REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

This report has been drawn up pursuant to (i) the requirements of Article L.225-37 of the French Commercial Code (*Code de Commerce*), as amended by the Law of July 3, 2008 and the Order of January 22, 2009, (ii) the recommendations set out in the corporate governance code published by AFEP-MEDEF (French private business associations) in December 2008 (to which the Board of Directors decided on December 11, 2008, Cap Gemini would from now on refer) and finally (iii) the principles of good governance in effect within the Group for some 42 years.

A. ORGANIZATION OF THE WORK OF THE BOARD AND ITS SPECIALIZED COMMITTEES

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

1. The Board of Directors

The Combined Shareholders' Meeting of May 11, 2006 decided, on the recommendation of the Board of Directors, to reduce the term of office of Company directors from six to four years (applicable with immediate effect to current terms of office).

Thirteen directors currently sit on the Board:

- two of these directors, **Bernard Liautaud** and **Pierre Pringuet**, were appointed last year at the Combined Shareholders' Meeting of April 30, 2009,
- two further directors, **Daniel Bernard** and **Thierry de Montbrial**, were initially appointed at the Combined Shareholders' Meeting of May 12, 2005 and their four-year terms of office were renewed last year at the same Combined Shareholders' Meeting on April 30,
- the terms of office of these four directors will therefore expire the day of the Ordinary Shareholders' Meeting called to approve the 2012 financial statements;
- the terms of office of the nine other directors, who have sat on the Board for a longer period, were renewed for a period of four years at the Combined Shareholders' Meeting of May 11, 2006 and therefore expire today. The directors in question are **Yann Delabrière, Jean-René Fourtou, Paul Hermelin, Michel Jalabert, Serge Kampf, Phil Laskawy, Ruud van Ommeren, Terry Ozan,** and **Bruno Roger.**

The principal role of the Board of Directors is to determine the key strategies of Cap Gemini S.A. and its subsidiaries, to ensure that these strategies are implemented, and to deal with any issues that arise in respect of the day-to-day operation of the Company. The Board places particular emphasis on managing the Group's 90,000 employees and thousands of managers across the globe, reflecting Capgemini's business as a service provider. The Board operates on a collegial basis, and its conduct is underpinned by the values adhered to by each of the directors and by best corporate governance practices. The Board meets at least six times a year. Meetings are convened by the Chairman in accordance with a timetable decided by the Board during the second half of the previous year. However, this timetable may be amended during the year in response to unforeseen circumstances or at the request of more than one director. In 2009, the Board met nine times (six times during the first six-months and three times during the second six-months), representing a total of 109 theoretical attendances for all directors. The average attendance rate was 85% (93/109). This rate was better in the second six-months (95%) than in the first, as a number of unscheduled meetings were convened during the first six-months, as a result of several operations launched by the Company (decision in principle to launch a redeemable share subscription and/or purchase warrants issue, launch of a bond issue convertible or exchangeable for shares and launch of an international employee share ownership plan).

Meetings of the Board of Directors last three hours on average. At least one week before the meeting, each director is sent:

- an agenda which has been approved by the Chairman after consultation with the Chief Executive Officer, the directors who have submitted items for inclusion on the agenda, and the members of Group Management responsible for preparing documentation concerning the items to be discussed;
- and, if the agenda includes items requiring specific analysis, supporting documentation prepared by members of Group Management supplying directors with the information they need to form an opinion on the issues being discussed (this documentation is however only provided to the directors before the meeting if there is no risk that sensitive information, or any information that should remain confidential prior to the Board meeting, could fall into the hands of anyone other than the members of the Board);
- a summary report comparing the share price of the Cap Gemini share to that of various general and sector indexes and to its main competitors; and
- where appropriate, a table providing a breakdown of the last known consensus.

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

- prepared, adopted, applied (and amended where useful or necessary) highly detailed Internal Rules of Operation (see section 2);

- set up four specialized Board Committees – the Audit Committee, the Selection & Compensation Committee, the Ethics & Governance Committee, and the Strategy & Investments Committee – each with a clearly defined role (see section 3);
- adopted a system for allocating attendance fees, whereby all such fees are indexed to attendance at Board and Committee meetings (see section 4);
- periodically reviewed the personal situation of each director in light of the definition of independence provided under French corporate governance guidelines (a director is independent when he/she has no relationship of any sort with the Company, the Group or its Management, that is likely to impair his/ her judgment) and the numerous criteria applied in the different countries in which the Group operates. Based on the aforementioned reviews, nine out of the thirteen directors qualify as independent (Daniel Bernard, Yann Delabrière, Jean-René Fourtou, Michel Jalabert, Phil Laskawy, Bernard Liautaud, Thierry de Montbrial, Ruud van Ommeren and Pierre Pringuet),
- set up a self-assessment procedure which has given rise on two occasions (2005 and 2008) to an in-depth analysis of the role and responsibilities of the Board. The analysis was based on the individual responses of directors to a questionnaire validated upfront by the Board. The questionnaire was then used as the basis for two-hour interviews between the coordination team and each director. During the interviews, members of the Board were free to put forward their comments and proposals on a wholly anonymous basis. The 2008 assessment was coordinated by Jean-Pierre Durant des Aulnois, a senior executive who has been with the Group for many years and combines consulting experience with a strong capacity for objective thinking, and Jean-Philippe Saint-Geours, a partner with consultant firm Leaders Trust International. The questionnaire was divided into seven sections:
  - understanding of Group businesses, its management team, organization and competitive position;
  - Group targets and strategy;
  - risk management;
  - role and responsibilities of directors and non-voting directors;
  - present and future composition of the Board of Directors;
  - role and responsibilities of the Board of Directors;
  - compensation of Board members.

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

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

The assessment report also shed light on certain improvements that could be made to the way in which the Board and its specialized Committees operate. These improvements have been or are being gradually put in place.

