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		2009		2010	
		Amount	%	Amount	%	Amount	%
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**

	Note	2008	2009	2010
EARNINGS PER SHARE (in euros)				
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

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**

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

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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		2009		2010	
	Amount	% of revenues	Amount	% of revenues	Amount	% 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.

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)

At December 31 *(in millions of euros)*	2008		2009		2010	
	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.

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)	Elimina-tions	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)	Elimina-tions	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.

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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
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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