding the inclusion of internal and external performance conditions when granting performance shares, the Board of Directors decided to add an internal condition to the external condition initially planned.

External performance condition:

The external performance condition is calculated in the same way as under the first plan, except for the grant thresholds which have been tightened compared to the first plan. As such:

- no shares will be granted if the performance of the Cap Gemini S.A. share during the period in question is less than 90% of the average performance of the basket of securities over the same period;
- the number of shares that will ultimately vest:
  - will be equal to 40% of the number of shares initially allocated if the performance of the Cap Gemini S.A. share is at least equal to 90% of the basket;
  - will be equal to 60% of the number of shares initially allocated if the performance of the Cap Gemini S.A. share is equal to 100% of the basket;
  - will vary on a straight-line basis between 40% and 60% and between 60% and 100% of the initial allocation, based on a predefined schedule, where the performance of the Cap Gemini S.A. share is between 90% and 100% of the basket in the first case and 100% and 110% of the basket in the second case;
  - will be equal to 100% of the number of shares initially allocated if the relative performance of the Cap Gemini S.A. share is higher than or equal to 110% of the basket.

Under these conditions, if the performance of the Cap Gemini S.A. share is in line with that of the basket of comparable shares, only 60% of the initial allocation will be granted compared to 80% under the first plan.

The external performance condition accounts for 70% of the grant calculation.

Internal performance condition:

The internal performance condition is based on the progression in the 2011 audited and published operating margin of Capgemini Group compared with the 2010 operating margin at constant Group structure and exchange rates.

The performance calculation will be performed once the 2011 accounts have been approved, by comparing the percentage increase in the 2011 audited and published operating margin of Capgemini Group compared with the 2010 audited and published operating margin at constant Group structure and exchange rates. Based on the percentage increase calculated in this way:

- no shares will be granted in respect of the internal performance condition if the increase in the operating margin thus calculated is less than 12%;
- the number of shares that will ultimately vest:
  - will be equal to 40% of the number of shares initially allocated if the increase is between 12% and 13.5%;
  - will be equal to 60% of the number of shares initially allocated if the increase is between 13.5% and 15%;
  - will be equal to 100% of the number of shares initially allocated if the increase is greater than or equal to 15%.

The internal performance condition accounts for 30% of the grant calculation.

9. Change in shareholders' equity at December 31, 2009 and 2010

in thousands of euros	At December 31, 2009	Appropriation of profit for 2009	Other movements	At December 31, 2010
Share capital	1,233,419	-	12,744	1,246,163
Additional paid-in capital	5,683,807	-	33,596	5,717,403
Legal reserve	123,167	175	-	123,342
Tax-driven reserves	-	-	-	-
Other reserves	561,853	-	-	561,853
Retained earnings	303,520	102,172	-	405,692
Dividends paid	-	121,675	(121,675)	-
Profit for the year	224,022	(224,022)	136,889	136,889
Tax-driven provisions	4,198	-	1,869	6,067
TOTAL	**8,133,986**	**-**	**63,423**	**8,197,409**

The appropriation of the net profit for 2009 led to the distribution on June 3, 2010 of a €0.80 dividend on each of the 154,177,396 shares making-up the share capital at December 31, 2009, for a total of €121,675 thousand. The amount not paid out on the 2,083,500 shares held by the Company on June 3, 2010 (€1,667 thousand) was appropriated to retained earnings.

Other movements concern:

- share capital, which increased €12,744 thousand following the exercise of 1,592,966 stock options.
- additional paid-in capital, which increased €33,596 thousand as a result of the operation described above.
- tax-driven provisions in the amount of €1,869 thousand, corresponding to the accelerated tax depreciation of equity interests.

10. Provisions for contingencies and losses

in thousands of euros	At beginning of year	Additions	Reversals (utilized provision)	Reversals (surplus provision)	Change in accounting policy	Other	At December 31
Provisions for contingencies and losses							
Relating to foreign exchange losses	48	4	48	-	-	-	4
Relating to other risks	-	-	-	-	-	-	-
TOTAL	**48**	**4**	**48**	**-**	**-**	**-**	**4**

Additions during the period correspond to a provision for currency risks set aside in respect of unrealized foreign exchange losses on foreign currency receivables and payables of €4 thousand. Reversals during the period concern a provision for currency risks recognized in 2009 in the amount of €48 thousand.

11. Convertible bonds

(in thousands of euros)	December 31, 2009	December 31, 2010
OCEANE 2003	**196,917**	-
OCEANE 2005		
Principal	437,000	437,000
Redemption premium	57,873	57,873
OCEANE 2009	**575,000**	**575,000**
TOTAL	**1,266,790**	**1,069,873**

A) "OCEANE 2003" convertible/exchangeable bonds issued on june 24, 2003

On January 4, 2010, Cap Gemini S.A. redeemed at par the 3,861,116 bonds issued on June 24, 2003 and outstanding at December 31, 2009, for an amount of €196,917 thousand.

B) "OCEANE 2005" convertible/exchangeable bonds issued on june 16, 2005

LOn 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"). Bondholders enjoy all rights from 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 were set out in the prospectus approved by the AMF on June 16, 2005 under 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 around 113.2% of 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 (i) the then current conversion/ exchange ratio multiplied by (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 in 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.

Redemption premium

There is a premium of €57,873 thousand on the redemption of the "OCEANE 2005" bonds. The offsetting entry for this premium is reported in assets on the bond redemption premium line, and is amortized on a straight-line basis over the term of the debt.

C) "OCEANE 2009" convertible/exchangeable bonds issued on April 20, 2009

On April 8, 2009, Cap Gemini S.A. issued bonds convertible/exchangeable into new or existing Cap Gemini shares, maturing on January 1, 2014 ("OCEANE 2009"). Bondholders enjoy all rights from April 20, 2009.

The total amount of the issue was €575 million, represented by 16,911,765 bonds with a nominal value of €34 each, resulting in an issue premium of 35% compared to the Company benchmark share price (weighted average share price between April 8 and the date on which the bond terms and conditions were finalized). The bonds bear interest at 3.5% per year.

The terms and conditions of this issue were set out in the prospectus approved by the AMF on April 8, 2009 under reference number 09-084.

Summary of the main terms and conditions of the "OCEANE 2009" bond issue

Conversion and/or exchange of the bonds for shares

At any time between April 20, 2009 and the seventh business day preceding January 1, 2014.

Redemption at maturity

January 1, 2014 at par.

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 April 20, 2012 and the seventh business day preceding January 1, 2014, all outstanding bonds may be redeemed at an early redemption price equal to par, plus the interest accrued since the most recent interest payment date, if (i) the then current conversion/exchange ratio multiplied by (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 in 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.

12. Bank loans and borrowings

Bank loans and borrowings total €100,422 thousand and correspond in part to the credit balance on certain euro and foreign currency bank accounts used in connection with the Group's worldwide cash pooling arrangements. These credit balances of €74,527 thousand are fully offset by matching debit balances presented in cash and cash equivalents. The residual balance corresponds to bank overdrafts (€1,263 thousand) and accrued interest (€24,632 thousand).

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, 2011 at the latest.

Cap Gemini S.A. has agreed to comply with the following financial ratios (as defined in IFRS) in respect of this credit facility:

- the net debt to consolidated equity ratio must be less than 1 at all times,
- interest coverage (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, 2010, 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 assets as collateral,
- asset sales, mergers or similar transactions.

Cap Gemini S.A. also committed to standard obligations, including an agreement to maintain *pari passu* status.

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 Group's financial position.

At the date of this report, no draw-downs had been made on this credit facility.

This facility was refinanced on January 13, 2011 with a syndicate of 18 banks and a new multi-currency credit facility was signed for an identical amount (€500 million), maturing on January 13, 2016 at the latest. The initial margin on this new credit facility is 0.90%, compared to 0.40% previously. This margin may be adjusted according to the credit rating of Cap Gemini S.A. The new facility is also subject to a fee on undrawn amounts equal to 35% of the margin (i.e. 0.315%), compared to 30% of the margin previously (i.e. 0.12%), that may be increased to 40% (35% previously) if Cap Gemini S.A.'s rating falls. An upgrade or downgrade in Cap Gemini S.A.'s credit rating would have no impact on the availability of this credit facility. The other main terms and conditions of the credit facility, in particular with respect to certain financial ratios, remain unchanged.

13. Maturity of payables at year-end

in thousands of euros		Gross amount	One year of less	More than one year
Convertible bonds		**1,069,873**	**-**	**1,069,873**
Bank loans and borrowings				
Bank overdrafts		1,263	1,263	-
Bank overdrafts (Group cash pooling arrangement)		74,527	74,527	-
Accrued interest		24,632	24,632	-
	Sub-total	**100,422**	**100,422**	**-**
Group loans and borrowings				
Payable to the Group		247,500	247,500	-
Payable to related companies		95,572	95,572	-
	Sub-total	**343,072**	**343,072**	**-**
Accounts and notes payable		**4,233**	**4,233**	**-**
Tax and social security liabilities		**2,885**	**2,885**	**-**
Other payables		**301**	**301**	**-**
TOTAL		**1,520,786**	**450,913**	**1,069,873**

The Group loan of €247,500 thousand concerns a three-month revolving loan from Capgemini U.K. Plc. It was renewed on October 22, 2010 for an amount of £220 million, maturing January 22, 2011 and pays annual interest of 0.73725%. It is hedged by a currency swap (euro/pound sterling).

14. Accrued charges

Accrued charges reported in the balance sheet can be analyzed as follows:

in thousands of euros	Amount
BORROWINGS	
Accrued interest	24,632
OTHER LIABILITIES	
Accounts and notes payable	4,233
Tax and social security liabilities	2,885
Other payables	301
TOTAL	**32,051**

15. Unrealized foreign exchange gains and losses on foreign currency receivables and payables

in thousands of euros	Reported in assets	Reported in liabilities	Provision for currency risks
On other receivables/payables	4	148	4
TOTAL	**4**	**148**	**4**

16. Net finance income (expense)

in thousands of euros	Amount
Provisions relating to financial items	
Additions	(88,022)
Reversals	6,190
Sub-total	**(81,832)**
Dividends received	53,358
Sub-total	**53,358**
Other financial income and expense	
Net income from short-term investments	7,868
Other investment income (capitalization contracts)	939
Revenue from current account loans granted and Group cash pooling arrangements	6,486
Interest on current account loans received and Group cash pooling arrangements	(2,252)
Interest on "OCEANE" bonds	(24,494)
Net foreign exchange losses	(1,252)
Other	(2)
Sub-total	**(12,707)**
NET FINANCE INCOME (EXPENSE)	**(41,183)**

The dividends of €53,358 thousand correspond to dividends paid to the Company during the period by French, Portuguese, and Hungarian subsidiaries.

Net income from short-term investments (€7,868 thousand) is the result of investments during 2010 in money market funds (SICAV) for €1,289 thousand, investment funds (FCP) for €1,523 thousand, and certificates of deposit and commercial paper for €5,056 thousand.

Additions to provisions for financial items of €88,022 thousand concern provisions for impairment of equity interests in the amount of €79,059 thousand, relating to two French subsidiaries for €16,316 thousand and €24,363 thousand, respectively, and one subsidiary in the Asia Pacific region for €38,380 thousand, as well as additions to provisions for treasury shares of €83 thousand, the amortization of the redemption premium on “OCEANE 2005” bonds of €8,876 thousand and additions to provisions for currency risks of €4 thousand.

Reversals concern the provision for treasury shares in the amount of €6,143 thousand and a provision for currency risks booked in 2009 in the amount of €48 thousand.

The net financial expense for 2010 of €41,183 thousand, is mainly due to provisions for impairment of equity interests in the amount of €79,059 thousand and, to a lesser extent, the fall in the average return on short-term investments.

17. Net non-recurring income (expense)

in thousands of euros	Amount
Non-recurring income from operations	368
Net income on disposals of treasury shares under the liquidity agreement	984
Sub-total	**1,352**
Exceptional provisions	(1,869)
Other	(1,921)
Sub-total	**(3,790)**
NET NON-RECURRING INCOME	**(2,438)**

18. Income tax expense

In France, Cap Gemini S.A. is the parent company of a French tax consolidation group comprising 23 companies. In 2010, the impact of tax consolidation on the earnings of Cap Gemini S.A. is a gain of €15,848 thousand. Tax losses carried forward by Cap Gemini SA amounted to €1,170,272 thousand at December 31, 2010.