The Board of Directors is assisted by two non-voting directors who were previously directors and who were appointed non-voting directors in July 2002. The directors in question are **Pierre Hessler** and **Geoff Unwin**, who replaced **Phil Laskawy** (a non-voting director subsequently appointed director) and **Chris van Breugel**. Their terms of office were renewed for a period of two years at the Combined Shareholders' Meeting of April 17, 2008 and therefore expire today. The Company's directors have on several occasions indicated their satisfaction with the contribution of non-voting directors to Board meetings (the attendance rate for non-voting directors was quite remarkable in 2009 at 100% !). However, the directors reserve the right to hold certain meetings or part of them without non-voting directors being present.

2. Internal Rules of Operation

As provided for in Article 16 of the Company's Bylaws, a revised version of the internal rules of operation was discussed and adopted by the Board of Directors on July 24, 2002, following the decision to separate the functions of Chairman and Chief Executive Officer. Four years later on July 26, 2006, the Board made certain changes and additions to these rules, primarily:

- the possibility of holding Board meetings using video conference or telecommunications facilities;
- the main obligations under the Code of Ethics with which directors and non-voting directors of Cap Gemini S.A. undertake to comply throughout their term of office (concerning, inter alia, the rules governing securities transactions);
- the requirement for directors to inform the French stock market authority (*Autorité des Marchés Financiers*), and the Company itself, of any transactions they may have carried out personally involving the Company's shares within five trading days of the execution of such transactions;
- an update to the rules governing share trading: subject to the legal and regulatory provisions concerning insider trading, directors and non-voting directors must abstain from any direct, indirect or derivative transactions involving the Company's shares for a period of 15 trading days prior to the announcement of the Company's interim and full-year results, and for one trading day following such announcements.

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

- the Board of Directors represents shareholders and its principal role is to determine the key strategies of the Company, to monitor their implementation, to ensure the smooth running of the day-to-day operations of the Company and to resolve, through deliberations, any issues that may arise in respect of such operations. With the exception of the Chairman and the Chief Executive Officer, the directors have no individual power and actions and decisions must therefore be taken on a collegial basis. The role of the four specialized Committees created by the Board is to study and document the issues that the Board has scheduled for discussion and to present to full Board meetings, recommendations on the subjects and sectors within their remit.
- The Chairman represents the Board of Directors and prepares, organizes and leads its work. He sets the date and agenda of meetings, ensures that directors are always able to carry out their duties and have all information necessary for this purpose, and oversees the proper operation of the Company's bodies and the correct implementation of Board decisions. He acts as a liaison between Board members and Group Management and to this end stays constantly informed of the Group's position and decisions taken (or planned) which are likely to have a major impact on business. He chairs Combined Shareholders' Meetings, to which he reports on the activities and decisions of the Board of Directors.
- The Chief Executive Officer has the widest powers to act in all circumstances in the name of the Company. The Internal Rules of Operation stipulate nonetheless that he must seek and obtain prior approval from the Board of Directors – or from its Chairman acting under delegated powers – for any decision which is of major strategic importance or which is liable to have a material effect on the financial position or commitments of the Company or those of one or more of its principal subsidiaries. This applies in particular to:
  - the approval and updating of the three-year plan based on the strategy approved by the Board;
  - the contracting of strategic alliances;
  - significant changes to the structure of the Group or to its range of business activities;
  - significant internal restructuring operations;
  - financial transactions with a material impact – or a potential material impact – on the financial statements of the Company or the Group (in particular the issue of securities conferring immediate or future access to the share capital);
  - acquisitions or disposals of assets individually worth more than €50 million;
  - increases or reductions in the capital of a major subsidiary;
  - specific authorizations concerning the granting of pledges, security and guarantees.

3. Board Committees

Some ten years ago in May 2000, the Board of Directors – acting on the recommendation of its Chairman – decided to set up three specialized Committees (an Audit Committee, a Selection & Compensation Committee and a Strategy & Investments Committee). Each Committee was tasked with studying in-depth certain specific matters as well as reviewing and preparing the corresponding Board discussions, submitting proposals to the Board, and providing advice and recommendations to the Board on decisions to be taken. The initial appointment of directors and non-voting directors to these Committees was decided by the Board of Directors at its meeting of September 13, 2000, following which each Committee elected its own chairman and drafted specific Internal Rules of Operation that define its roles and responsibilities.

Following the appointment on May 12, 2005 of two new directors (Daniel Bernard and Thierry de Montbrial) and a new non-voting director (Marcel Roulet), the Board of Directors decided on July 27, 2005 to appoint a non-voting director and three or four directors to each of the three Committees. The Chairman of the Board of Directors did not wish to be appointed to any of the three

Committees and allowed the Committee Chairmen to invite him to attend their various Committee meetings at their discretion.
At its meeting of July 26, 2006, the Board decided to set up a fourth Committee called the Ethics & Governance Committee, whose terms of reference include matters relating to Group corporate governance – previously included in the brief of the Selection & Compensation Committee. Serge Kampf was appointed to chair this new Committee.

Following the appointment of two new directors at the Combined Shareholders' Meeting of April 30, 2009 (Bernard Liautaud and Pierre Pringuet) and the expiry on the same day of the term of office of Marcel Roulet, a non-voting director (who did not seek reappointment), the Board of Directors decided on June 17, 2009 to appoint Bernard Liautaud to the Strategy & Investments Committee and the Ethics & Governance Committee and Pierre Pringuet to the Audit Committee and the Selection & Compensation Committee. All appointments will of course be reviewed the day after the Combined Shareholders' Meeting of May 27, 2010, which will vote on the renewal or appointment of nine directors out of thirteen.

