

The Letter

49th General Meeting of Shareholders to the Shareholders

Dear Shareholders, Ladies and Gentlemen,



In October of this year, Capgemini will turn 50. As the company's late founder and friend, Serge Kampf, saw the General Shareholders' Meeting as an important part of the relationship we have with our shareholders, we wanted to kick off the 50th anniversary celebrations at this year's meeting. In order to set the tone for this half-century anniversary, which is an important marker of a company's maturity, we have thought long and hard in recent months about what best reflects the spirit of Capgemini since it was founded. The decisions that led to the emergence of a world leader, the determination

that drives our 193,000 people in their missions for our clients. The common denominator is 'living the future'.

This choice is clearly tied to our business sector: working with technology has inevitably led Capgemini and its teams to constantly think about the challenges of the future to ensure its clients always stay one step ahead of the competition. In the booklet entitled «50 years of adventure» and on our website devoted to our «greatest stories» of the past 50 years, I would urge you to take a look at some of the innovations achieved on this journey since 1967: automation of turnstiles in the Paris metro, the first interbank data transmission network and the self-driving car, to name just a few. Capgemini's contribution to all the technological developments – both big and small – that make our everyday life and the life of companies easier is genuinely remarkable. And that's what makes technology exciting for us.

This living the future, we owe it above all else to Serge Kampf. Nobody embodied the bold, adventurous spirit that drives us better than he did. It is a fine legacy. Without his visionary leadership, Capgemini would not be as well-equipped as it is now to be a part of the global elite in our industry, in a market that is changing more quickly now than ever before. India, where he laid the foundations of our operations in 2007, is now one of the main drivers of our competitiveness. The many acquisitions that have shaped Capgemini undoubtedly make our company one of the most multicultural in our sector. This lack of any single, central culture is essential in maintaining the closest possible relationships of trust with our clients throughout the world. It is

also a key factor in attracting the most talented people in an increasingly competitive recruitment market.

I take away three achievements from 2016 that will be decisive for the future. The first was the historically high level of free cash flow generated – more than one billion euros – because this is crucial in nourishing the three drivers of our profitable growth: innovation, industrialization and talent engagement. This performance, which confirms the success of the changes made over the past few years, is also a sign that the Group is in good financial health and is well-equipped to face the challenges of today and tomorrow. The second was the rapid evolution of the Group towards the activities of the future, in Digital and Cloud. These areas recorded year-on-year growth of 24% and now account for 32% of the Group's revenues. Finally, the successful integration of IGATE has put us in a very strong position to tap into the growth potential offered by North America, our largest market and a strategically-important continent for our business.

I would also like to thank our shareholders for having voted in favour of several forward-looking resolutions at this General Meeting. The change in the legal status of Capgemini to an European Company will consolidate the international dimension of the Group. The broader membership of our Board of Directors will ensure we meet the challenges ahead efficiently. I am particularly pleased to welcome Patrick Pouyanné, Chairman and Chief Executive Officer of Total, who has agreed to join the Board of Directors of a CAC 40 company for the first time.

So, you might ask, «what can we expect in the future?» We are players in a market in which the innovation dynamic is very encouraging and I can assure you that we have hit the ground running in this new digital era. To seize all of the potential it offers, we have set ourselves new challenges for 2017: to position ourselves in high-growth markets, to increase loyalty among our most important clients, and to speed up the development of our own innovations.

I will conclude with one of those idiosyncratic «truths» that Serge was famous for: «No, the story is certainly not over yet. In fact, I think it is just starting again».

More than ever, thanks to your invaluable confidence, we are still writing the future.

Paul Hermelin
Chairman and CEO of Capgemini

The General Shareholders' Meeting, as though you were there...



The 49th Cap Gemini SA General Shareholders' Meeting was held on 10 May 2017 at the Pavillon d'Armenonville in Paris.