III – OTHER INFORMATION

19. Off-balance sheet commitments

a) Commitments given to subsidiaries

Guarantees, deposits and comfort letters granted by Cap Gemini S.A. to its subsidiaries at December 31, 2010 can be analyzed as follows:

in thousands of euros	Amount
Guarantees on financing facilities	326,745
Guarantees on client contracts	625,889
Tax guarantees and other	15,132
TOTAL	**967,765**

Guarantees, deposits and comfort letters granted to subsidiaries in respect of financial items provide them with access to local cash facilities in the form of credit lines. Total draw-downs on these credit lines at December 31, 2010 amounted to €91,538 thousand.

b) Other commitments

On June 26, 2003 and June 28, 2004, Cap Gemini S.A. sold a tax receivable on the French Treasury of €90 million and an additional tax receivable of €39 million to a credit institution for €74 million and €33 million, respectively. These receivables result from the option to carry back French tax losses generated in 2002. Cap Gemini S.A. agreed to indemnify the transferee for any difference between the amount of the receivables sold and the amount able to be recovered from the French Treasury, for a period up to December 31, 2011.

The Group has provided performance and/or financial guarantees for a number of major contracts. These include the contracts signed in 2004 with HM Revenue & Customs, Schneider Electric Industries and Euroclear, the contract signed in 2005 with the Metropolitan Police and the contracts signed in 2009 with Ontario Power Generation Inc., Environment Agency and Renault S.A.

Cap Gemini S.A., together with all of its subsidiaries and any entities which it directly or indirectly owns more than 50%, are insured for the financial implications of any civil or professional liability claims that may be filed against them as a result of their activities. The insurance is part of a worldwide program comprising a number of policies taken out with leading insurance companies. The terms and conditions of this insurance program (including maximum coverage) are regularly reviewed and adjusted to reflect changes in revenues, business activities and risk profiles. The program's largest policy, amounting to €30 million, has been in place for several years and is reinsured with a consolidated captive reinsurance subsidiary.

Cap Gemini SA granted a financial guarantee in connection with the agreement signed on May 25, 2004 with France Telecom to transfer the management of part of the latter's telecommunications network for a term of eight years.

During previous financial years and in 2010, the Company underwent a number of tax audits. Certain proposed adjustments have been challenged and litigation proceedings were in progress at the balance sheet date.

Guarantees in respect of tax items totaled €17,010 thousand at December 31, 2010.

c) Financial instruments

Currency hedges / Derivative instruments

At December 31, 2010, currency hedges entered into in respect of foreign currency denominated internal financial arrangements and the rebilling of brand royalties concern a total notional amount of €428 million, broken down as follows:

- USD 187 million (€134 million);
- GBP 223 million (€252 million);
- AUD 13 million (€9 million);
- SEK 307 million (€33 million).

These hedges take the form of currency swaps and forwards maturing in 2011. At December 31, 2010, these derivatives had a negative value of €629 thousand, representing primarily the net balance of.

- a euro/pound sterling swap on a loan between Capgemini UK and the Company with a positive value of €8,079 thousand
- a euro/US dollar swap on a loan between the Company and Capgemini North America with a negative value of €6,568 thousand
- a euro/Swedish krona swap on a loan between the Company and Capgemini AB with a negative value of €1,369 thousand
- a euro/Australian dollar swap on a loan between the Company and Capgemini Australia with a negative value of €811 thousand.

20. Related companies

in thousands of euros	Total	of which related companies
Balance sheet items		
Equity interests	14,147,695	14,147,695
Receivable from controlled entities	333,904	333,904
Payable to controlled entities	247,500	247,500
Related companies		
- Receivable	194,566	194,566
- Payable	95,572	95,572
Income Statement items		
Investment income	53,358	53,358
Income on Group loans	4,493	4,493
Other interest income	7,988	1,723
Interest expense	26,750	2,006

21. Consolidating company

Cap Gemini S.A. is the consolidating company for the Capgemini Group.

22. Subsequent events

At the Combined Shareholders' Meeting, the Board of Directors will recommend a dividend payment of €1 per share in respect of 2010.
As disclosed in Note 13 above, on January 13, 2011, Cap Gemini S.A. refinanced its €500 million multi-currency credit facility secured on November 14, 2005 and which expires on November 14, 2011. The new credit facility, of the same amount, expires on January 13, 2016 at the latest.

23. Remuneration of members of the Board of Directors

The total amount of attendance fees paid to Directors and non-voting directors in 2010 is €641,500 (or €579,000 after deduction of withholding tax for non-resident beneficiaries).

24. Fees paid to the statutory auditors and members of their network

in thousands of euros	Amount
Statutory audit of the consolidated and separate financial statements	657
Other services directly related to the statutory audit engagement (*)	1,143
Sub-total	**1,800**
Other services	
Legal, tax and employee-related advisory services	-
Other	-
Sub-total	**-**
TOTAL	**1,800**

(*) Other services directly related to the statutory audit engagement consist of buyer due diligence procedures.

7

7.4. Subsidiaries and investments

in millions of euros	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]	2010 Revenue	Dividends received
					Gross	Net				
SUBSIDIARIES										
Capgemini North America Inc	1	2,977	100.00%	982,000	6,618	2,350	125	-	-	-
CGS HOLDINGS Ltd	617	1	100.00%	558,777,061	721	721	-	-	-	-
Gemini Consulting Holding Ltd	0	9	100.00%	1,083	23	23	-	-	-	-
Capgemini Oldco Ltd	12	25	100.00%	1,033,938,857	801	264	-	-	-	-
Capgemini AB (Suède)	3	320	100.00%	25,861	387	387	-	9	-	-
Capgemini NV (Benelux)	2	299	100.00%	21,582,376	1,467	1,239	143	-	-	-
Capgemini Business services BV	0	2	100.00%	485	19	19	-	-	-	-
Capgemini Shared Services BV	0	0	100.00%	1,053	3	3	-	-	-	-
Capgemini Deutschland Holding GmbH	129	1	95.59%	3	629	629	-	12	-	-
Capgemini Consulting Österreich AG	0	1	100.00%	36,791	44	32	-	-	34	-
Capgemini Suisse AG	0	1	100.00%	500	39	32	-	44	44	-
Capgemini Polska Sp Z.o.o (Pologne)	4	25	100.00%	129,160	25	16	-	55	118	-
Capgemini Magyarorszag Kft	0	1	100.00%	1	2	2	-	-	5	-
capgemini Czech Republic s r o	1	3	98.77%	21,255	8	8	-	-	9	-
Capgemini France S.A.S.	63	238	100.00%	4,063,722	843	843	-	-	9	42
Capgemini Télécom Media Défense S.A.S.	17	-12	98.00%	1,090,762	171	146	-	-	172	-
Capgemini Technology Services Maroc	3	1	99.99%	329,996	3	3	-	-	8	-
SOGETI S.A.	0	1	100.00%	619	0	0	-	-	-	8
SOGETI S.A.S.	261	295	100.00%	52,106,876	754	754	-	-	29	-
Capgemini Italia S.p.A.	11	-1	100.00%	2,200,000	513	20	-	12	139	-
Capgemini España S.L. (Sociedad Unipersonal)	25	-6	76.02%	191,706	234	234	-	-	254	-
Capgemini Portugal, Serviços de Consultoria e Informatica, SA	8	4	100.00%	1,698,842	44	44	-	-	28	2
Capgemini Business Services Guatemala S.A.	0	1	99.99%	12,925,876	1	1	-	-	10	-
Capgemini Argentina S.A.	2	2	1.51%	126,278	0	0	-	-	21	-
Capgemini Asia Pacific Pte. Ltd. (Singapour)	23	-1	100.00%	17,421,299	148	11	-	-	1	-
Capgemini Australia Pty Ltd (Australie)	145	-144	100.00%	1,502,342	172	60	9	26	82	-
Capgemini Business Services (India)	0	15	99.90%	4,995	25	25	-	1	44	-
Capgemini Service S.A.S	8	7	100.00%	8,000,000	134	15	-	15	227	-
S.C.I. Paris Etoile	0	5	99.99%	9,999	48	31	-	-	3	2
Immobilière les Fontaines S.A.R.L	2	-10	99.84%	619,000	32	32	-	35	7	-
Capgemini Université S.A.S.	0	0	100.00%	2,500	0	0	-	-	14	-
Capgemini Gouvieux S.A.S.	0	0	100.00%	10,000	0	0	-	-	21	-
CAP SOGETI 2005	229	0	100.00%	22,864,750	237	237	-	-	-	-
Other French compagnies	na	na	na	na	0	0	-	nm	na	-
Other foreign compagnies	na	na	na	na	0	0	-	-	na	-
INVESTMENTS										
As of December 31, 2010, investments held by Cap Gemini SA are not material.										

na: not applicable

The net income of subsidiaries and investments is not provided because disclosure would be prejudicial to the Company's commercial and financial strategy.

7.5 Five-year financial summary

(in thousand of euros)	2006	2007	2008	2009	2010
I - SHARE CAPITAL AT YEAR-END					
Share capital	1,152,654	1,163,404	1,166,760	1,233,419	1,246,163
Number of common shares outstanding	144,081,808	145,425,510	145,844,938	154,177,396	155,770,362
Maximum number of future shares to be created :					
- through exercise of equity warrants	10,518,710	10,291,173	8,696,637	9,655,432	9,079,500
- through conversion fo convertible bonds	20,830,416	20,830,416	20,830,416	32,583,691	28,722,575
II - OPERATIONS AND RESULTS OF THE CURRENT YEAR					
Operating revenue	183,111	203,711	202,017	198,567	201,567
Operating revenue and financial revenue	375,552	639,994	382,207	297,617	278,822
Income before taxes, amortization and provisions	202,467	235,834	240,322	213,622	208,598
Income tax	(23,104)	(32,227)	(29,419)	(27,418)	(15,740)
Net income / (losses)	194,560	496,620	259,605	224,022	136,889
Distributed income	100,857	145,426	145,845	123,342	155,770 (1)
III - EARNINGS PER SHARE (in euros)					
Earnings after taxes, but before amortization and provisions	1.57	1.84	1.85	1.56	1.44
Net earnings	1.35	3.41	1.78	1.45	0.88
Dividend per share	0.70	1.00	1.00	0.80	1.00 (1)
IV - EMPLOYEE DATA					
Average number of employee during the year	Cap Gemini S.A. does not have any employees				
Total payroll					
Total benefits					

(1) Subject to approval by the Combined shareholders' Meeting of May 26, 2011.

7.6 Statutory auditors' reports

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
(Year ended December 31, 2010)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.
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 compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying financial statements of Cap Gemini S.A.,
- the justification of our assessments,
- the specific verifications and information required by law.

The 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 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 verifying, on a test basis or by other selection methods, 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities as of December 31, 2010, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

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:
Equity interests as reported in the balance sheet amounted to €8,183 million at December 31, 2010. The accounting principles used to determine the value in use of these investments are described in Note I to the 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.
These assessments were made in the context of our audit of the 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 verifications and information

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law.
We have no matters to report to you as to the fair presentation and consistency with the financial statements of the information given in the Management Report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.
Concerning the information disclosed pursuant to Article L.225-102-1 of the French Commercial Code on the remuneration and benefits paid to corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or the information used as a basis for preparing the financial statements and, where appropriate, with the elements gathered by your Company from companies controlling your Company or controlled by it. Based on these procedures, we attest to the accuracy and fairness of such information.

In accordance with the law, we have verified that the management report contains the appropriate disclosures concerning the acquisition of investments and controlling interests and the identity of shareholders and holders of voting rights.

The Statutory Auditors

Neuilly-sur-Seine, March 15, 2011

PricewaterhouseCoopers Audit

Serge Villepelet — Edouard Sattler

Paris La Défense, March 15, 2011

KPMG Audit
Division of KPMG S.A.

Jean-Luc Decornoy, Partner — Jacques Pierre, Partner

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

(Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2010)

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments that is 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. It should be understood that the agreements reported on are only those provided by French corporate law (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code *(Code de commerce)*, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the shareholders' meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)* relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the Shareholders' Meeting

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L.225-38 of the French Commercial Code.

Agreements and commitments previously approved by Shareholders' Meeting

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

Type:
Supplementary collective defined benefit pension scheme set up by the Company in favor of certain senior executives regarded as having made a significant and lasting contribution to the Group's development.