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

3.1 Audit Committee

This Committee - in accordance with the Order of December 8, 2008 enacting a European Directive – is tasked with following-up questions concerning the preparation and control of accounting and financial information, assessing the appropriateness and the consistency of the accounting policies and methods used to prepare the full-year and interim financial statements, checking the efficiency of internal control and risk management procedures, ensuring the quality of processes to prepare published information and finally assessing the various engagements carried out by the Statutory Auditors and giving its opinion on whether their audit engagement should be renewed.
The Audit Committee currently has four directors: **Yann Delabrière** (Chairman), **Michel Jalabert**, **Phil Laskawy** and **Pierre Pringuet**.
It met six times in 2009, with an attendance rate of 81% (22 out of 27 attendances). At the beginning of 2009, it reviewed the financial statements of the Group and the parent company for the year ended December 31, 2008 as well as the accounting treatment of significant events that took place during that year.
It also reviewed the Order of December 8, 2008 enacting the European Directive of May 17, 2006 on the statutory audit of accounts and conferring a legal status on the Audit Committee. It confirmed that the Internal Rules of the Committee were already in line with the provisions of the Order and suggested a few amendments to ensure an even closer match. These amendments were later approved by the Board of Directors.
In the middle of the year, the Committee reviewed the Group's interim financial statements at June 30, 2009, focusing in particular on impairment tests performed on goodwill, deferred taxes, the recognition of the redeemable share subscription or purchase warrants (BSAAR), performance shares and the new OCEANE bond issue, the impact of UK employee pension plans and the monitoring of major contracts.
In addition, the Committee interviewed:
- **Philippe Christelle**, Internal Audit Director, on working methods, terms of reference, the findings of audits carried out, and any avenues for further improvement;
- **François Hucher**, Technical Director in charge of support services, IT and procurement, on operations and developments at production centers, the role of the "flying squads" who perform audits on risk-sensitive topics and the program to reduce production costs (particularly through the better reuse of existing tools), etc.;
- **Lucia Sinapi-Thomas**, Corporate Finance and Risk Management Director, on risk management in the pre-sale phase of major commercial proposals, potential strategic partnership arrangements, framework client or supplier contracts with certain specific characteristics, among other issues.

The Statutory Auditors have issued recommendations to make the accounting and financial procedures more efficient. Finally, the Committee reviewed several recapitalization projects for certain subsidiaries and discussed its opinion on the appropriateness and terms and conditions of these capital injections with the Board.

3.2 Selection & Compensation Committee

This Committee is tasked with monitoring the human resources policies applied by Group companies to executive managerial positions (executive appointments, changes in theoretical and actual compensation, setting objectives to determine the variable portion of compensation, criteria for the grant of shares subject to performance conditions, career and succession planning, etc.) and making sure that the policy is both consistent – while complying with specific local requirements – and closely aligned with individual and collective performances in the Business Unit to which the manager concerned belongs. It is consulted by Group Management prior to any decisions concerning the appointment or replacement of Executive Committee members and Strategic Business Unit managers. The Committee drafts and presents recommendations to the Board concerning the proposals made by the Chief Executive Officer in relation to the fixed and variable compensation of executive managers, the Chairman's proposals on the compensation and performance assessment of the Chief Executive Officer, and its own proposals on the compensation and performance assessment of the Chairman. The Committee also reviews the various schemes enabling employees to share in Group profits (employee share ownership, Group savings schemes, etc.) and submits proposals it considers appropriate on this issue to the Board of Directors.

The make-up of this Committee is currently as follows:
- five directors: **Ruud van Ommeren** (Chairman), **Michel Jalabert, Thierry de Montbrial, Terry Ozan** and **Pierre Pringuet**.
- one non-voting director: **Pierre Hessler**.

This Committee met five times in 2009, with an attendance rate of 96% (27 out of 28 attendances).
In accordance with the Committee's brief, it ensured throughout

2009 the consistency of the Group's senior executive management and compensation policy and the Chairman regularly reported on the Committee's work and presented recommendations to the Board of Directors concerning the following areas:

- the general compensation policy of the Group and its subsidiaries;
- the calculation of compensation due to the two executive corporate officers (the Chairman and Chief Executive Officer) and members of the Executive Committee and Group Management Board. These recommendations focused:
  - at the beginning of 2009, on:
    - a review of individual performance in 2008 compared with the objectives set at the beginning of the year;
    - calculation of the variable portion of 2008 compensation paid in the first quarter of the next year;
    - a review of the fixed and variable portions of so-called "theoretical" compensation for 2009,
    - setting objectives to be used at year-end as a basis for calculating the actual variable portion due,
  - at the beginning of 2010, on the same elements as above but for the following year (performance review, fixed compensation and selection of objectives for 2010);
- on the implementation of three share ownership systems open to all Group employees, which were discussed and adopted by the Combined Shareholders' Meetings of April 17, 2008 and April 30, 2009 (international employee share ownership plan, redeemable share subscription or purchase warrants issue and the grant of performance shares), replacing the existing stock option scheme. The sixth and last stock option plan, which was authorized by the Combined Shareholders' Meeting of May 12, 2005, expired in July 2008 at the end of the grant period. In particular, the Committee reviewed (and forwarded to the Board of Directors for approval) the list of the 507 beneficiaries receiving the 1,148,250 performance shares granted in March 2009 and the list of the 1,225 managers and executives given the opportunity to subscribe for 2,999,000 redeemable share subscription or purchase warrants (BSAAR), finally subscribed by half of them in July 2009 (629);
- on the follow-up of development and succession plans for executives at the Group's Strategic Business Units: the Committee reviewed the system in place at each Strategic Business Unit and at Group level to identify high-performing individuals, develop retention schemes, and ensure internal mobility.

Finally, the Committee considered the question of Mr. Hermelin's employment contract and issued a recommendation on this subject to the Board of Directors (see Section 4.10 of the Management Report).

3.3 Ethics & Governance Committee

The Committee's main brief is to verify that the Group's seven core values (Honesty, Boldness, Trust, Freedom, Team Spirit, Modesty and Fun) are correctly applied and adhered to, defended and promoted by the Group's corporate officers, senior management and employees in all of its activities and in all subsidiaries under its control, in all internal and external communications – including advertising – and in all other acts undertaken in the Group's name. It is also tasked more generally with overseeing the application of best corporate governance practice within Cap Gemini S.A. and its main subsidiaries. The Ethics & Governance Committee is responsible, for example, for all matters relating to the selection, appraisal, independence and compensation of the Company's directors and non-voting directors. It must keep up-to-date (and be ready to implement) the list of measures to be taken, should the question of the succession of the Chairman or the Chief Executive Officer suddenly arise. It must handle and propose to the Board any changes it considers relevant to the Board's operation and composition (co-opting new directors, limiting their number, etc.) or to the corporate governance rules currently in force within the Group (for example, switching back to a traditional legal form combining the functions of Chairman and Chief Executive Officer), etc.