Compensation of the Chairman and CEO

By Pierre Pringuet, Chairman of the Compensation Committee

In accordance with the Sapin II law, the shareholders were asked for the first time to vote on the principles and structure of the compensation of the Chairman and Chief Executive Officer. This resolution, regarding the financial year 2017, was approved by 92.42% of shareholders. Like all Group senior executives, the compensation of Paul Hermelin consists of a fixed component – unchanged since 2013 – equal to 60% of the total theoretical compensation if objectives are achieved, and a variable component equal to 40% of this amount. Closely tied to company performance, this variable component is split into two equal parts: one based on quantitative indicators and the other based on personal objectives, of which at least 50% are quantifiable. It should be noted that Paul Hermelin is not entitled to severance pay and has waived his right to receive director's fees since 2009. He is also entitled to a profit-sharing bonus in the form of performance shares, which are granted subject to meeting ambitious long-term targets, both internal – generation of free cash flow – and external – Capgemini share performance compared with a basket of companies in the consulting and technology sector. All components of this compensation are in accordance with the provisions of the AFEP/MEDEF code. Moreover, they are regularly reviewed and discussed in the Compensation Committee, which also ensures that they remain consistent and competitive with the practices of other CAC 40 companies and the main international companies in the sector. Finally, the compensation proposed to Paul Hermelin by the Board of Directors in respect of the 2016 financial year was also approved by 89.03% of shareholders.

Changes in the Board of Directors

By Daniel Bernard, Chairman of the Ethics and Governance Committee

👤 A 16th director: Pascal Pouyanné, Chairman and CEO of Total

The General Meeting confirmed the appointment of Patrick Pouyanné as director for a four-year term of office.

Chairman and CEO of Total, Patrick Pouyanné will provide the Board with his knowledge of macro-economic and geopolitical issues, as well as his expertise as the director of a major international group in which new technologies play a key role.

👤 Renewal of three terms of office

Three directors, whose terms of office were due to expire, were re-appointed by the shareholders for another four years: Anne Bouverot, Daniel Bernard and Pierre Pringuet.

Since he could be no longer regarded as «independent» due to his long service on the Board of Directors, Daniel Bernard handed his positions as Lead Independent Director and Chairman of the Ethics & Governance Committee to Pierre Pringuet. Daniel Bernard was appointed Vice-Chairman of the Board. Meanwhile, Laurence Dors was appointed Chairwoman of the Compensation Committee.

Changes to the company articles of association

The shareholders voted to approve the resolutions concerning the change in the legal status of the Company (Cap Gemini S.A.) to «European Company». This new status is intended to convey the European dimension of Capgemini in a global competitive environment. The Company's registered office and central departments will remain located in Paris. The Company's shares will continue to be listed on the Paris stock exchange without any change. In order to align the Company's corporate name with that of the Group, «Cap Gemini» shall become «Capgemini».

Shareholders' questions

The focus of questions asked by shareholders during the Meeting included:

- 👤 The Group's strategy in Latin America, in terms of company cybersecurity and its partnership policy with regard to technology start-ups.
 - Cybersecurity is a key issue for the Group and is now a core part of all our businesses. From conventional IT services to the Internet of Things, and from the public sector to consumer goods, demand for cybersecurity is skyrocketing.
 - In Latin America, in addition to offering assistance through its strategic partnerships, the Group is providing solutions to improve its clients' operational efficiency, competitiveness and capacity for innovation.
 - The number one priority of our clients, innovation is central to our business. The Group created a specific programme called Emerging Partners Portfolio to support the launch of alliances with promising start-ups.

- 👤 Whether it would be appropriate to include a representative of Capgemini clients on the Board of Directors, to which the answer was that this would not be desirable or necessary. The Board of Directors is a college that flows from its shareholders and it cannot therefore be a body consisting of representatives of different interests. We should nonetheless ensure that the Board of Directors has the necessary skills and expertise to fulfil its role as a driving force and supervisor and to flag any conflict of interest.
- 👤 The policy implemented as regards employee share ownership, compensation and healthcare assistance. At Capgemini, talent is our greatest, most valuable asset. As our operations become increasingly agile, our working methods more mobile and our interactions more diverse, Capgemini is changing to strengthen its ability to attract, retain and develop its talent. Employee share ownership is stable, at 5.3% of outstanding capital at 31 December.

Strategic Perspectives



What were the major achievements of the Group in 2016 for future growth?

First of all, 2016 confirmed that the Capgemini group is constantly strengthening its portfolio of offers across all its businesses. Digital and Cloud services are central to its clients' transformation requirements, and Capgemini has made development in these two areas a key priority. The second advantage for the future stems from the substantial improvement in the Group's financial and operating performance. The 2016 results reflect the maturity of the company's organisation and its management.