Purpose and terms:
On December 13, 2006, the Board of Directors authorized the creation of a collective defined benefit pension scheme in favor of certain senior executives of the Group, enabling them to obtain, upon their retirement, a supplementary pension that may not exceed 40% of their reference earnings. The beneficiary's total cumulative pension benefits may not exceed 50% of the reference earnings which are capped at 60 times the annual ceiling for social security.

Messrs. Serge Kampf, Chairman of the Board of Directors and Paul Hermelin, Chief Executive Officer of the Company, have been registered as beneficiaries of this plan. During 2010, these corporate officers did not receive any compensation pursuant to this agreement.

The Statutory Auditors

Neuilly-sur-Seine, March 15, 2011	Paris La Défense, March 15, 2011
PricewaterhouseCoopers Audit	KPMG Audit Division of KPMG S.A.
Serge Villepelet Edouard Sattler	Jean-Luc Decornoy Partner Jacques Pierre Partner

STATUTORY AUDITORS' REPORT ON THE CAPITAL DECREASE THROUGH THE CANCELLATION OF SHARES BOUGHT BACK BY THE COMPANY

(Combined Shareholders' Meeting of May 26, 2011 – 7th resolution)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for 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 your Company and in accordance with Article L. 225-209 of the French Commercial Code *(Code de commerce)* relating to the decrease in capital through 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 decrease, as submitted to you for approval.

Shareholders are also asked to grant the Board of Directors for a 24-month period commencing the date of this Combined Shareholders' Meeting, full powers to cancel the shares acquired under the Company's share buyback program pursuant to the provisions of the aforementioned article, provided that the aggregate number of shares cancelled in any given 24-month period does not exceed 10% of the Company's share capital

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 verifying that the reasons for and terms of the proposed capital decrease, which does not undermine shareholder equality, comply with applicable legal provisions.

We have no comments to make on the reasons for and terms and conditions of the proposed capital decrease.

The Statutory Auditors

Neuilly-sur-Seine, April 6, 2011		Paris La Défense, April 6, 2011	
PricewaterhouseCoopers Audit		KPMG Audit Division of KPMG S.A.	
Serge Villepelet Partner	Edouard Sattler Partner	Jean-Luc Decornoy Partner	Jacques Pierre Partner

STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES OR SECURITIES GRANTING ACCESS TO THE COMPANY'S SHARE CAPITAL
(Combined Shareholders' Meeting of May 26, 2011 – 8th resolution)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for 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 your Company and in accordance with the French Commercial Code *(Code de commerce)* and particularly Articles L.225-135, L.225-138 and L.228-92 thereof, we hereby present our report on the proposed issue of shares or securities granting access to the Company's share capital, reserved for members of the Capgemini Group's Company Savings Plans *(Plans d'Épargne d'Entreprise)*, 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 Articles L.3332-18 et seq. of the French Labor Code *(Code du travail)*.

Based on its report, the Board of Directors is asking for authorization, for a 26-month period commencing the date of this Combined Shareholders' Meeting, to set the terms and conditions of this transaction and to cancel preferential subscription rights of shareholders for the shares to be issued.

Pursuant to this resolution, the number of new shares issued as a result of the proposed capital increases, immediately or in the future, may not exceed 6,000,000 shares with a par 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 (i) the fairness of the financial information taken from the financial statements, (ii) the proposed cancellation of preferential subscription rights of shareholders, and (iii) 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 Board of Directors' report relating to these transactions and the methods used to determine the share issue price.

Subject to a subsequent review of the terms and conditions of the proposed issue, 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 of the shares to be issued has not yet been set, we do not express an opinion on the final terms and conditions of the share capital increases that may be decided. As a result, we do not express an opinion on the proposed cancellation of preferential subscription rights of shareholders.

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 performs this transaction.

The Statutory Auditors

Neuilly-sur-Seine, April 6, 2011		Paris La Défense, April 6, 2011	
PricewaterhouseCoopers Audit		KPMG Audit Division of KPMG S.A.	
Serge Villepelet Partner	Edouard Sattler Partner	Jean-Luc Decornoy Partner	Jacques Pierre Partner

STATUTORY AUDITORS' REPORT ON THE CAPITAL INCREASE RESERVED FOR CERTAIN EMPLOYEES AND CORPORATE OFFICERS OF FOREIGN SUBSIDIARIES
(Combined Shareholders' Meeting of May 26, 2011 – 9th resolution)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for 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 your Company and in accordance with Articles L.225-135 and L.225-138 of the French Commercial Code *(Code de commerce)*, we hereby present our report on the proposed capital increase, without preferential subscription rights, reserved for certain employees and corporate officers of foreign subsidiaries of Capgemini group, as submitted to you for approval.

Based on its report, the Board of Directors is asking for authorization, for an 18-month period commencing the date of this Combined Shareholders' Meeting, to set the terms and conditions of this transaction and to cancel preferential subscription rights of shareholders.

Share capital issues performed immediately or in the future pursuant to this resolution may not exceed 2,000,000 shares with a par value of €8 each and the total amount of share capital increases performed immediately or in the future pursuant to this resolution and the 8th resolution, may not confer entitlement to subscribe for more than 6,000,000 shares.

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 (i) the fairness of the financial information taken from the financial statements, (ii) the proposed cancellation of preferential subscription rights of shareholders, and (iii) 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 Board of Directors' report relating to these transactions and the methods used to determine the share issue price.

Subject to a subsequent review of the terms and conditions of the proposed capital increase, 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 increases that may be decided. As a result, we do not express an opinion on the proposed cancellation of preferential subscription rights of shareholders.

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 performs a capital increase.

The Statutory Auditors

Neuilly-sur-Seine, April 6, 2011

PricewaterhouseCoopers Audit

Serge Villepelet
Partner

Edouard Sattler
Partner

Paris La Défense, April 6, 2011

KPMG Audit
Division of KPMG S.A.

Jean-Luc Decornoy
Partner

Jacques Pierre
Partner

STATUTORY AUDITORS' REPORT ON THE ISSUE OF REDEEMABLE SHARE SUBSCRIPTION OR PURCHASE WARRANTS (BSAAR) RESERVED FOR CERTAIN EMPLOYEES AND CORPORATE OFFICERS (Combined Shareholders' Meeting of May 26, 2011 – 10th resolution)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for 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 your Company and in accordance with the French Commercial Code *(Code de commerce)* and particularly Articles L.225-135, L.225-138 and L.228-92 thereof, we hereby present our report on the proposed issue of redeemable share subscription or purchase warrants (BSAAR), reserved for certain employees or corporate officers of your Company and its subsidiaries, as submitted to you for approval.

Based on its report, the Board of Directors is asking for authorization, with the power of sub-delegation, to set the terms and conditions of this transaction and to cancel preferential subscription rights of shareholders. This authorization is requested for an 18-month period commencing the date of this Combined Shareholders' Meeting.

It is noted that:

- the Board of Directors will issue, on one or more occasions, redeemable share subscription or purchase warrants;
- the maximum par value amount of capital increases performed pursuant to this delegation is €8 million, representing a maximum of 1 million ordinary shares with a par 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 (i) the fairness of the financial information taken from the financial statements, (ii) the proposed cancellation of preferential subscription rights of shareholders, and (iii) 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 Board of Directors' report relating to these transactions and the methods used to determine the share issue price.

Subject to a subsequent review of the terms and conditions of the proposed issue, 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 of the shares to be issued has not yet been set, we do not express an opinion on the final terms and conditions of the share capital increases that may be decided. As a result, we do not express an opinion on the proposed cancellation of preferential subscription rights of shareholders.

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 performs this transaction.

The Statutory Auditors

Neuilly-sur-Seine, April 6, 2011

PricewaterhouseCoopers Audit

Serge Villepelet
Partner

Edouard Sattler
Partner

Paris La Défense, April 6, 2011

KPMG Audit
Division of KPMG S.A.

Jean-Luc Decornoy
Partner

Jacques Pierre
Partner

STATUTORY AUDITOR'S REPORT ON THE FREE GRANT OF EXISTING SHARES OR SHARES TO BE ISSUED TO EMPLOYEES AND CORPORATE OFFICERS
(Combined Shareholders' Meeting of May 26, 2011 – 11th resolution)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for 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 your Company and in accordance with Article L.225-197-1 of the French Commercial Code *(Code de commerce)*, we hereby present our report on the proposed free grant of existing shares or shares to be issued, subject to performance conditions, to employees of Cap Gemini S.A. and its affiliated French and foreign subsidiaries, as defined in Article L.225-197-2 of the French Commercial Code, and to corporate officers of Cap Gemini S.A..

Shareholders are asked to authorize the Board of Directors to perform a free grant of existing shares or shares to be issued. The Board of Directors is responsible for preparing a report on this transaction which it wishes to perform. Our role is to express our comments, if any, on the information presented on the proposed transaction.

The Board of Directors' report states that the grant of existing shares or shares to be issued to employees of Cap Gemini S.A. and its French and foreign subsidiaries, will be subject to a maximum of 1 million shares with a par value of €8 each. It also states that the grant of shares to corporate officers of Cap Gemini S.A. will be limited to 5% of the aforementioned amount. The performance conditions are presented in the Board of Directors' 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 primarily consisted in verifying that the proposed terms and conditions presented in the Board of Directors' report comply with applicable legal provisions.

We have no comments to make on the information presented in the Board of Directors' report on the proposed free share grant.

The Statutory Auditors

Neuilly-sur-Seine, April 6, 2011		Paris La Défense, April 6, 2011	
PricewaterhouseCoopers Audit		KPMG Audit Division of KPMG S.A.	
Serge Villepelet Partner	Edouard Sattler Partner	Jean-Luc Decornoy Partner	Jacques Pierre Partner

8.

TEXT OF THE DRAFT RESOLUTIONS

PRESENTED BY THE BOARD OF DIRECTORS TO THE COMBINED SHAREHOLDERS' MEETING OF MAY 26, 2011

8.1 Resolutions presented at the Ordinary Shareholders' meeting

FIRST RESOLUTION
Approval of the 2010 Company financial statements

The Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings and after having read the following:

- the management report presented by the Board of Directors,
- the special report presented by the Chairman, and,
- the Statutory Auditors' report on their audit of the Company financial statements,

approves the Company financial statements for the year ended December 31, 2010, that show profit for the year of €136,889,010.10, and gives discharge to the Board of Directors for its management of the Company's business during the year.

SECOND RESOLUTION
Approval of the 2010 consolidated financial statements

The Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings and after having read the following:

- the Group management report of the Board of Directors for 2010,
- the Statutory Auditors' report on the consolidated financial statements,

approves the consolidated financial statements for the year ended December 31, 2010, that show net profit for the year of €280 million.

THIRD RESOLUTION
Regulated agreements

The Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings and after having read the Statutory Auditors' special report on regulated agreements governed by Article L.225-38 of the French Commercial Code *(Code de commerce)*, records that no such agreement has been entered into during the past year.

FOURTH RESOLUTION
Net income appropriation and dividend

The Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, approves the recommendations of the Board of Directors to appropriate the profit for the year ended December 31, 2010 as follows:

• Net profit for the year	€136,889,010.10
• Allocation to the legal reserve which would then be entirely funded:	- € 1,274,372.80
i.e. a balance of:	**€135,614,637.30**
• Retained earnings from previous years	€405,692,062.74
i.e. distributable earnings of:	€541,306,700.04
• allocated to:	
- payment of a dividend of €1 per share:	€155,770,362.00
- retained earnings for the balance:	€385,536,338.04
giving a total of:	**€541,306,700.04**

It should be noted that the dividend, set at €1 for each of the 155,770,362 shares bearing dividend rights on January 1, 2010, will be fully eligible for the 40% tax rebate referred to in Article 158.3.2 of the French Tax Code *(Code Général des Impôts)*.

The ex-dividend date will be June 6, 2011 and the dividend will be payable from June 9, 2011. If, at the time of payment of the dividend, the Company holds some of its own shares, the dividend for these shares will be added to retained earnings.

Pursuant to Article 243 bis of the French Tax Code, dividends paid over the past three fiscal years were as follows: €123,341,916.80 for 2009 (€0.80 per share); €145,844,938 for 2008 (€1 per share); €145,425,510 for 2007 (€1 per share). All of these dividends were fully eligible for the 40% tax rebate set out in Article 158.3.2 of the French Tax Code.