The Ethics & Governance Committee currently has five directors: **Serge Kampf** (Chairman), **Daniel Bernard**, **Bernard Liautaud**, **Phil Laskawy** and **Bruno Roger**. The Committee held only one full meeting in 2009 (participation rate of 4 out of 5 attendances, or 80%). Several less formal meetings were however held throughout the year to discuss the "governance" remit of the Committee, between the Chairman and certain of its members or between several Committee members, in the absence of the Chairman. The day the Committee met in full, it interviewed **Philippe Christelle**, the Internal Audit Director, who presented a special report describing the ethical framework in which the Group is supposed to operate and the developments and revisions performed during the last 12 months. It also interviewed **Hervé Canneva**, the Group Ethics and Compliance Officer, appointed by the Committee on March 1, 2009, who presented a draft Ethics Charter formally documenting a mandatory program comprising a Code of conduct, control procedures and sanctions. The primary objectives of this charter are to promote an ethical culture ensuring perfect integrity in the conduct of business and the management of employees, to implement measures stopping or reducing non-compliance with the core values of the Group, as well as prevailing laws and regulations (e-learning and/or residential training program) and finally to provide an institutional framework for the actions required to deal with the problems arising as a result of these measures.

The Committee also assessed the advantages and disadvantages of a possible review of the system for allocating attendance fees adopted in July 2006 (see Section 4 below). Finally, it discussed the make-up of the Board of Directors, considered the different scenarios for changes in the governance of the Group and examined, at the end of 2009, the consequences and implementation conditions of the law requiring the "balanced" representation of men and women on Boards of Directors.

3.4 Strategy & Investments Committee

This Committee reviews the various strategic options open to the Group to ensure its continued growth, improve its profitability and maintain its independence going forward. It determines the amount of investments required to implement each of these possible strategies and recommends a choice or at least establishes an order of priority. It must also ensure it has the necessary resources to oversee the subsequent implementation by management of the strategy decided by the Board of Directors and assess potential or strategically important alliances or acquisitions. More generally, the Committee deliberates on any direction or issue considered relevant to the Group's future, provided it does not compromise the smooth functioning of operations and guarantees operating and financial stability.

The Strategy & Investments Committee currently has five directors: **Bernard Liautaud** (Chairman), **Daniel Bernard**, **Paul Hermelin, Thierry de Montbrial** and **Bruno Roger** and a non-voting director, **Geoff Unwin.**

This Committee met three times in 2009, with an attendance rate of 100% (18 out of 18 attendances). During the first quarter of 2009, the Committee examined the strategic plans of the four Group businesses in the different regions where the Group is located, the synergies between each business and the three other businesses and the impact on these businesses of the difficult economic climate. For this purpose it interviewed Paul Spence, Director of Outsourcing Services, Pierre-Yves Cros, Director of Consulting Services, Henk Broeders, Chairman of the Committee for the global coordination of Technology Services and finally Luc-François Salvador, Director of Local Professional Services. Once of the major tasks of the Committee this year was to prepare the discussions and work of the Board of Directors, which met exceptionally for one and a half days in June 2009 at the Capgemini University in Gouvieux (Oise), to consider the topic "Strategy, markets and competition". Finally, based on its work, which highlighted the future of the Group as a "service integrator" presenting original offerings with a high technology content, it established its own roadmap for 2010.

4. Compensation of directors

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

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

In addition, Serge Kampf and Paul Hermelin decided to waive, with effect from January 1, 2009, their right to receive attendance fees for their duties as directors of Cap Gemini S.A., a decision warmly welcome by the Board of Directors.

Consequently, under this formula and as a result of this decision, total attendance fees paid to directors and non-voting directors in respect of 2009 amounted to €534,000 (€300,000 for the first six-months and €234,000 for the second six-months), only 75% of the maximum authorized by the Combined Shareholders' Meeting.

5. Compensation of executive corporate officers

The Board verified and had it confirmed that the compensation of the Chairman and the Chief Executive Officer is determined by the Board of Directors, pursuant to "exclusive" powers (Articles L.225-47 and L.225-53 of the French Commercial Code), that these exclusive powers confer an institutional – and not a contractual – nature on this compensation, and as such (contrary to the claims of certain observers), the determination and review of this compensation is not subject to regulated agreement procedures. This is, of course, subject to compensation being specifically paid for the performance of corporate officer duties and in consideration for actual services rendered to the Company. This is obviously the case for Cap Gemini. The principles and rules approved for calculating the compensation due to executive corporate officers as well as the breakdown of total compensation paid in respect of 2009 to each executive corporate officer are set out in section 4.10 of the Management Report.

6. Shareholder participation at Combined Shareholders' Meetings

The terms and conditions governing shareholder participation at the Company's Combined Shareholders' Meeting are described in Article 19 of the Company's Bylaws (attendance in person, proxy arrangements, supporting documents to be provided, etc.).

7. Shareholding structure of the Company share capital and information likely to have impact on a takeover bid for the Company's shares

Details of the Company's shareholding structure are provided in the "Specific Information" chapter on page 188 of this Registration Document.

No shareholders' agreement or other shareholder pact exist.

B. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED

2009 was marked by the continuation of the Green Project to transform the finance function, which included the following main actions:

- a major update and extension of the accounting and operational procedures and policies manual applicable in the Group (TransFORM[2010])
- the continued roll-out of the single integrated management system (GFS Project), which took over in 2008 the deployment of convergent solutions at functional component level, but based on separate platforms (NOP project). All Scandinavian Business Units, the Financial Services GBU entities, the Consulting and Technology Services Business Units in North America and finally, in France, the subsidiaries Capgemini Service and Capgemini Télécom Média Défense, joined India in this single body. Expressed as a percentage of migrated employees, GFS covered one third of the Group and NOP solutions nearly 50% at December 31, 2009. Progress was therefore achieved with the desired standardizing of management systems.
- the transfer of the accounting functions of our subsidiaries to the shares services centers located in Cracow (Poland) and Calcutta (India) commenced in 2005 stabilized during the year, with the definition of global target processes common to the different countries served.
- launch of the roll-out of the new time input and monitoring system for employees and sub-contractors (NOE project) that should enable a single input and better cooperation between "delivery" and "finance" communities.

1. Objectives and principles of Group internal control procedures

Capgemini's internal control and risk management procedures are designed to create a general control environment that is tailored to the Group's specific business activities.

As defined by the committee set up by the French stock market authority (AMF) to devise a blueprint for internal control in French companies subject to the requirements of the *Loi de Sécurité Financière* (Financial Security Law), the internal control process is developed and implemented by the Group with a view to ensuring:

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

In accordance with the definitions in the AMF's recommended internal control guidelines, risk management is an integral part of internal control and, accordingly, risk management procedures are detailed in the following sections.

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

The internal control process operates on two levels:

- Group Management has prepared, drafted, obtained the approval of the Board of Directors and circulated in all Group subsidiaries a set of rules and procedures known as the Blue Book, which are binding throughout Cap Gemini S.A. and its subsidiaries. The Blue Book is available to each Group employee and compliance is mandatory irrespective of function, position or Business Unit. It outlines the overall security framework within which the Group's activities must be conducted, and lists the tools and methods to be deployed in order to exercise the necessary degree of control and reduce the risks identified in each of the Group's main functions.
- subsidiaries and Strategic Business Units supplement the Blue Book with specific instructions designed to bring Group internal control procedures into line with the relevant laws, regulations and customary practices in their country of operation, and to provide more effective control over specific local risks.

In addition to this two-tier process, the Capgemini Group has had a **central Internal Audit function** for over 30 years. This department currently comprises a multidisciplinary team of 24 auditors reporting directly to both the Group's Chairman and its Chief Executive Officer. Although managed centrally, the Internal Audit function has become highly international to accompany the Group's changing structure. Ten different nationalities are now represented and a Bombay desk in India has seven auditors. Internal Audit is tasked with reviewing the internal control procedures set up in the Strategic Business Units and in the Business Units to ensure that they comply with the principles and rules laid down by the Group and with the procedures devised by the individual Business Units to eliminate or mitigate the risks to which they are exposed locally. For its audits of the Group's major contracts on which the risks are considered significant, Internal Audit occasionally uses technical experts (Group Delivery Auditors), who are selected from among a list of eight accredited professionals employed by the Group according to their skills and independence from the unit being audited.

Each Strategic Business Unit is audited in line with a bi-annual program that the Chairman and/or the Chief Executive have the power to modify in the event of a contingency (delays and irregularities, major divergence from budgetary commitments, etc.). In 2009, the Internal Audit team performed 44 engagements in entities belonging to all of the Strategic Business Units, covering half of the Group's Business Units. Each engagement represented an average of 46 field audit days and culminated in a mandatory action plan to be implemented by the audited entity's management as a means of resolving immediately the issues raised in the course of the audit. At the request of the Chairman or Chief Executive Officer, the Internal Audit Department may also perform special engagements to review specific situations.

The Internal Audit Director presents annually to the Audit Committee a comprehensive report on the department's work (particularly the preparation and processing of financial and accounting information) and to the Ethics & Governance Committee a specific report on compliance with the Group's Ethics Charter. However, the Internal Audit Director may at any moment draw up a special report for the Chairman or the Chief Executive Officer on any matter that he considers should be brought to their attention.

2. General organization of internal control

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

Central bodies involved in internal control:

The respective roles of central bodies involved in internal control are described below:

- The Executive Committee, comprised of 15 members, assists the Chief Executive Officer with the day-to-day management of the Group. It implements the broad strategies decided on by the Board of Directors, determines annual and rolling three-year budgetary targets and oversees their implementation, and, if necessary, takes corrective action to remedy any failures to deliver those objectives. In addition, it monitors the appropriateness of the Group's organization in light of changes in its business environment.
- The Group Management Board is comprised of the 15 members of the Executive Committee plus a variable number of other senior Group managers. Its main brief is to contribute to the deliberations of the Executive Committee on any matter of general interest submitted to it and to assist in the implementation of decisions taken. It also acts as the baU (business as Usual) Steering Committee, a work program defined in the Fall of 2009 to substantially accelerate revenue growth, optimize our internal organization and strengthen the culture of excellence and performance within the Group.
- The Group Finance Department is tasked with preparing budgets and monitoring performance, management control, operational reporting, financial and management accounting, consolidation and accounting standards, treasury management, taxation, mergers and acquisitions and financial communications, inter alia. The department is currently headed up by **Nicolas Dufourcq**, Deputy General Manager (also Chief Financial Officer), who also handles procurement, internal information systems and risk management for commercial propositions. He is also responsible for the technical and support department, which is tasked with designing and disseminating in-house production methodologies, providing certification for certain categories of employees (project leaders and architects, etc.) and performing audits of risk-sensitive projects conducted by specialized teams known as "flying squads" (110 audits of this type were carried out in 2009).
- The General Secretariat **(Alain Donzeaud)** is in charge of:
  - Legal affairs, covering two departments: one dealing with problems encountered in international operations and all legal matters related to the Group's operating activities **(Isabelle Roux-Chenu)**; and the other concerned with the functioning of the Group's governing bodies (the Board of Directors, specialized Board Committees, Shareholders' Meetings, etc.) and in charge of legal matters impacting the general Group structure **(Philippe Hennequin)**.
  - The Human Resources Department **(Jérémy Roffe-Vidal)**, which is tasked with coordinating policies that fall within its remit implemented by the Group's subsidiaries, in particular career management and employee retention policies for high potential managers.
  - Capgemini University, which provides Group managers and employees with the additional training they require (in new technologies and commercial functions, large-scale project management skills, personal leadership skills development, etc.) and also forms a natural and convivial platform for exchange.
  - The Ethics & Compliance Department **(Hervé Canneva)**: it is well known that the excellent reputation of Capgemini has been built up over more than 40 years in compliance with the core values governing the conduct of business. This reputation is a fundamental asset of the Group, which helps establish the basis for long-term growth. The Board of Directors' decision to launch a global program focusing on Ethics and legal compliance seeks to protect and strengthen this reputation. Since its creation, the Group has adopted an approach founded on seven key values and its Ethic Charter, as well as professional ethics based on the tools and processes set out in the Blue Book.