They also give Capgemini the leeway necessary to consolidate its powerful position, improve its competitiveness and invest for the future. Lastly, 2016 confirmed the successful integration of the American company IGATE. The synergies generated are more significant than originally forecast, client loyalty and talent retention levels are excellent and revenues from its fifteen largest accounts are up by 8%. It is worth remembering that thanks to this acquisition, completed in 2015, Capgemini made North America – the world's leading IT services market – its largest region in terms of revenues (30% in 2016). It also helped the company to strengthen its positions in key sectors such as Financial Services and Industry.

How did Capgemini's market develop?

The professional IT services market, whilst remaining highly competitive, has been significantly boosted by innovation. It has undergone a rapid transformation, driven by four underlying trends. The first is the boom in client demand for digital solutions. Apart from a shift in the services offered, this trend has led to profound changes in the type of Capgemini client found in companies: whereas before, most orders were placed by IT departments, the market analyst firm Gartner now estimates that 35% of sales are generated directly by company business lines (i.e. sales, marketing, manufacturing, etc.). The second major trend is the need to provide clients with the technological innovation of start-ups. Another revolution was confirmed in 2016: Cloud computing has become the norm in IT services. For clients, this represents a new way of consuming IT services, with ready-to-use, «on-demand» services. Lastly, a new generation of employees is coming through who are digital natives and it is up to companies in the sector to adapt to their expectations.

What medium-term financial performance targets has the Group set?

The aim is to achieve organic growth of approximately 5% to 7% and an operating margin of between 12.5% and 13%. In light of the steady improvement in results since 2012, the Group is confident in its ability to meet these targets: over the past five years, operating margin has increased by 340 basis points, free cash flow generation has been multiplied by 2.2, and normalised earnings per share has risen by 14% per year. As regards revenues, average annual growth was 5.1% over the period.

What steps have already been taken to accelerate growth further in Digital and Cloud?

Capgemini is taking action in five areas. Since 2014, the Group has been developing a comprehensive portfolio of offers that cover all of the digital transformation requirements of companies, from the customer experience to industrial operations, and including leveraging data. Its network of technology partners now includes key digital market players, such as Salesforce, GE Digital and Google, with which Capgemini co-innovates. In 2015, the Group created the Applied Innovation Exchange (AIE) program, which encompasses both innovation tools/methodology and physical sites – there are now ten centres around the world (Americas, Europe and Asia) – where Capgemini and its clients can develop experimental, cutting-edge projects very quickly with some of the leading start-ups in their area of expertise. The Group also completed a limited number of targeted acquisitions (Fahrenheit 212, a consulting firm specialising in innovation strategies, Idean, a specialist in digital strategy and the user experience, and Oinio, a major European player offering consulting in the cloud deployment of Salesforce's client relationship management (CRM) solutions), companies specializing in digital services that will enable Capgemini to enhance its offer and expertise, and help it to tap into new markets.

Lastly, Capgemini has developed agile recruitment and management methods, and innovated in the working environments of its people in order to attract and retain the best talent in the core skills of the digital world, now and in the future.

What are the new challenges facing Capgemini?

In order to remain a leading global player among the elite of its industry, where markets and client needs are shifting in response to digital innovation, Capgemini has set itself three new challenges:

- Industrialize its most common digital solution production operations, starting with application development and maintenance.
- Grow its business with its largest clients in revenue terms by capitalizing on the three drivers of Group performance – innovation / industrialization / talent engagement – to improve client loyalty.
- Develop its range of «home-made» offers, where the Group possesses the intellectual property rights, so that it can offer its clients IT solutions and service platforms that meet the sharp rise in demand for Cloud computing solutions.

Our performance in 2016



Aiman Ezzat
Chief Financial Officer

Results that confirm we have the right strategy

The Group's strategy, which has been in place for several years, is based on investment in innovation and industrialization of its operations. Once again, this year it has enabled the Group to substantially increase operating margin and organic free cash flow, which exceeds for the first time the billion euros.

The Group generated revenues of €12,539 million in 2016, up 5.2% compared with 2015. At constant exchange rates, the growth was 7.9%, in line with the 2016 guidance. Organic growth, i.e. excluding the impact of currencies and changes in Group scope, was 2.6%. The impact from changes in Group scope mainly arises from the consolidation of 12-month IGATE revenues in 2016, compared with six months in 2015.

Operating margin amounted to €1,440 million, or 11.5% of revenues, up 14% year-on-year. The 2016 operating margin is at the top end of the target range raised during the publication of the half-year results in July 2016.