FIFTH RESOLUTION
Attendance fees

At the recommendation of the Board of Directors, the Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, sets at €800,000 per fiscal year the total amount of attendance fees allocated to the Board of Directors.

SIXTH 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 a maximum of 10% of its share capital

In accordance with Articles L. 225-209 et seq. of the French Commercial Code and with European Commission Regulation No. 2273/2003 of December 22, 2003, the Combined Shareholders' Meeting voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings and after having read the report presented by the Board of Directors authorizes the Company - for the reasons and subject to the terms and conditions detailed below - to buy back its own shares.

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 by law), in particular in connection with a plan involving the allocation of shares without consideration, a company savings plan or an international employee share 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 applicable regulations,
- to purchase shares to be retained with a view to remitting them in the future in exchange or payment for potential external growth transactions,
- to cancel the shares thus purchased subject to adoption of the seventh resolution included in the agenda of this Combined Shareholders' Meeting.

The acquisition, disposal and transfer transactions described above may be carried out by any method in accordance with applicable laws and regulations - including through the use of derivative instruments or by means of a block purchase or transfer of shares – and be carried out at any time, except during public offers for Company shares.

The Combined Shareholders' Meeting:

- resolves that the maximum purchase price for shares under the buyback program may not exceed €55 per share with a par value of €8. In the event of a share capital increase paid up by capitalizing additional paid-in capital, reserves, profit or other amounts and allocating shares without consideration during the period of validity of this authorization (as well as in the event of a stock-split or reverse stock-split), the maximum price per share will be adjusted based on the ratio of the number of shares issued and outstanding before the transaction to this number after the transaction, and the above maximum number of shares will be adjusted based on the ratio of the total number of shares representing the share capital after the transaction to this number before the transaction.
- resolves that the maximum number of shares that may be acquired under this resolution may not exceed 10% of the Company's share capital. It is specified, however, that:
  - within the context of this authorization, the number of treasury shares should be taken into account to ensure that the Company does not own, at any time, over 10% of its own share capital, and
  - the number of treasury shares 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.

Based on the number of shares making up the Company's share capital at December 31, 2010, the theoretical maximum amount that the Company could invest in share buybacks is €856,736,980, that is 15,577,036 shares with a par value of €8 acquired at a maximum price per share of €55.

The Combined Shareholders' Meeting gives full powers to the Board of Directors (including the power of delegation subject to 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 applicable 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, which is given for a period of 18 months as from the date of this Shareholders' Meeting and supersedes the authorization given in the sixteenth resolution adopted by the Combined Shareholders' Meeting of May 27, 2010.

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8.2 Resolutions presented at the Extraordinary Shareholders' meeting

SEVENTH RESOLUTION
Authorization to the Board of Directors to cancel shares acquired by the Company under the share buyback programs

The Combined Shareholders' Meeting - voting in accordance with quorum and majority rules for Extraordinary Shareholders' Meetings and after having read the report of the Board of Directors and the Statutory Auditors' special report – 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 Cap Gemini S.A. shares held by the Company, provided that the aggregate number of shares cancelled in any given period of 24 months does not exceed 10% of the Company's share capital, and to reduce the share capital accordingly,
- deduct from additional paid-in capital or any distributable reserves the difference between the purchase price of the cancelled shares and their par value.

The Combined 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 share 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 supersedes the authorization given in the seventeenth resolution adopted by the Combined Shareholders' Meeting of May 27, 2010.

EIGHTH RESOLUTION
Delegation of powers granted to the Board of Directors to carry out a capital increase reserved for members of company savings plans (*Plans d'Épargne d'Entreprise)* of the Capgemini Group

In accordance with Articles L. 225-129-1, L. 225-138-1 of the French Commercial Code and Article L. 3332-1 et seq. of the French Labor Code *(Code du Travail)*, and also in order to comply with the provisions of Article L. 225-129-6 of the French Commercial Code, the Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Extraordinary Shareholders' Meetings, after having read the Board of Directors' report and the Statutory Auditors' special report:

1. delegates the necessary powers to the Board of Directors for the purpose of increasing the share capital of the Company, in one or more installments, through the issuance of shares or securities granting access to the Company's share capital and reserved for members of the Capgemini Group's Company Savings Plans (*Plans d'Épargne d'Entreprise* or "PEE"), it being hereby specified that the Board of Directors can also, as the case may be, allocate free shares or securities granting access to the Company's share capital in complete or partial substitution of the discount mentioned in paragraph 3 below and/or as payment of the employer matching contribution under the conditions and in compliance with the thresholds set forth in Article L. 3332-21 of the French Labor Code;

2. decides that the number of shares that could potentially be issued pursuant to this delegation of power, including those shares derived from shares or securities granting access to the Company's share capital that may be allocated for free in total or partial substitution of the discount and/or of the employer matching contribution under the conditions set forth by Article L. 3332-21 of the French Labor Code, must not exceed six million (6,000,000) shares with a par value of eight (8) euros each and that this amount does not take into account the additional shares to be issued, in accordance with applicable legislative and regulatory provisions and, if applicable, with contractual stipulations providing for other adjustments, in order to preserve the rights of holders of securities or other rights or entitlements granting access to the share capital;

3. decides that the issuance price of the new shares cannot be either higher than the average of the listed prices of the share on the NYSE Euronext Paris stock exchange during the twenty trading days preceding the date of the Board of Directors' decision or the Chief Executive Officer's decision setting the opening date of the subscription, or lower than this average by more than 20%, it being specified that the Board of Directors or the Chief Executive Officer will, as the case may be, have the ability to reduce or eliminate the discount that could possibly be applied in order to account for, in particular, legal and tax regimes applicable outside of France, or choose to undertake a free allocation of shares and/or securities granting access to the Company's share capital in full or partial substitution of the maximum 20% discount;

4. decides that the issuance price of the securities granting access to the share capital, not admitted to trading on a regulated market, will be determined under the conditions set forth in Articles L. 3332-20 and R. 3332-22 of the French Labor Code;

5. decides to eliminate, for the benefit of members of the Group's company savings plan(s), the preferential subscription right granted to shareholders with respect to the subscription of shares or securities granting access to the Company's share capital that could be issued pursuant to this delegation of power, and to forfeit any right to shares and securities granting access to the Company's share capital that could be allocated for free on the basis of this resolution;

6. along with granting the power to sub-delegate under the conditions set forth by law, delegates all powers to the Board of Directors, in particular for the purposes of:

- deciding whether the shares or securities should be subscribed directly by employee members of the Group's savings plans or whether they must be subscribed via a *Fonds Commun de Placement d'Entreprise* (French employee savings vehicle, or "FCPE"),

- determining the companies whose employees will be able to participate in the offer,
- determining, if necessary, whether or not to grant additional time to employees for the payment of their securities,
- setting the opening and closing dates of the subscription period and the issuance price of the securities,
- carrying out, within the limits set forth in Article L. 3332-21 of the French Labor Code, the allocation of free shares or securities granting access to the Company's share capital and setting the type and amount of reserves, profits or premiums to include in the share capital,
- setting the number of new shares to be issued and the rules to be applied in reducing subscription requests in the event of oversubscription,
- deducting the costs of the share capital increases, and of the issuances of other securities granting access to the Company's share capital, from the amount of premiums associated with these increases and withholding from this amount the necessary sums such that the legal reserve is rendered equal to a tenth of the new amount of share capital following each increase,
- deciding to postpone the completion of the share capital increase.

This delegation of powers is granted for a period of 26 months as from the date of this Shareholders' Meeting and replaces the one granted by the twenty-seventh resolution adopted by the Combined Shareholders' Meeting of May 27, 2010.

NINTH RESOLUTION

Delegation of powers granted to the Board of Directors to perform a share capital increase reserved for employees of certain foreign Group subsidiaries under similar conditions as those offered pursuant to the preceding resolution

In accordance with the provisions of Article L. 225-129-1 and L. 225-138 of the French Commercial Code, the Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Extraordinary Shareholders' Meetings, and after having read the Board of Directors' report and the Statutory Auditors' special report:

1. acknowledges that the employees of certain foreign Capgemini Group companies, related to the Company under the conditions set forth in Article L.225-180 of the French Commercial Code and in Article L.3344-1 of the French Labor Code , the corporate headquarters of which are located in countries where the applicable legal and/or fiscal regulatory framework would render difficult the implementation of the shareholding formulae proposed to the Group's employees through a capital increase carried out pursuant to the preceding resolution, are hereby defined as "Employees of Foreign Companies";

2. delegates the necessary powers to the Board of Directors for the purpose of increasing the share capital of the Company, in one or more installments, according to the proportions and at the times it deems appropriate, through the issuance of shares from which the preferential subscription right of shareholders has been waived, for the benefit of categories of beneficiaries defined hereafter;

3. decides to waive the preferential subscription right of shareholders associated with the shares issued under this delegation of power and to reserve the right to subscribe such shares to categories of beneficiaries with the following characteristics: (i) employees and corporate officers of the companies related to the Company under the conditions set forth in Article L. 225-180 of the French Commercial Code and in Article L. 3341-1 of the French Labor Code and with corporate headquarters located outside of France; (ii) and/or employee shareholding OPCVMs (*Organismes de Placement Collectif en Valeurs Mobilières*, or French UCITS) or other vehicles, irrespective of whether or not they are corporate entities, invested in Company securities, the unit holders or shareholders of which will be composed of the persons referred to in (i) of this paragraph, and/or (iii) any banking institution or subsidiary of such institution intervening at the Company's request for the implementation of a structured offering to employees and corporate officers of the companies related to the Company under the conditions set forth in Articles L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code and with corporate headquarters located outside of France, presenting an economic profile that is comparable to an employee shareholding scheme that would be implemented within the framework of a capital increase executed in application of this Shareholders' Meeting's preceding resolution;

4. decides that in the event that this delegation of power is used, the issuance price of the new shares to be issued pursuant to this delegation cannot be lower or higher, by more than 20%, than the average of the listed prices of the Company's share during the twenty trading days on the French stock exchange preceding the date of the Board of Directors' or the Chief Executive Officer's decision setting the opening date of the subscription period for a capital increase carried out pursuant to the preceding resolution, adopted by this Shareholders' Meeting; the Board of Directors or the Chief Executive Officer will, as the case may be, if considered appropriate, have the ability to reduce or eliminate any discount granted in this way in order to account for, in particular, the legal, accounting, tax and social regimes that are applicable locally,

5. decides that the capital increase(s) decided on pursuant to this delegation of power cannot grant the right to subscribe to more than two million (2,000,000) shares and that the total amount of the capital increases decided on pursuant to this delegation of power and the preceding one cannot grant the right to subscribe to more than six million (6,000,000) shares with a par value of eight (8) euros each,

6. decides that the Board of Directors will have all powers, along with the power to sub-delegate under the conditions set forth by law, to use this delegation one or more times, in particular for the purposes of:

- listing all beneficiaries, within the categories of beneficiaries defined above, for each issuance and the number of shares to be subscribed by each of them,
- determining the subscription formulae that will be offered to employees in each relevant country while taking into account local legal restrictions, and selecting the countries retained among those where the Group has subsidiaries as well as those subsidiaries whose employees can participate in the transaction,
- deciding on the maximum number of shares to be issued, within the limits set by this resolution and recording the final amount of each capital increase,
- setting the dates and all other terms and conditions applicable to this type of capital increase under the conditions provided for by law,
- deducting the costs of such capital increase from the amount of premiums associated with the capital increase and withholding from this amount the necessary sums such that the legal reserve is rendered equal to a tenth of the new amount of share capital resulting from this increase,
- deciding to postpone the completion of the share capital increase.

This delegation of powers is granted for a period of 18 months as from the date of this Combined Shareholders' Meeting.