  However, given the decentralized structure of the Group and its rapid expansion in certain new countries exposing it to new cultures and a constantly changing environment, the need to ensure all Group employees are aware of and share without equivocation our values, principles and rules, is more essential than ever. This program therefore seeks to perpetuate and strengthen a corporate culture based on ethics and promote professional integrity in every-day behavior. It represents a global approach to a common culture aimed at ensuring uniform action in compliance with legislation and internal policies, with a special focus on compliance with certain professional practices set out in the Ethics Code, the latest version of which will be circulated to our 90,000 employees. The program will, therefore, be widely circulated and special training sessions are currently being developed to increase employee awareness of Ethics and legal compliance.
- The Strategy Department **(Cyril Garcia)** is tasked with documenting deliberations on strategic issues by Group Management, the Board of Directors, its Chairman and the Strategy & Investments Committee.
- The Marketing and Communications Department **(Philippe Grangeon)** is responsible for defining the guiding principles of the Group's internal and external marketing and communications strategies and ensuring they are applied by the operating subsidiaries.

- The Sales and Alliances Department **(Olivier Picard)** is in charge of coordinating the Group's sales policy, supervising management of major accounts and relations with the Group's key partners.

In the major countries where the Group operates, a "Country Board" structure has been created bringing together the heads of the Group's businesses in these countries (Consulting Services, Technology Services, Outsourcing Services, Financial Services, Local Professional Services). Chaired in the majority of cases by a member of the Executive Committee, the role of these Boards is to steer the coordinated development of the Group for a certain number of major clients and, more generally, provide commercial coordination for either major operations in the launch stage or existing clients.

This system is supplemented by **two special-purpose Committees**, each comprised of the Chief Executive Officer, the Chief Financial Officer, the Director for International Legal Affairs and the General Secretary. Their task is to review and approve the following projects (within the scope of the restrictions placed on the powers of the Chief Executive Officer):

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

Internal control within a decentralized operating structure

The Group's operations are based on a decentralized model consisting of basic operating entities in the countries where the Group conducts business and grouped together into Strategic Business Units. The size of these Strategic Business Units has been deliberately kept small enough to allow their managers to form strong relationships with their staff and remain in touch with clients and operations on the ground. It has management and performance measurement tools that allow the Strategic Business Unit manager to remain in close contact with staff and clients in his/her sector and to contribute fully to the Group's results and development. Business Unit managers are fully responsible for meeting quantifiable targets relating to financial performance (growth, profitability, etc.), business development, management quality, client satisfaction within his/her unit, and the correct application of and compliance with internal control procedures.

These Business Units are grouped together in eight countries or regions: North America, France, the United Kingdom and Ireland, Benelux, Germany and Central Europe, the Nordic countries, Southern Europe and Latin America and the Asia Pacific region. The eight Strategic Business Units each have substantial management autonomy. Three Strategic Business Units are tasked with managing three of the Group's four business lines: Consulting, Outsourcing, and Local Professional Services (Sogeti). The fourth business line – Technology Services – is divided into four regional Strategic Business Units: North America, Europe 1 (United Kingdom, Netherlands, Belgium) Europe 2 (Germany, Nordic countries and Eastern Europe) and Europe 3 (France, Southern Europe and Latin America). The eighth Strategic Business Unit covers the Group's activities In the Asia-Pacific region and the financial services market worldwide.

3. Internal control and risk management procedures

In addition to the key principles and general organization of internal control as described above, the following section deals with the general principles governing internal control procedures for the risk factors identified by the Group and set out in the Registration Document, as well as procedures relating to the preparation and processing of financial and accounting information.

3.1 General principles

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

- **Delegation of decision-making powers and authorization:** the decision-making process applied within the Group is based on rules concerning the delegation of powers. These rules are regularly updated, comply with the principle of subsidiarity and define three levels of decision-making depending on the issues involved, corresponding to the three levels of Capgemini's organization:
  - the Business Unit, for all issues that fall within its remit,
  - the Strategic Business Unit or the Country Board for all issues that concern several or all Business Units under their authority;
  - the Group (Group Management, Executive Committee, etc.), for all decisions outside the scope of responsibility of a Strategic Business Unit or region which must be taken at Group level due to their nature (acquisitions, divestments, etc.), or for other major operations whose financial impacts exceed well-defined materiality thresholds.

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

- **Framework of general policies and procedures:** the Blue Book sets out the main principles and basic guidelines underpinning the Group's internal control procedures, and covers specific

issues relating to the following areas:
- the Group's organization and corporate governance scenarios as well as authorization guidelines;
- sales policy;
- contractual engagement guidelines;
- service production;
- finance function organization and procedures;
- human resources management;
- external communications;
- business knowledge management, sharing and protection;
- information systems;
- procurement organization and controls; and
- environmental protection guidelines.

3.2 Operational risk management

• The project risk control process

The Group has devised a formal process to identify and control risks associated with the delivery of information systems projects ordered by clients, from pre-sale to acceptance and payment by the client of the last invoice for the project. This process differentiates between:
- pre-sale risk controls;
- technical controls during the project execution phase; and
- business control.