Operations by region

(at constant exchange rates)

- In North America, revenues are up 14.5%. This growth reflects the impact of the consolidation of 12 months of IGATE revenues in 2016. Excluding IGATE, the year 2016 was marked by the severe contraction in the Energy & Utilities sector, which fully offset the 3.3% organic growth recorded in other sectors, notably in Financial Services and Manufacturing.
- In the United Kingdom and Ireland, revenues rose 4.1%. Local momentum was fuelled by the private sector (now accounting for

57% of the region's revenues), which grew organically at around 10%, while public sector revenues were down as anticipated. The Brexit vote did not materially affect the activity in the region in 2016.

- France saw revenues rise by 5%, driven by strong growth in the Retail & Consumer goods, Financial Services and the Manufacturing & Automotive sectors. By business, performance was particularly strong in Application Services.
- In the Rest of Europe – which now includes Benelux – revenues were up 5.3%. Retail & Consumer goods, Manufacturing & Automotive as well as the Public sector were among the most dynamic sectors this year.
- The Asia-Pacific and Latin American region saw its revenues increase by 8.2%, with this year again contrasting trends. Growth in the Asia-Pacific region, supported by the development of Financial Services, remains very strong. The situation in Brazil continued to weigh on the performance of Latin America, which recorded a further contraction in revenues.

Operations by business

(at constant exchange rates)

- Consulting Services grew 2.7% at constant exchange rates and is supplemented by the rapid development of Digital Consulting Services initiated and billed by the other businesses. Overall, the activity volume increased by more than 5%.
- Technology & Engineering Services (previously known as Sogeti Local Professional Services) grew 6.9%.
- Application Services growth was a strong 10.6%. In addition to the positive IGATE impact, growth was driven by strong momentum in Europe and Asia. Application Services are also the first beneficiary of the rapid development of Digital and Cloud services.
- Other Managed Services reported a 2.2% increase in revenues at constant exchange rate. Excluding changes in Group scope, revenue is down year-on-year despite growth in Business Services (Business Process Outsourcing and platforms).

Headcount increases by 7%

At 31 December 2016, Capgemini has a total headcount of over 193,000 employees, with over 108,000 employees – equivalent to 56% of total headcount – are in its global production sites.

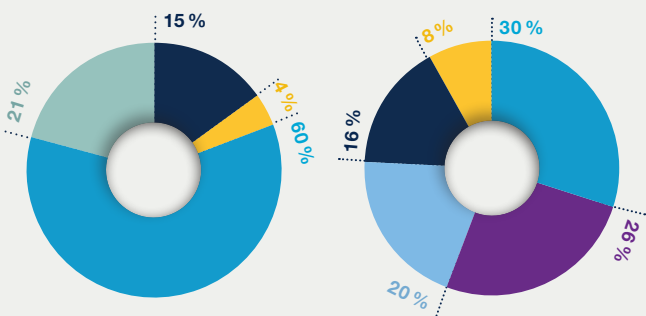
Outlook for 2017

For 2017, the Group forecasts revenue growth at constant exchange rates of 3%, an operating margin of 11.7% to 11.9% and organic free cash flow generation in excess of €950 million.

1st quarter 2017: a positive start

- Revenues: **€3,171 million**, up 2.8% at constant exchange rates.
- All regions are seeing solid or improved growth.
- Digital and Cloud: up 24%, they account for 32% of revenues.

Breakdown of revenues



BY BUSINESS

- Application Services
- Other Managed Services
- Technology and Engineering Services
- Consulting Services

BY REGION

- North America
- Rest of Europe
- France
- United Kingdom and Ireland
- Asia-Pacific and Latin America

Some highlights

In 2017, Capgemini celebrates its 50th anniversary

Capgemini will be celebrating its 50th anniversary on 1st October of this year. Founded by Serge Kampf in Grenoble, France, the company – known then as Sogeti (*Société pour la gestion de l'entreprise et le traitement de l'information*) – came into existence at a key point in the history of computing. To celebrate this anniversary, the Group has devised a number of original events and created a dedicated website – and booklet – on the theme of «Living the future».