TENTH RESOLUTION

Delegation of powers to the Board of Directors to issue BSAAR *(Bons de Souscription et/ ou d'Acquisition d'Actions Remboursables)* to employees and corporate officers of the Company and its subsidiaries, without preferential 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, assembled in accordance with the quorum and majority conditions required at Extraordinary Shareholders' Meetings:

1. decides to authorize the Company's capital increase through the issuance of BSAAR and delegates the necessary powers to the Board of Directors, or a representative duly authorized in accordance with the law, to issue BSAAR, on one or several occasions;

2. sets at €8 million the maximum nominal amount of capital increases that may be carried out pursuant to this delegation, corresponding to a maximum of 1 million shares with 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' preferential subscription right to these BSAAR and to reserve the right to subscribe for such BSAAR to employees and corporate officers of the Company and its French and foreign subsidiaries. The Board of Directors will draw up the list of persons eligible for BSAAR (the "Beneficiaries") and the maximum number of BSAAR that may be subscribed by 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 BSAAR, including the subscription price, which will be set on the basis of the opinion of an independent expert, 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 BSAAR, 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 BSAAR, it being specified that one BSSAR 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 BSAAR are decided;

5. notes that the shareholders will automatically waive their preferential subscription rights to the shares issued upon the exercise of the BSAAR 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, to implement this resolution, including the power to postpone the issuance of the securities under this resolution, to take all measures, enter into all agreements and accomplish all formalities with respect to completing the issue of the BSAAR, to report the completion of the resulting capital increases, update the bylaws accordingly, and make such amendments as it subsequently deems necessary to the BSAAR issue agreement (subject to the consent of the BSAAR holders), in accordance with legal and regulatory provisions;

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.

ELEVENTH 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 et seq. of the French Commercial Code, the Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Extraordinary Shareholders' Meetings and after having read the report of the Board of Directors and the Statutory Auditors' special report:

1. authorizes the Board of Directors – subject to the achievement of the performance targets defined below and for a number of shares not exceeding 1 million of shares with a nominal value of €8 each - 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 may also be allocated, in accordance with applicable laws, to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers of the Company, 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;

3. resolves that these performance shares will only vest at the end of:
   a) a period of at least two years, in which case the beneficiary will be required to hold the shares for an additional minimum period of two years from the date on which they vest, or
   b) a period of at least 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 expiry 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 *(Code de la Sécurité Sociale)*;

4. resolves that the exact number of shares vesting at the end of the minimum period of at least two or four years (depending on whether option 3a) or option 3b) is chosen) following the date of initial notification of the allocation, will be:

   i) for half, equal to the number of shares indicated on the allocation notice, multiplied by the percentage of achievement of the chosen external 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 S.A. share measured over a minimum two-year period compared to the average performance, measured over the same period, of a basket of at least five shares of listed companies operating in the same sector as the Group in a minimum of five countries in which the Group is firmly established (France, the United States, India, etc.),
   - this relative performance will be measured by comparing the stock market performance of the Cap Gemini S.A. share with the average share price performance of the companies comprising the basket over the same period, such that:
     - the number of shares that will ultimately vest:
       - will be equal to 50% of the number of shares initially allocated if the relative performance of the Cap Gemini S.A. share is at least equal to 110% of the basket,
       - will vary between 30% and 50% of the initial allocation if the relative performance of the Cap Gemini S.A. share is between 100% and 110% of the average performance of the basket, with an additional 2% of shares vesting for each tenth of a point between these limits;
       - will be equal to 30% of the number of shares initially allocated if the relative performance of the Cap Gemini S.A. share is equal to 100% of the basket,
       - will vary between 20% and 30% of the initial allocation if the relative performance of the Cap Gemini S.A. share is between 90% and 100% of the average performance of the basket, with an additional 1% of shares vesting for each tenth of a point between these limits,
     - no shares will vest if, over the period used as the reference for the calculation, the performance of the Cap Gemini S.A. share is less than 90% of the average performance of the basket of securities over the same period,

   ii) for half, equal to the number of shares indicated on the allocation notice, multiplied by the percentage of achievement of the chosen internal 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 amount of audited and published organic free cash flow for the three-year cumulative period from January 1, 2011 to December 31, 2013,
   - no shares will vest if the cumulative organic cash flow for the three fiscal years is less than €1.1 billion,
   - the number of shares that will ultimately vest will be equal to 50% of the initial allocation if the cumulative organic cash flow for the three fiscal years is at least €1.3 billion and will vary on a straight-line basis between nil and half of the initial allocation for a cumulative organic free cash flow between these two limits;

it being understood that "organic free cash flow" is defined as cash flow from operations less acquisitions (net of disposals) of intangible assets and property, plant and equipment, adjusted for flows relating to the net interest cost (as presented in the consolidated statement of cash flows).

5. 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 perform, where the allocations concern shares to be issued, the necessary share capital increases by capitalization of reserves and/or additional paid-in capital of the Company when the shares ultimately vest, to set the dates from which shares bear dividend rights 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 18 months as from the date of this Combined Shareholders' Meeting.

TWELFTH RESOLUTION

Amendment of Article 11 of the bylaws to allow for the appointment of an employee shareholder director

In accordance with the provisions of Article L. 225-23 of the French Commercial Code, the Combined Shareholders' Meeting, voting in accordance with the quorum and majority rules for Extraordinary Shareholders' Meetings, and after having read the Board of Directors' report, decides to add a fifth paragraph to Article 11 of the bylaws entitled "Board of Directors", drafted as follows:

"5) Director representing employee shareholders

5.1 At fiscal year-end, whenever the percentage of share capital held – within the context of the provisions of Article L.225-102 of the French Commercial Code – by the employees of the Company and companies related to it within the meaning of Article L. 225-180 of this code, represents more than 3% of the share capital of the Company, a director representing the employee shareholders is elected by the Ordinary Shareholders' Meeting from among the two candidates proposed by employee shareholders as discussed in the aforementioned Article L. 225-102, in accordance with the terms and conditions of both the regulations in force and these bylaws.

5.2 The two candidates nominated for election as an employee shareholder director are appointed under the following conditions:

a) When the shares held by the employees referred to in Article L. 225-102 of the French Commercial Code are held in a *Fonds Commun de Placement d'Entreprise* (French collective employee shareholding vehicle, or "FCPE"), all of the supervisory boards of these FCPEs are convened for the specific purpose of jointly nominating a candidate for election.

At the meeting of these aforementioned supervisory boards, each member of these supervisory boards can cast one vote in favor of the nomination of a given candidate for election to the position of director representing employee shareholders. This candidate is nominated based on the majority of the votes cast either by the members of the supervisory boards present or represented at the meeting, or by correspondence.

b) When the shares are held directly by the employees referred to in Article L. 225-102 of the French Commercial Code, these employees nominate a candidate. The nomination of the candidate will be made by the employee shareholders via an electronic voting procedure.

Under this electronic voting procedure, each employee shareholder will be entitled to a number of votes equal to the number of shares he or she directly holds. The candidate is nominated based on the majority of the votes cast by the electorate of employee shareholders.

c) In the event that the full amount of the shares held by the employees referred to in Article L. 225-102 of the French Commercial Code are held under the conditions discussed in this section 5.2, paragraph a), the two candidates referred to in Article 5.1 would be nominated by the supervisory boards of the FCPEs in accordance with the terms and conditions described in this section 5.2, paragraph a).

Reciprocally, the provisions of this section 5.2, paragraph b), will be applicable to the nomination of the two candidates referred to in Article 5.1 in the event that the full amount of the shares held by the employees referred to in Article L. 225-102 of the French Commercial Code is held under the conditions described in this section 5.2, paragraph b).

5.3 Prior to the nomination of the two candidates for the position of employee shareholder director, the Chairman of the Board of Directors, who can elect to sub-delegate this task, sets the Rules for the Nomination of Candidates (hereinafter referred to as the "Rules"), which indicate the schedule and the organization of the nomination procedures provided for under section 5.2, paragraphs a) and b).

The Rules will be sent to the members of the supervisory boards of the FCPEs, within the context of the nomination procedure provided for above under section 5.2, paragraph a), and sent to the employee shareholders, within the context of the nomination procedure provided for above under section 5.2, paragraph b), by any means that the Chairman of the Board of Directors deems adequate and appropriate, including, as an example and not a requirement, by postings and/or by individual postal mail and/or electronically.

The Rules must be sent at least two months (i) prior to the effective date of the meeting of the supervisory boards of the FCPEs within the context of the procedure provided for in section 5.2, paragraph a), and (ii) prior to the beginning of the voting period provided for in section 5.2, paragraph b).

5.4 The director representing the employee shareholders is elected by the Ordinary Shareholders' Meeting from among the two candidates nominated in accordance with the provisions of Article 11, section 5.2, paragraphs a) and b) of the bylaws, respectively, under the conditions applicable to the nomination of any director. The Board of Directors presents the two candidates at the Shareholders' Meeting by way of two separate resolutions and indicates its support, as the case may be, for the resolution pertaining to the candidate it prefers. Of the candidates described above, the one who receives the highest number of the votes of shareholders present or represented at the Ordinary Shareholders' Meeting will be elected as director representing employee shareholders.

5.5 This director is not taken into account in determining the maximum number of directors provided for under Article L. 225-17 of the French Commercial Code.

5.6 Pursuant to the provisions of Article 11, paragraph 3) of the bylaws, the term of office of the director representing employee shareholders is set at four years and expires in accordance with the terms of these provisions. However, his or her term of office will end *ipso jure* and the director representing the employee shareholders is considered as having resigned automatically in the event that he or she no longer holds the status of employee of the Company (or of a company or economic interest group related to it within the meaning of Article L. 225-180 of the French Commercial Code). The renewal of the term of office of the director representing employee shareholders is carried out under the conditions provided for in this paragraph 5) of Article 11 of the bylaws.

The provisions of Article 11, paragraph 2) of the bylaws, pertaining to the number of shares that each director must hold for the duration of his or her term of office, do not apply to this employee shareholder director. However, the director representing employee shareholders must hold, either individually, or via a *Fonds Commun de Placement d'Entreprise* governed by Article L. 214-40 of the French Monetary and Financial Code, at least one share of the Company, or a number of shares of the FCPE equivalent to at least one share of the Company. Failing this, such director is considered as having resigned automatically as of the date upon which he or she no longer holds a share of the Company or a number of shares of the FCPE representing at least one share of the Company.

5.7 In the event that the position of director representing employee shareholders becomes vacant for any reason whatsoever, the nomination of the candidates to replace the previous director will be carried out under the conditions provided for in this Article 11, paragraph 5) of the bylaws, at the latest prior to the next Ordinary Shareholders' Meeting held or, in the event such meeting is held less than four months after the position became vacant, prior to the following Ordinary Shareholders' Meeting. This director will be elected by the Ordinary Shareholders' Meeting for a new four-year period.

Until the date upon which a replacement for the position of director representing employee shareholders is elected, the Board of Directors can convene and deliberate validly.

5.8 The provisions of this Article 11, paragraph 5) will no longer apply if, at fiscal year-end, the percentage of the share capital held by the employees of the Company and companies related to it within the meaning of the aforementioned Article L. 225-180, within the context set forth by the provisions of aforementioned Article L. 225-102, represents less than 3% of the share capital, it being specified that the term of office of any director appointed pursuant to this Article 11, paragraph 5), will end when the term of office reaches its intended expiration date."

THIRTEENTH RESOLUTION
Powers to carry out formalities

The Combined Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings, 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.

9.

SPECIFIC INFORMATION

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9.1 Legal information

Corporate name and head office

Corporate name: Cap Gemini
Head office: 11, rue de Tilsitt, 75017 Paris

Legal form and governing law

The Company is a *société anonyme* (joint-stock corporation) governed by the French Companies Act of July 24, 1966 (Law no. 66-537) and Decree no. 67-236 of March 23, 1967 (as amended 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 with the Paris Companies & Trade Registry.

The Company was set up for a period of ninety-nine years from the date of its registration with the Paris Companies & Trade Registry. 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 know-how 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 whenever 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 includes carrying 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 these purposes.

Incorporation details

The Company is registered with the Paris Companies & Trade Registry *(Registre du Commerce et des Sociétés)* under number 330 703 844. Its APE business identifier is 7010Z.

Consultation of legal documents

Documents relating to the Company, including the bylaws, the financial statements, the reports of the Board of Directors (or the Management Board, the *Directoire*, from May 24, 1996 through May 23, 2000) to the Shareholders' Meetings, and the Statutory Auditors' reports are available for consultation at the Company's head office at 11, rue de Tilsitt - 75017 Paris.

Fiscal year

The Company's fiscal year commences on January 1 and ends on December 31.

Appropriation and distribution of income

The Shareholders' Meeting has sole discretionary powers to decide on the appropriation of distributable income, as defined by French company law. Consequently, the Shareholders' Meeting may decide to appropriate all or part of distributable income to revenue reserves, special reserves or retained earnings, or to distribute all or part of the amount to shareholders.