• Pre-sale risk controls: projects are increasingly complex, both in terms of size and technical specifications, especially in Outsourcing (long-term commitments, sometimes involving transfers of assets, staff and the related obligations). As a result, identifying and measuring the risks involved is essential at all stages of the selling process, not only for new contracts but also for extensions or renewals of existing contracts. This risk analysis is based in particular on:
  - a reporting tool consolidating all commercial opportunities at Group level. Data concerning commercial opportunities are entered as and when identified, and are kept up to date throughout the sale process;
  - validation, at the various organizational levels of the Group's operational structure and at the different stages of the selling process (from identification of an opportunity as investment-worthy from a Group perspective and the submission of service proposals, often in several stages, to the signature of a contract) of the main characteristics of the opportunity, in particular as regards technical, financial and legal matters.

  As described above, the decision to commit the Group to commercial opportunities meeting pre-defined criteria concerning size and complexity is the sole prerogative of the Group Review Board. For particularly complex projects, reviews of solutions may be carried out during the final pre-sale phase in order to bring to the Group Review Board's attention any potential operational and financial risks.

• Production and quality control: the Group has approved policies for monitoring contract performance that are applied throughout the life of the project to ensure that it runs smoothly. The key features of these policies include:
  - clear definition of the roles and responsibilities of each person regarding execution and supervision throughout the entire production process, in particular as regards the choice of project leader, client relationship management, billing, estimation of costs to completion, joint oversight arrangements with the client, etc.;
  - use of proprietary production methodologies in all of the Business Units;
  - global access to the expertise available through Capgemini's Applications Development Centers;
  - monthly Group-wide identification of all risk-sensitive projects in the execution phase, and the implementation of action plans aimed at eliminating or containing such risks;
  - commissioning independent technical audits of the teams in charge of a given project to identify additional risks in cases where actual performance appears to diverge from forecasts or from commitments undertaken. These engagements are carried out by the Group technical department, and complement the upstream independent technical audits carried out by the Business Units as a preventative measure for operational risks.

• Business control: depending on its size, each Business Unit has one or more business controllers, whose tasks include:
  - financial oversight for each project, primarily monitoring budgeted versus actual project production costs. Progress reports and management indicators are built into the monitoring process, which relies mainly on the periodic analysis of estimated costs to completion and their accounting impact;
  - ongoing control over compliance with contractual commitments – particularly billing and payment milestones.

• Reputational risk

The Group has operations in a select number of countries chosen for their high ethical standards. Since its earliest days, Capgemini has been committed to seven core values that are at the heart of the Group's culture. Listed in Paris and a global leader in its business sector, the Group is frequently called upon by the media and the financial community to provide information on its expertise, strategic direction, forecasts, results etc. Therefore, to control and limit risks to its reputation, only persons duly authorized by Group Management are permitted to speak on behalf of the Group.

• Human resources risk

Each Business Unit has a human resources management function responsible for the local implementation of Group-wide HR policies and procedures. Special attention is paid to recruitment, training, career development for managers, equal opportunity performance appraisal and promotion procedures, and dialogue between management, staff and their elected representatives. An internal survey is conducted each year aimed at measuring satisfaction and expectations among the Group's 90,000 employees.

• Information systems risk

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

• **Offshore risk**

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

Where required by the local contract in force, a business continuity plan is prepared by selecting appropriate measures according to the criticality of the service. The Group uses reviews and simulations to test the efficiency of these plans.

• **Environmental risk**

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

• **Client risk**

Capgemini pays particular attention to evaluating client satisfaction using a rigorous OTACE client survey program, which is carried out throughout the project and is a key pillar of the Group's customer loyalty policy – particularly as concerns major client accounts. The Group also has several thousand clients, affording it a certain resilience to market turbulence and reducing exposure to volatility in certain segments. The client portfolio consists of a large number of entities from the public sector, and the diverse market segment spread of entities from the private sector further mitigates Group risk. Lastly, supervision of client solvency also helps minimize client credit risk.

• **Supplier and subcontractor risk**

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

• **Country risk**

The Capgemini Group restricts operations to countries able to offer satisfactory guarantees in terms of individual security. Work on client engagements in certain countries classified as "at risk" is subject to approval by the Group Review Board. Rules and procedures have been drawn up for "at risk" territories in which the Group conducts engagements in order to satisfy requirements on major client accounts. Specific contracts have been agreed with organizations specialized in managing these risks in order to resolve any potential difficulties encountered by Group employees assigned to such engagements.

• **Acquisition risk**

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

• **Economic climate risk**

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

3.3 Legal risk management

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

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

3.4 Financial risk management

The Group has standardized rules and procedures for the identification, control and management of financial risks. These are framed in a conservative financing policy based notably on the upstream authorization by the Board of Directors of all major financing decisions, and the measured use of debt thanks to the Group's high liquidity levels. The management of other financial risks (equity, interest rate, currency, credit and counterparty risks) is centralized by the Group Finance Department as described in Note 23 to the consolidated financial statements. In addition, risks arising on employee benefit obligations are controlled through the active management of financial commitments under the United Kingdom defined benefit pension plan, which represents almost 88% of such commitments carried by the Group. Permanent dialogue with the pension fund representatives allows the Group to mitigate financial risk in this area.

3.5 Compliance with rules governing share trading

The Group requires all employees to refrain from carrying out any transactions involving the Company's shares during certain periods of the year. All 90,000 Group employees are reminded of these restrictions in writing before the start of each such period.

3.6 Procedures concerning the preparation and processing of financial and accounting information

These procedures are used to ensure the application of and compliance with Group accounting rules relating to the preparation of budgets and forecasts, financial reporting, consolidation, management control and financial communications. During each accounts closing period, the Group Finance Department sends out a questionnaire to all subsidiaries dealing with the application of general internal control principles and procedures concerning the processing of reported financial and accounting information. These questionnaires are analyzed for any irregularities and corrective measures devised where appropriate.

a. Financial and accounting structure

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

The geographic areas have a Legal Financial Director, who also reports to the Group Chief Financial Officer and whose duties and responsibilities include ensuring that all financial staff in the region are well-versed in the Group's accounting policies and methods, checking compliance with local taxation and statutory reporting requirements, helping maintain an effective internal control environment, liaising with shared service centers and the Statutory Auditors, setting accounts closing and financial reporting timetables, signing off on the consolidation packages of the subsidiaries under his or her authority, signing the representation letter and bringing any and all matters that he or she sees fit to the attention of the Chief Financial Officer.