Around thirty employees present some of the greatest projects and stories that led to this small French company to become a global leader. A film, «Sur les traces de Serge Kampf» (Following in the footsteps of Serge Kampf), takes an affectionate look back at the life and achievements of one of the IT services industry's boldest and most enterprising men. In honour of his visionary leadership, as a one-off, the *Innovators Race* contest will this year reward young start-ups.

www.capgemini50.com/en/
www.innovatorsrace50.com

LIVING THE FUTURE
since 1967

New offers to speed up the transformation of companies

In May 2016, Capgemini launched Digital Manufacturing, its global services line dedicated to digital transformation in the manufacturing industry. It has two main purposes: to optimize their operations (remote management, predictive maintenance, etc.) and to help them create new business models and services using increasingly smart infrastructures and connected products. The Group also launched Automation Drive, which is designed to help clients take advantage of the potential benefits of automation. Lastly, the Cybersecurity offer developed new «on-demand» security supervision services.

With Valeo, the Group created Mov'InBlue

Capgemini is increasingly undertaking co-innovation projects not only with its technology partners and start-ups, but also with clients to create their own technologies. Marketed as a white label to vehicle rental companies and corporate fleets, the smart Digital mobility solution developed with the vehicle equipment manufacturer Valeo illustrates this trend perfectly. Thanks to features such as Geolocation and intelligent key technology which allows you to lock, unlock and start a vehicle using a smartphone, Mov'InBlue offers motorists a fully digital experience whilst enabling rental companies to maximise the use of their vehicle fleet.

Targeted acquisitions in Digital

In 2016 and in the first quarter of this year, the Group strengthened its digital expertise in innovation, design and user experience thanks to the acquisition of several companies:

Fahrenheit 212 (New York), a consulting firm specialising in innovation strategies; Idean (Palo Alto), a specialist in digital strategy and user experience (UX) that supplements the geographical coverage of Backelite, the Group's digital design agency; Oinio (Munich), Salesforce's leading European partner and global leader in client relationship management (CRM) solutions; Itelios (Paris), a specialist in multi-channel e-commerce.

Innovators Race: supporting innovative entrepreneurs

In a sector where the battle for talent is fierce, Capgemini is finding innovative ways of attracting the best candidates.

In 2016, the Group created the *Innovators Race*, a contest open to students from leading schools and universities, as a means of highlighting and rewarding their innovative ideas aimed at meeting real challenges set by companies. Six finalists were selected in 2016 out of thousands of entries from six countries. The winning Indian team earned a \$25,000 prize and the opportunity to work for a few weeks at Capgemini's *Applied Innovation Exchange* Integrated Innovation Centre in San Francisco.

Shareholders' notebook

Capgemini listens to its individual shareholders

Capgemini regularly meets with its individual shareholders, including by holding meetings outside Paris in France's regions. Two information meetings, attended by more than three hundred individual shareholders, are held every year in major French regional cities (Lyon, Lille, Bordeaux, Nantes, Rennes, Toulouse and Biarritz). These events provide us with an opportunity to discuss the Group's strategy, results and outlook.

Proposed dividends for 2016

At the General Shareholders' Meeting on 10 May 2017, the Board of Directors recommended a dividend payment of €1.55 per share in respect of 2016. This is an increase of 15% compared to 2015. This dividend corresponds to a distribution rate of 36%.

Capgemini share details

Listed on the Eurolist of Euronext Paris (Compartment A)
 Eligible for the SRD deferred settlement system of the Paris Stock Exchange
 ISIN code: FR0000125338
 Indices: CAC 40, Euronext 100, Dow Jones Stoxx et Dow Jones Euro Stoxx

Shareholder's diary

- 27 July 2016: 2017 First half results
- 26 October 2017: 2017 Third quarter revenues
- 15 February 2018: 2017 Annual results
- 23 May 2018: Combined General Meeting

Changes to Capgemini share price

in euros, compared to the CAC40 index, from 31 December 2014 to 31 March 2017



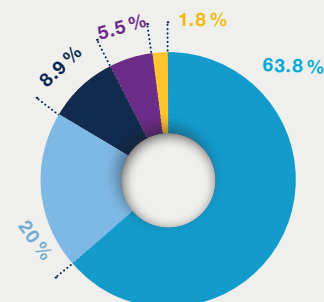
Key figures

Proposed dividends for 2016

€1.55
per share

+15% compared to 2015 dividend

DISTRIBUTION OF SHARE CAPITAL FOR CAP GEMINI S.A.
 at the end of December 2016
 (based on a shareholder survey)



- International institutional investors
- French institutional investors
- Individual shareholders
- Board members and Group employees
- Treasury shares

2016 Annual Report



To find out more, please see the PDF version of our 2016 Annual Report. You can view this interactive version at:

www.capgemini.com/annual-report/2016

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