The 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 corporate law.

In addition, the Shareholders' Meeting may decide to distribute a dividend out of distributable reserves, subject to compliance with French corporate law.

Shareholders' Meetings

Shareholders may participate in Shareholders' 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 share 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 share capital or voting rights, the undisclosed shares will be stripped of voting rights. This sanction will apply for all Shareholders' Meetings for a period of two years from the date on which the failure to disclose is rectified. Such request and the decision of the 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 Shareholders' Meetings. The Company may also obtain details of how many shares are held by each shareholder and any applicable restrictions on these shares.

Voting rights

Shares carry voting rights based on the proportion of capital represented. All shares have the same par value and they therefore all carry one vote per share.
No shares carry double voting rights.
All registered and bearer shares carry one vote per share.

Changes in share capital and related rights

Changes in the share capital or the rights attached to shares are subject to compliance with French corporate law and the specific provisions of the bylaws, summarized below.

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9.2 Share capital

Amount of capital

At December 31, 2010, the Company's share capital amounted to €1,246,162,896, divided into 155,770,362 fully paid-up ordinary 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 Combined Shareholders' Meeting of May 27, 2010 authorized the Board of Directors to carry out various transactions in respect of the Company's share capital subject to the limits specified in the table below. Under these authorizations, the Board of Directors may increase the share capital by a maximum par value amount of €500 million (excluding any employee share issues or capital increases carried out through the capitalization of reserves). The aggregate maximum amount of authorized issues may not exceed €3.5 billion:

Type of securities	Maximum amount (in euros)	Authorization date	Expiry date
a) Ordinary shares paid up by capitalizing reserves, profit or other eligible amounts	1.5 billion (par value)	05/27/2010	07/27/2012
b) Ordinary shares and/or securities conferring access to the share capital of the Company, or granting a right to allocation of debt instruments, **with PSR**	500 million (par value) (2) 3.5 billion (issue amount) (3)	05/27/2010	07/27/2012
c) Ordinary shares and/or securities conferring access to the share capital of the Company, or granting a right to an allocation of debt instruments **without PSR, public offer**	185 million (par value) (2) 1.25 billion (issue amount) (3)	05/27/2010	07/27/2012
d) Ordinary shares and/or securities conferring access to the share capital of the Company, or granting a right to an allocation of debt instruments **without PSR, private placement**	185 million (par value) (2) 1.25 billion (issue amount) (3)	05/27/2010	07/27/2012
e) Ordinary shares or shares combined with securities conferring access to the share capital of the Company, as payment for contributions in kind to the Company	10% of the share capital	05/27/2010	07/27/2012
f) Ordinary shares and/or securities conferring access to the share capital of the Company, or granting a right to an allocation of debt instruments as payment for shares tendered to a public exchange offer initiated by the Company	185 million (par value) (2) 1.25 billion (issue amount) (3)	05/27/2010	07/27/2012
g) Ordinary shares without PSR (French Corporate Savings Act)	12 million (par value)	05/27/2010	07/27/2012

PSR = Pre-emptive Subscription Rights

(1) Recap of overall limits:
- a maximum par value amount of €185 million and a maximum issue amount of €1.25 billion for all issues without pre-emptive subscription rights
- a maximum par value amount of €500 million and a maximum issue amount of €3.5 billion for all issues with or without pre-emptive subscription rights.

(2) Maximum par value amount for share capital increases likely to be performed via the issue of shares or securities conferring access to the share capital.

(3) Maximum amount for issues of securities conferring access to the share capital or granting a right to allocation of debt instruments.

In the event that securities are issued without pre-emptive subscription rights, the Board of Directors may grant shareholders a non-transferable priority right to subscribe to the securities.

During fiscal year 2010, the Board of Directors did not use any of these delegations of authority, which remain valid until July 27, 2012.

New share equivalents conferring access to the Company's share capital (Combined Shareholders' Meeting of May 26, 2011)

The Combined Shareholders' Meeting of May 26, 2011 will also be asked to delegate powers to the Board of Directors authorizing it to:

- carry out a share capital increase via a share issue reserved for employees of the Group (both members and non-members of Group savings plans). The par value amount of this share capital increase many not exceed €48 million (i.e. 6 million shares or slightly less than 4% of the Company's share capital at December 31, 2010).
- issue redeemable share subscription or purchase warrants (BSAAR) to employees or executive officers of the Group, conferring access to a maximum of 1 million shares (approximately 0.6% of the Company's share capital at December 31, 2010) and representing a maximum par value amount of €8 million;
- grant performance shares to employees and corporate officers of the Company and its subsidiaries, up to a maximum of 1 million shares with a par value of €8 each.

The table below summarizes these delegations of authority:

Type of securities	Maximum amount (in euros)	Authorization date	Expiry date
Ordinary shares issued within the scope of the international employee share ownership plan: a) members of Group savings plans b) not restricted to members of Group savings plans, but subject to similar conditions	48 million (par value) [1] 16 million (par value) [1]	05/26/2011 05/26/2011	07/26/2013 11/26/2012
Redeemable share subscription or purchase warrants (BSAAR)	8 million (par value)	05/26/2011	11/26/2012
Performance shares	8 million (par value)	05/26/2011	11/26/2012

(1) The total amount of increases in the Company's share capital pursuant to a) and b) is capped at a par value amount of €48 million.

Share equivalents outstanding

Stock option plans

At the May 23, 2000 and May 12, 2005 Combined Shareholders' Meetings, the Board of Directors was given a five-year authorization in respect of the May 23, 2000 plan ("2000 Plan"), and a 38-month authorization in respect of the May 12, 2005 plan ("2005 Plan"), to grant stock options to certain Group employees on one or more occasions.

The main features of these plans and their bases of calculation are set out in the tables on pages 136 to 137 and 185 of this reference document.

Performance share plans

The Shareholders' Meeting of April 17, 2008 authorized the Board of Directors, for a maximum period of 12 months, to grant shares subject to performance and presence conditions to a certain number of Group employees. On March 5, 2009, the Board of Directors approved the terms and conditions of this plan as well as the list of beneficiaries.

The main features of this initial plan are summarized in pages 137 to 139 and 186 to 187 of this reference document

Furthermore, at the end of the 2-year period, the definitive calculation led to the vesting of only 50% of performance shares initially granted, that is, after including shares granted without performance conditions, a maximum of 534,750 shares granted. 200,250 of these shares have definitively vested to beneficiaries tax–resident in France, while the remaining balance granted to foreign beneficiaries is subject to their continued presence in the Group on termination of the plan, that is, on March 5, 2013. The Company decided to allocate treasury shares to the 200,250 shares definitively vested, thereby neutralizing the dilutive impact of this share grant.

The Shareholders' Meeting of April 30, 2009 authorized the Board of Directors, for a maximum period of 18 months, to grant shares subject to performance and presence conditions to a certain number of Group employees. On September 15, 2010, the Board of Directors approved the terms and conditions of this plan as well as the list of beneficiaries.

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Changes in the Company's share capital over the past five years

	Number of shares	Share capital (in euros)	Additional paid-in capital (in euros)
AT DECEMBER 31, 2005	**131,581,978**	**1,052,655,824**	**5,073,735,028**
Increase in share capital:			
Upon exercise of 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)
Issuance of shares for cash:			
By subscription of 11,397,310 shares issued at €44.50	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
AT DECEMBER 31, 2006	**144,081,808**	**1,152,654,464**	**5,501,959,280**
Increase in share capital:			
Share issuance costs	-	-	(67,499)
Issuance of shares for cash:			
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
AT DECEMBER 31, 2007	**145,425,510**	**1,163,404,080**	**5,525,119,409**
Increase in share capital:			
Issuance costs for shares issued in 2006	-	-	26,207
Issuance of shares for cash:			
Shares issued upon exercise of stock options	419,428	3,355,424	6,672,634
AT DECEMBER 31, 2008	**145,844,938**	**1,166,759,504**	**5,531,818,250**
Issuance of shares for cash:			
Reserved for employees	5,999,999	47,999,992	117,479,980
Share issuance costs			(1,266,628)
Allocation to legal reserve	-	-	(6,490,802)
Shares issued upon exercise of stock options	2,332,459	18,659,672	33,472,939
Issuance of 2,999,000 redeemable share subscription or purchase warrants (BSAAR)	-	-	9,656,780
Redeemable share subscription or purchase warrants issuance costs charged against additional paid-in capital	-	-	(863,727)
AT DECEMBER 31, 2009	**154,177,396**	**1,233,419,168**	**5,683,806,792**
Issuance of shares for cash:			
Shares issued upon exercise of stock options	1,592,966	12,743,728	33,595,907
AT DECEMBER 31, 2010	**155,770,362**	**1,246,162,896**	**5,717,402,699**

Current ownership structure

The ownership structure at December 31, 2010 is presented on page 221. No shares carry double voting rights.

At December 31, 2010, the Company held 2,175,000 of its own shares acquired under its share buyback program, including 2,000,000 shares to be allocated on the conversion, redemption, exchange or exercise of share equivalents issued by the Company, particularly with a view to neutralizing part of the dilutive effect of employee share-based incentive instruments and 175,000 shares held in connection with the liquidity contract successively entrusted during the year by Cap Gemini S.A. to CA Cheuvreux and then Oddo Corporate Finance (from February 11, 2010). In accordance with French corporate law, these shares are stripped of voting rights.

At December 31, 2010, there were 1,665 holders of registered shares.

At December 31, 2010, on the basis of information received by the Company during the year, AllianceBernstein L.P. held, in the course of its management activities, over 5% of the Company's share capital or voting rights at the Shareholders' Meetings.

In accordance with Article 10 of the Company's bylaws, the companies listed below made the following disclosures to the Company during the fiscal year:

- Amundi Asset Management disclosed that it had raised its interest to above the threshold of 4% of the Company's share capital or voting rights,
- BNP Paribas Asset Management disclosed that it had raised and reduced its interest on successive occasions (11 in total) to above and below the thresholds of 1% and 2% of the Company's share capital or voting rights. On the most recent occasion, it increased its interest to above the threshold of 1% of the Company's voting rights,
- CM-CIC Asset Management disclosed that it had raised its interest to above the threshold of 1% of the Company's share capital or voting rights,
- Crédit Suisse disclosed that it had raised and reduced its interest on numerous occasions (30 in total) to above and below the thresholds of 1%, 2% and 3% of the Company's share capital or voting rights. On the most recent occasion, it reduced its interest to below the threshold of 2% of the Company's share capital or voting rights,
- AllianceBernstein disclosed that it had raised its interest to above the thresholds of 1%, 2%, 3% and 4% of the Company's share capital or voting rights,
- UBS disclosed that it had raised its interest to above the threshold of 4% and then below the thresholds of 3%, 2% and 1% of the Company's share capital or voting rights,
- GLG Partners L.P. disclosed that it had reduced its interest to below the threshold of 1% of the Company's share capital or voting rights,
- Crédit Agricole S.A. disclosed that it had raised its interest to above the threshold of 2% and then below the thresholds of 2% and 1% of the Company's share capital or voting rights,
- Franklin Resources Inc. disclosed that it had reduced its interest to below the threshold of 1% of the Company's share capital or voting rights,
- Och-Ziff Capital Management Group disclosed that it had raised and then reduced its interest to above and below the threshold of 1% of the Company's share capital or voting rights,

Shares held by members of the Board of Directors represent 3.7% of the Company's share capital.

Changes in ownership structure over the past three years

	At December 31, 2008			At December 31, 2009			At December 31, 2010		
	Number of shares	% interest	% voting	Number of shares	% interest	% voting	Number of shares	% interest	% voting
Serge Kampf	5,618,156	3.9	3.9	5,618,156	3.6	3.6	5,518,156	3.5	3.5
Paul Hermelin	187,048	0.1	0.1	187,048	0.1	0.1	202,048	0.1	0.1
Public [1] (bearer + registered)	137,662,734	94.4	94.4	140,536,717	91.2	91.2	142,377,580	91.4	91.4
Employee shareholders	-	-	-	5,714,475	3.7	3.7	5,497,578	3.6	3.6
Treasury shares [2]	2,377,000	1.6	1.6	2,121,000	1.4	1.4	2,175,000	1.4	1.4
Own shares	-	-	-	-	-	-	-	-	-
TOTAL	**145,844,938**	**100.0**	**100.0**	**154,177,396**	**100.0**	**100.0**	**155,770,362**	**100.0**	**100.0**

[1] Y Including share capital held by managers.