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

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

b. Budgets, forecasting, financial reporting and consolidation

In order to exercise effective control over their operations, the Group requires Business Units to submit weekly, monthly, quarterly, half-yearly and annual reports of all budget, forecast, operational and accounting information required for the general management of the Group:

- **Budget and forecasting process**: budgets form the basic building blocks in the management control process. They are debated and negotiated at length between the different Group Business Unit managers and their superiors, with each budgetary item decided based on past performance, the Group's chosen strategic priorities and available information concerning expected market trends. Group Management sets quantified targets for each geographic area, Strategic Business Unit and their component Business Units. The budget preparation process is a key moment in the relationship between the different levels of the Group's management and makes it possible to create a substantial link between the variable portion of the compensation paid to Business Unit managers and the attainment of Business Unit and corresponding Strategic Business Unit budgetary targets. A forecast operating income statement (for the current month, the following six months and the full year) is prepared monthly by each Business Unit manager. Variances from budget are analyzed so that any corrective action plans that may be needed can be drawn up as quickly as possible.
- **Operational reporting process:** Information reporting is structured by geographic area and business. This allows revenues and costs to be analyzed on a monthly basis either by type or function, and performance indicators to be updated and measured against budget (R/B), the latest forecasts (R/F) and prior-year figures (R/R'). Balance sheet items are analyzed on a quarterly basis. A monthly management report is prepared for each Strategic Business Unit jointly by the manager and financial controller, and is submitted to Group Management for review. This report gives a detailed breakdown of actual performance, forecasts for the following six months and actions taken in the event of material variances between actual and budget figures. Reconciliations are performed systematically to ensure that financial information derived from the operational reporting system is perfectly consistent with the consolidated financial information provided by the legal entities within the Group.
- **Consolidation process**: at each yearly or half-yearly closing, the scope of consolidation is updated at Group level by the Finance Department and validated by the Legal Affairs Department. Written instructions are issued providing the schedule for period-end tasks (particularly the reconciliation of inter-company transaction balances), highlighting current accounting issues requiring specific attention, and describing

the control procedures applied during the preparation of the consolidated financial statements. The consolidation process is based on accounting packages by geographic area, which must be signed off by the person responsible for preparing them. Income statements, balance sheets and other key management indicators required for subsequent analysis are stored in a single database maintained at Group level. Access to this information system is strictly controlled.

c. Financial information

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

  The controls described above carried out by the Group Finance Department are supplemented by the work of two independent bodies tasked with carrying out checks on the internal control environment and verifying the quality of the financial statements: the Internal Audit function and the Statutory Auditors.
  - Internal Audit: based on its program covering the Group's Business Units, drawn up in agreement with the Chairman and its Chief Executive Officer (as it reports to both directly), the Internal Audit function is responsible for carrying out controls to ensure that procedures relating to the safeguarding of assets, the valuation of work-in-progress, the actual amount of trade accounts receivable, and the proper recognition of liabilities, are applied in each Business Unit in accordance with the rules and methods established by the Group. In particular, the Internal Audit function is required to pay special attention to revenue recognition methods and to controlling the percentage-of-completion of projects, so as to ensure that these are accounted for on the basis of rigorous, up-to-date technical assessments. The Internal Audit brief also includes a review of the procedures and controls in place within the Business Unit concerned to ensure the security and validity of transactions and accounting entries;
  - Statutory Auditors, who it need merely be noted here, carry out an ongoing review of internal control procedures with an impact on the preparation and quality of the financial statements as part of their attest engagement.

- **Communicating financial information**: this is subject to rigorous internal control, with a particular focus on three key media used to report financial information:
  - the Annual Report ;
  - financial press releases;
  - analysts and investors meetings.
  - The **Annual Report** has been the cornerstone of the Group's financial communications strategy for the past 35 years (the first edition concerned the 1975 fiscal year). The preparation of the report, its content, illustrations, design and distribution are therefore subject to particular attention on the part of Group Management and, above all, the Chairman. All the sections of the Group's Annual Report are written internally by staff and managers of the Group who are each responsible for designing and setting out a chapter on their area of competence, within the general framework proposed by the Communications Department. The Reference Document, which is appended to the Annual Report, combines all the information that must be provided pursuant to legal and regulatory requirements and is drawn up under the responsibility of the Finance Department.
  - **Financial press releases** are only published further to the formal validation of the Board of Directors or the Chairman, and they must therefore be submitted sufficiently in advance to allow time for such approval. Financial press releases are published outside the trading hours of the Paris stock exchange, except in exceptional circumstances.
  - **Analysts and investors meetings** are subject to specific preparation, and their content is presented to the Board of Directors or the Chairman prior to such meetings. This preparatory work is then used as a framework for comments and explanations provided by the Chief Executive Officer, the Chief Financial Officer, or employees in charge of investor relations during the meetings.

STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF CAP GEMINI S.A.

YEAR ENDED DECEMBER 31, 2009

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

This report should be read in conjunction with, and construed in accordance with, French law and the relevant professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Cap Gemini S.A., and in accordance with Article L.225-235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2009.

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

It is our responsibility:

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

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

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

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

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

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

Other information

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

The Statutory Auditors

Neuilly-sur-Seine, February 18, 2010

PricewaterhouseCoopers Audit

Edouard Sattler   Serge Villepelet

Paris La Défense, February 18, 2010

KPMG Audit

Division of KPMG S.A.

Jean-Luc Decornoy, Partner   Jacques Pierre, Partner