[2] At December 31, 2010, the Company held 2,175,000 of its own shares acquired under its share buyback program, including 2,000,000 shares to be allocated on the conversion, redemption, exchange or exercise of share equivalents issued by the Company, particularly with a view to neutralizing part of the dilutive effect of employee share-based incentive instruments and 175,000 shares held in connection with a liquidity contract. In accordance with French corporate law, these shares are stripped of voting rights.

The Company does not hold any "own shares" other than those classified as treasury shares.

Based on a study of identifiable bearer shares carried out at December 31, 2010, the Company has 4,418 identifiable holders of bearer shares holding at least 500 shares.

No shares carry double voting rights.

Shareholders' agreements

There are no shareholder agreements or pacts in force.

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9.3 Corporate governance

To avoid repetition, please refer to the two first parts of the Special Report of the Chairman of the Board of Directors for further details.

Board of Directors

- Members: 13 directors

Directors

- Serge KAMPF,
  Chairman of the Board
- Daniel BERNARD
- Yann DELABRIERE
- Laurence DORS
- Paul HERMELIN,
  Vice-Chairman, CEO
- Michel JALABERT
- Phil LASKAWY
- Bernard LIAUTAUD
- Thierry de MONTBRIAL
- Ruud van OMMEREN
- Terry OZAN
- Pierre PRINGUET
- Bruno ROGER

After extensive examination of their personal situations, the 10 directors whose names are underlined were considered by the Board as being "independent".

- **Term of office: 4 years**

The Combined Shareholders' Meeting of May 11, 2006 decided, on the recommendation of the Board of Directors, to reduce the term of office of Company directors from six years to four years (applicable with immediate effect to current terms of office). Of the 13 directors comprising the Board of Directors:

- two, **Messrs. Bernard Liautaud and Pierre Pringuet,** were appointed by the Combined Shareholders' Meeting of April 30, 2009, Their terms of office will therefore expire the day of the Combined Shareholders' Meeting held in the Spring of 2013;
- two other directors, **Messrs. Daniel Bernard and Thierry de Montbrial,** were appointed for the first time by the Combined Shareholders' Meeting of May 12, 2005 and their terms of office were renewed for a further 4 years at this same Meeting on April 30, 2009, Their terms of office will therefore also expire the day of the Combined Shareholders' Meeting held in the Spring of 2013;
- eight other directors, **Messrs. Yann Delabrière, Paul Hermelin, Michel Jalabert, Serge Kampf, Phil Laskawy, Ruud van Ommeren, Terry Ozan, and Bruno Roger,** who have been Board members for several years, saw their terms of office renewed last year for a period of four years, therefore expiring in the Spring of 2014, the day of the Combined Shareholders' Meeting held to approve the 2013 financial statements;
- the thirteenth director, **Mrs. Laurence Dors,** was appointed by the Combined Shareholders' Meeting last year to replace Mr. Jean-René Fourtou, who did not seek to renew his term of office. Her term of office will therefore also expire in the Spring of 2014.

- **Minimum number of shares**

Each director must personally hold at least 100 shares in the Company. Non-voting directors are not subject to this requirement.

- **Meetings**

- At least six times per year at the head office of the Company in Paris (or at any other venue stated in the notice of meeting). The Board met 9 times in 2010 (5 times during the first half and 4 times during the second half);
- Attendance rate in 2010: 90% on average, with all absences due to cases of *force majeure.*

- **Vice-Chairman**

The Combined Shareholders' Meeting of May 27, 2010 decided to add a provision to the Company's Bylaws authorizing the Board of Directors to appoint a Vice-Chairman from among its members, who, in the absence of the Chairman and for the duration of this absence, will exercise his powers. In particular, the Vice-Chairman's role will be to chair meetings of the Board of Directors or Shareholders' Meetings on his behalf. At the end of this Combined Shareholders' Meeting, the Board of Directors decided to elect Paul Hermelin as Vice-Chairman while confirming him in his functions as Chief Executive Officer.

Non-voting membership

- Members: 2 non-voting members
  Pierre HESSLER Geoff UNWIN
- Term of office: 2 years

Given that the Combined Shareholders' Meeting of May 11, 2006 decided on the recommendation of the Board of Directors, to reduce the term of office of non-voting directors from six to two years (applicable with immediate effect to current terms of offices), the terms of office of Mr. Pierre Hessler and Mr. Geoff Unwin, renewed by the Combined Shareholders' Meeting of May 27, 2010, will therefore expire at the end of the Ordinary Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2011.

Internal rules of operation

The Board has established and adopted internal rules of operation (which it amended on July 26, 2006 and June 9, 2010), mainly in order to clarify the scope of (and bases for exercising) the various powers entrusted to the Board, the specialized Board committees, the Chairman, the Vice-Chairman and the CEO. It also sets out the list of obligations under the "Code of Business Ethics" with which directors and non-voting directors undertake to comply.

Board committees

The general purpose of these committees is to examine or prepare certain resolutions involving their particular areas of expertise, to draft proposals and to provide opinions or recommendations to the Board with regard to any decisions to be taken. 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 specialized Board committees:

- **Audit Committee**
  - Chairman: Yann Delabrière
  - Other directors: Michel Jalabert, Phil Laskawy and Pierre Pringuet
  - Meetings: six in 2010, with an average attendance rate of 83%
- **Selection & Compensation Committee**
  - Chairman: Ruud van Ommeren
  - Other directors: Michel Jalabert, Terry Ozan and Pierre Pringuet
  - Non–voting director: Pierre Hessler
  - Meetings: five in 2010, with an average attendance rate of 89%
- **Ethics & Governance Committee**
  - Chairman: Serge Kampf
  - Other directors: Daniel Bernard and Bruno Roger
  - Meetings: four in 2010, with an average attendance rate of 89%
- **Strategy & Investments Committee**
  - Chairman: Bernard Liautaud
  - Other directors: Daniel Bernard, Laurence Dors, Paul Hermelin, Thierry de Montbrial and Bruno Roger
  - Non–voting director: Geoff Unwin
  - Meetings: six in 2010, with an average attendance rate of 97%

List of directorships and other offices held by members of the Board of Directors

Directorships and other offices held by the 13 voting members of the Board of Directors in 2010 are as follows:

Members of the board	First appointment and expiry* of term of office	Offices held in 2010 and current offices	Other offices held during the last five years outside the Group
Serge KAMPF Date of birth: October 13, 1934 Number of shares held at December 31, 2010: 5,518,156	2000-2013	Principal office **Chairman of the Board of Directors of:** • CAP GEMINI S.A. Other offices **Chairman of:** • Capgemini Service S.A.S. • Capgemini Suisse S.A. **Director of:** • Capgemini North America Inc. (U.S.A.)	**Director of:** • SANOFI-AVENTIS S.A. • Sportys S.A.S. **Member of the Selection, Remuneration and Corporate Governance Committee of:** • SANOFI-AVENTIS S.A. **Member of the Académie des Sports**
Daniel BERNARD Date of birth: February 18, 1946 Number of shares held at December 31, 2010: 150	2005-2012	Principal office **Chairman of:** • PROVESTIS Other offices **Chairman of the Board of Directors of:** • KINGFISHER plc • MAF Retail Group **Director of:** • ALCATEL LUCENT **Chairman of:** • The HEC Foundation **Senior Advisor of:** • TowerBrook Capital Partners, L.P.	**Director of:** • SAINT-GOBAIN

* at the date of the Shareholders' Meeting held to approve the financial statements of the year concerned.

Members of the board	First appointment and expiry* of term of office	Offices held in 2010 and current offices	Other offices held during the last five years outside the Group
Yann DELABRIERE Date of birth: December 19, 1950 Number of shares held at December 31, 2010: 2,550	2004-2013	Principal office **Chairman and Chief Executive Officer of:** • FAURECIA	**Member of the Executive Committee and Chief Financial Officer of:** • PSA PEUGEOT CITROËN **Chairman and Chief Executive Officer of:** • BANQUE PSA FINANCE • CREDIPAR (Compagnie Générale de Crédit aux Particuliers) **Chairman of the Supervisory Board of:** • PEUGEOT FINANCE INTERNATIONAL NV **Chairman of the Board of Directors of:** • PEUGEOT CITROËN ARGENTINE • PERGOLESE INVESTISSEMENTS **Vice-Chairman and Managing Director of:** • PSA INTERNATIONAL **Director of:** • PEUGEOT CITROËN AUTOMOBILES • AUTOMOBILES CITROËN • GEFCO **Manager (Gérant) of:** • GIE PEUGEOT CITROEN • Finance et Comptabilité (Belgium) • PSA Services S.R.L. (Italy)
Laurence DORS Date of birth: March 16, 1956 Number of shares held at December 31, 2010: 100	2010-2013	Principal office **Independent Director** Other offices **Director of:** • Crédit Agricole SA	**Senior Executive Vice-President of:** • Dassault Systèmes **Corporate Secretary of:** • EADS **Corporate Secretary General of Renault Group** **Member of the Executive Committee**

* at the date of the Shareholders' Meeting held to approve the financial statements of the year concerned.

Members of the board	First appointment and expiry* of term of office	Offices held in 2010 and current offices	Other offices held during the last five years outside the Group
Paul HERMELIN Date of birth: April 30, 1952 Number of shares held at December 31, 2010: 202,048	2000-2013	Principal office **Vice-Chairman and Chief Executive Officer of:** • CAP GEMINI S.A. **Chief Executive Officer of Capgemini Group** Other offices **Chairman of:** • Capgemini North America Inc. (U.S.A.) • Capgemini Holding Inc. (U.S.A.) • Capgemini Energy GP LLC (U.S.A) **Chief Executive Officer of:** • Capgemini Service S.A.S. • Capgemini North America Inc. (U.S.A.) • Capgemini Holding Inc. (U.S.A) **Director of:** • Capgemini America, Inc. (U.S.A) • Capgemini US LLC (U.S.A) • CGS Holdings Ltd (UK) • SOGETI S.A. (BELGIUM) • Capgemini Australia Pty Ltd • Capgemini Financial Services International Inc. • CPM BRAXIS S.A. (BRAZIL) **Member of the Supervisory Board of:** • Capgemini N.V.	None
Michel JALABERT Date of birth: January 20, 1933 Number of shares held at December 31, 2010: 425	2000-2013	Principal office **Director of:** • CAP GEMINI S.A. Other offices None	None
Phil LASKAWY Date of birth: March 31, 1941 Number of shares held at December 31, 2010: 7,600	2002-2013	Principal office **Non-Executive Chairman of:** • FANNIE MAE (U.S.A) **Director of:** • GENERAL MOTORS CORPORATION Other offices **Director of:** • HENRY SCHEIN, INC. • LAZARD LTD • LOEWS CORPORATION	**Director of:** • THE PROGRESSIVE CORPORATION • DISCOVER FINANCIAL SERVICES
Bernard LIAUTAUD Date of birth: June 17, 1962 Number of shares held at December 31, 2010: 200	2009-2012	Principal office **General Partner of:** • BALDERTON CAPITAL MANAGEMENT (BCM) (UK) Other offices **Member of the Supervisory Board of:** • SAP **Director of:** • CLINICAL SOLUTION (UK) • NLYTE SOFTWARE LTD (UK) • TALEND SA • QUICKBRIDGE (UK) • SCYTL (Spain) • ABIQUO GROUP INC. (USA)	**Co-founder in 1990 of:** • BUSINESS OBJECTS **Chairman and Chief Executive Officer of:** • BUSINESS OBJECTS

* at the date of the Shareholders' Meeting held to approve the financial statements of the year concerned.

Members of the board	First appointment and expiry* of term of office	Offices held in 2010 and current offices	Other offices held during the last five years outside the Group
Thierry de MONTBRIAL Date of birth: March 3, 1943 Number of shares held at December 31, 2010: 100	2005-2012	Principal office **Founder and Chief Executive Officer of:** • L'INSTITUT FRANÇAIS DES RELATIONS INTERNATIONALES (IFRI) Other offices **Chairman of:** • CENTRE FRANCO-AUTRICHIEN POUR LE RAPPROCHEMENT ÉCONOMIQUE EN EUROPE **Emeritus Professor at:** • CONSERVATOIRE NATIONAL DES ARTS ET METIERS **Member of:** • L'INSTITUT DE FRANCE (ACADÉMIE DES SCIENCES MORALES ET POLITIQUES)	**Member of:** • LAFARGE INTERNATIONAL ADVISORY BOARD • OCP GROUP (Morocco) INTERNATIONAL • RUSAL INTERNATIONAL ADVISORY BOARD
Ruud van OMMEREN Date of birth: September 11, 1936 Number of shares held at December 31, 2010: 100	2000-2013	Principal office **Director of:** • CAP GEMINI S.A. Other offices **Chairman of the Supervisory Board of:** • Capgemini N.V. • GAK ONROEREND GOED V.O.F. **Member of the Supervisory Board of:** • WILLEM VAN RIJN B.V.	**Member of the Supervisory Board of:** • KONINKLIJKE GROLSCH N.V.
Terry OZAN Date of birth: July 21, 1946 Number of shares held at December 31, 2010: 24,300	2000-2013	Principal office **Director of:** • CAP GEMINI S.A. Other offices **Director of:** • COHESANT INC. • TFS FINANCIAL CORPORATION **Member of the Strategy Committee of:** • STATE INDUSTRIAL PRODUCTS	**Director of:** • KANISA Corporation • NOTEWORTHY MEDICAL SYSTEMS, INC.
Pierre PRINGUET Date of birth: January 31, 1950 Number of shares held at December 31, 2010: 1,700	2009-2012	Principal office **Chief Executive Officer and Director of:** • Groupe PERNOD RICARD Other offices **Director of:** • ILIAD S.A.	**Joint Chief Executive Officer and sole Managing Director of:** • Groupe PERNOD RICARD

* at the date of the Shareholders' Meeting held to approve the financial statements of the year concerned.

Members of the board	First appointment and expiry* of term of office	Offices held in 2010 and current offices	Other offices held during the last five years outside the Group
Bruno ROGER Date of birth: August 6, 1933 Number of shares held at December 31, 2010: 20,226	2000-2013	Principal office **Chairman of:** • LAZARD FRERES S.A.S. • COMPAGNIE FINANCIERE LAZARD FRERES SAS **Chairman and Chief Executive Officer of:** • LAZARD FRERES BANQUE Other offices **Chairman of:** • GLOBAL INVESTMENT BANKING of LAZARD **Managing Partner of:** • LAZARD FRERES • MAISON LAZARD ET CIE **Member of the Deputy Chairman Committee of:** • LAZARD FRERES GROUP	**Member of the Supervisory Board of:** • AXA • PINAULT PRINTEMPS REDOUTE **Director of:** • COMPAGNIE DE SAINT-GOBAIN

* 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 any 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 designated professional bodies);
- has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer at any time during the last five years.

As far as the Company is aware, there are no:
- conflicts of interest among the members of the Board of Directors between their duties towards Capgemini and their private interests and/or any other duties;
- service contracts between the members of the Board of Directors and Cap Gemini S.A. or any of its subsidiaries that provide for the granting of benefits upon termination thereof.

9.4 Agreements with executive corporate officers

This information is provided in: Compensation of the two Executive Corporate Officers" (page 81) of the Managment Report presented by the Board of Directors at the Combined Shareholders' Meeting of May 26, 2011.

Regulated agreements with related parties

No agreements falling within the scope of Article L.225-38 of the French Commercial Code *(Code de Commerce)* were authorized by the Board of Directors in the year ended December 31, 2010.

Loans and guarantees granted to directors and managers of the Company

None.

9.5 Employee profit-sharing and incentive plans

Profit-sharing and incentive plan agreements

All the French companies in the Group have signed employee profit-sharing agreements in accordance with French law.

Stock options

Stock options granted by Cap Gemini S.A. to the ten employees (non-corporate officers) having received/exercised the greatest number of options are as follows:

Stock options granted to/exercised by the ten employees (non-corporate officers) having received the greatest number of shares	Total number of stock options granted/exercised	Weighted average price	Plan number
Options granted during the year by Cap Gemini S.A. to the ten employees of all eligible companies having received the greatest number of shares	n/a	n/a	n/a
Options exercised (held previously on Cap Gemini S.A.), by the ten Group employees having exercised the greatest number of shares	177,000	28.12	Vth et VIth plans

Performance shares

Performance shares granted by Cap Gemini S.A. to the ten employees (non-corporate officers) having received the greatest number of options and the number of performance shares vested to the ten employees (non-corporate officers) holding the greatest number of vested shares are as follows:

Performance shares granted/vested to the ten employees (non-corporate officers) having received the greatest number of shares	Total number of shares vested / granted	Plan number
Performance shares granted during the year by Cap Gemini S.A. to the ten employees of all eligible companies having received the greatest number of shares	192,000	2nd plan
Shares available (held previously on Cap Gemini S.A.) by the ten Group employees holding the greatest number of vested shares	n/a	n/a

9.6 Group management structure

The Group management structure comprises:

- **an Executive Committee with 13 members:**

Paul Hermelin	Chief Executive Officer
Pierre-Yves Cros	Consulting (Capgemini Consulting)
Alain Donzeaud	General Secretary
Nicolas Dufourcq	Deputy General Manager, Chief Financial Officer
Cyril Garcia	Strategy and Transformation
Hubert Giraud	Business Process Outsourcing
Philippe Grangeon	Marketing and Communications
Aruna Jayanthi	India
Patrick Nicolet	Infrastructure Services
Salil Parekh	Applications Services 1
Luc-François Salvador	Local Professional Services (Sogeti)
Olivier Sevillia	Applications Services 2
Paul Spence	Deputy General Manager, Director of Development

- **and Group directors who report directly to the Chief Executive Officer:**

Peter Barbier	Large Accounts - Sweden
Chen Bo	Large Accounts - China
Henk Broeders	Large Accounts - Netherlands
Philippe Christelle	Internal Audit
Lanny Cohen	Large Accounts - United States
Christine Hodgson	Large Accounts - United Kingdom
Andy Mulholland	Technology Innovation
Michael Schulte	Large Accounts - Germany

9.7 Persons responsible for the audit of the financial statements

Principal Statutory Auditors:

• PricewaterhouseCoopers Audit
member of the *Compagnie Régionale des Commissaires aux Compte de Versailles*
63, rue de Villiers, 92208 Neuilly-sur-Seine,
represented by **Serge VILLEPELET**
First appointed at the Ordinary Shareholders' Meeting of May 24, 1996.
Current term expires at the close of the Ordinary Shareholders' Meeting held to approve the 2013 financial statements.

• KPMG S.A.
member of the *Compagnie régionale des Commissaires aux Comptes de Versailles*
Immeuble le Palatin, 3, cours du Triangle, 92939 Paris La Défense Cedex,
represented by **Jean-Luc DECORNOY**
First appointed at the Ordinary Shareholders' Meeting of April 25, 2002.
Current term expires at the close of the Ordinary Shareholders' Meeting held to approve the 2013 financial statements.

Substitute Statutory Auditors:

• Etienne BORIS
63, rue de Villiers, 92208 Neuilly-sur-Seine,
Substitute for PricewaterhouseCoopers Audit
Appointed at the Ordinary Shareholders' Meeting of April 17, 2008.
Term of office expires at the close of the Ordinary Shareholders' Meeting held to approve the 2013 financial statements.

• Bertrand VIALATTE
1, cours Valmy, 92923 Paris la Défense Cedex
Substitute for KPMG S.A.,
Appointed at the Ordinary Shareholders' Meeting of April 17, 2008.
Term of office expires at the close of the Ordinary Shareholders' Meeting held to approve the 2013 financial statements.

Fees paid by the Group to the Statutory Auditors and members of their networks

	KPMG				PwC			
	Amount		%		Amount		%	
In thousands of euros	2010	2009	2010	2009	2010	2009	2010	2009
Audit								
Statutory audit, certification of the individual company and consolidated financial statements	2,116	2,289	56%	78%	2,605	2,776	54%	54%
Issuer	*345*	*565*	*9%*	*19%*	*338*	*723*	*7%*	*14%*
Fully consolidated subsidiaries	*1,771*	*1,724*	*47%*	*59%*	*2,267*	*2,053*	*47%*	*40%*
Other work and services directly related to the statutory audit assignment	857	358	23%	12%	426	114	9%	2%
Issuer	*779*	*261*	*21%*	*9%*	*410*	*83*	*8%*	*2%*
Fully consolidated subsidiaries	*78*	*97*	*2%*	*3%*	*16*	*31*	*0%*	*1%*
SUB-TOTAL	**2,973**	**2,647**	**79%**	**90%**	**3,031**	**2,890**	**62%**	**56%**
Other services								
Legal, tax and employee-related matters	229	139	6%	5%	97	99	2%	2%
Other (1)	553	157	15%	5%	1,724	2,134	36%	42%
SUB-TOTAL	**783**	**296**	**21%**	**10%**	**1,821**	**2,233**	**38%**	**44%**
TOTAL	**3,756**	**2,944**	**100%**	**100%**	**4,852**	**5,123**	**100%**	**100%**

(1) These services mainly relate to assignments carried out within the scope of client projects and in accordance with "SAS 70". These assignments concern sites where applications are maintained for clients covered by the Sarbanes-Oxley Act.

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9.8 Person responsible for information

Nicolas DUFOURCQ
Chief Financial Officer
11, rue de Tilsitt, 75017 PARIS
Tel.:+33 (0)1 47 54 50 00

9.9 - 2011 provisional financial calendar

First quarter 2011 revenue:	May 5, 2011
First half 2011 results:	July 28, 2011
Third quarter 2011 revenue:	November 10, 2011
2011 Results:	February 6, 2012

This provisional calendar is provided for information purposes only and may be subject to subsequent amendments.

9.10 Declaration by the person responsible for the Reference Document

"I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the reference 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 2010 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 71 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.

A statutory auditors' report was issued on the consolidated financial statements for the year ended December 31, 2010 presented in this document. This report, presented on page 114 contains a technical observation regarding the impact of the new accounting standards applicable with effect from January 1, 2010.

I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they have read the whole of the reference document and examined the information in respect of the financial position and the historical accounts contained therein.

The statement from the Statutory Auditors is not qualified and does not contain any observations".

Paul Hermelin,
Chief Executive Officer

The French version of this Reference Document (Document de Référence) was filed with the Autorité des Marchés Financiers (AMF) on May 3, 2011, 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. This document was prepared by the issuer and engages the responsibility of its signatories.

In accordance with Article 28 of European Regulation no. 809/2004 of April 29, 2004, the following information is incorporated by reference in this reference document:

1. Relating to the year ended December 31, 2009:
   - the management report, consolidated financial statements, and the Statutory Auditors' report on the consolidated financial statements, set out in the reference document filed on May 4, 2010 under no. D.10-0401 (pages 59 to 75 and 76 to 139, respectively).
   - the parent company financial statements of Cap Gemini S.A. and the Statutory Auditors' report on the parent company financial statements set out in the reference document filed on May 4, 2010 under no. D.10-0401 (pages 140 to 157 and 158, respectively).
   - the Statutory Auditors' special report on regulated agreements and commitments, set out in the reference document filed on May 4, 2010 under no. D.10-0401 (page 159).
2. Relating to the year ended December 31, 2008:
   - the management report, consolidated financial statements, and the Statutory Auditors' report on the consolidated financial statements, set out in the reference document filed on March 12, 2009 under no. D.09-0117 (pages 63 to 80 and 81 to 145, respectively).
   - the parent company financial statements of Cap Gemini S.A. and the Statutory Auditors' report on the parent company financial statements set out in the reference document filed on March 12, 2009 under no. D.09-0117 (pages 146 to 163 and 164, respectively)
   - the Statutory Auditors' special report on regulated agreements and commitments, set out in the reference document filed on March 12, 2009 under no. D.09-0117 (page 165).

The information included in these two reference documents, other than that referred to above, has been replaced and/or updated where necessary, with information included in this reference document.

Copies of the reference document are available from Cap Gemini S.A., 11 rue de Tilsitt, 75017 Paris, on its corporate website at http://investor.capgemini.com, and on the website of the AMF at www.amf-france.org.

10.

CROSS-REFERENCE TABLE

10.1 Information required under Commission Regulation (EC) no.809/2004

N/A: Not applicable.

10.2 Information required in the Annual Financial Report