Agenda

1. Where we are: progress but not enough
2. A new market, a new team
3. Where we want to go
4. How we get there – The LEAP ! program
Where we are

Progress but not enough
2002 Working Assumptions and Realities

Assumptions

Expected markets rebound in 2002 supported by four key factors

- Customers resume spending
- New technology and network economy still there
- Growing segments: CRM, Supply Chain, etc.
- Clarification with audit is an opportunity

Year-to-date reality

- Prolonged recovery – analysts’ forecasts significantly reduced
- Emphasis is on cost reduction and leveraging existing infrastructure (CIO agenda)
- Modest growth but not enough to offset overall decline
- Enron fallout «clouding» opportunity
Adjusting to reality

We have made progress on …

- The Go-to-market model
  - Redefinition of national targeted accounts
  - Rebuild transaction sales channel
- Our mix:
  - More outsourcing
  - Sectorial
  - Alliances focus
- Restoring orderbook
- Capacity adjustment and cost reduction
- Launch of Sogeti

Year-to-date progress

- Tighter focus on specific GSU accounts
- Transaction sales now at 50% of mix
- 3 points increase in Outsourcing
- Expansion in Public Sector
- Book-to-bill of 1.2 for P&C
- Additional headcount reduction YTD of 1,000
- Reduction in support costs: 75 M€ every half year
- Professional Services business now at 5,400 people
Impact of the market evolution on H1 trends

- **Sales**: Pipeline improvement, bookings growing
- **Revenue**: Stabilizing
- **Cash position**: Positive
- **Utilization rate**: Below target – currently at 70%
A new market, a new team
The market:
IT Services and Consulting market has changed in both volume and nature

Yesterday
High:
Everyone wins
«e» everything
Back office integration
Front office automation
Bundled solutions
Blended pricing

Faster / better / cheaper

Today
Low:
Growth through marketshare increase
Outsourcing
Architecture
Enterprise integration
Choice of bundled/unbundled
Skills based/design to cost

Cheaper / better / faster
An organization addressing the new market conditions and designed to be permanently adaptive must...

- Allow for dynamic portfolio management
- Maximize number of people on the market
- Simplify decision making
- Reinforce globality and local empowerment
- Foster innovation
- Support staff development and deployment
- Emphasize delivery excellence
Empowering a new team in a simplified organization

- Favoring the emergence of new leaders
  - 4 new Region Heads appointed on January 1\textsuperscript{st}
  - 3 new major appointments on July 1\textsuperscript{st}:
    - Northern America: Mark Hauser
    - UK: Paul Spence
    - Asia-Pacific: Paul Thorley

- Consolidation of operations into 4 entities

- A tighter governance
  - An Executive Committee: 5 members; weekly meeting
  - A Management Committee: 5 operations, 4 corporate functions, 2 innovation and alliances, 1 Transformation Project; monthly meeting
Where we want to go
Business description: what we do

- CGE&Y is a leading global provider of transformation services, combining business issues expertise with leading edge technology skills to deliver real value to our clients and their markets.

- We deliver this value by:
  - Optimizing core business processes
  - Variabilizing cost structures
  - Transforming the technology environment

Current business mix:

- Strategy: 15%
- Business Solutions: 22%
- Outsourcing: 63%
**Vision: where we want to be**

- **Our ambition:**
  Leverage technology and business insights to unleash the power of our client’s organization to adapt to volatility and deliver superior value to their markets.

**Targeted capabilities mix**

- **Consulting Services:** 25%
- **Outsourcing:** 30%
- **Technology Services:** 45%
Our strategies

We will continue…

- Our emphasis on sectorial go-to-market
- Our drive for productivity by mandating use of centers
- Our push in technology by launching a direct channel
- To maintain delivery excellence (OTACE)
- Our leadership position in AM

We will stop…

- Efforts to build a corporate strategy practice
- Attempting to coordinate a costly 4 dimension matrix
- Relying on E&Y for infrastructure and support
- Expecting a market recovery

We will build…

- An operating and pricing model by competency
- An adaptive portfolio of offerings and sectorial mix
- Decision making process to be more responsive to the market (e.g., empowered sales executives)
- New offers, and alliances via an Innovation Center
- A leading Transformation outsourcing capability
How we get there

The LEAP ! program
Transformation: launching the LEAP! program

L - Leadership
E - Expansion
A - Alignment
P - Portfolio and Productivity management
The Transformation Program – Key Objectives

- Unleash the power of the organization to increase go to market capability and coverage through focused business models

«Firms offering business services will need deep understanding of specific industries and will sell to business unit managers such as CEOs. Firms offerings IT-centric expertise will need mastery of best of breed technologies and will sell to CIOs. Firms that attempt to do both will need two unique organizations or they will end up not meeting either needs very well.»


- The bundling of technology with consulting will be achieved within our sector organization

- These operating models will be globally consistent
The Transformation Program – Key Objectives (cont’d)

• Reinvigorate our technology services to address the CIO agenda
  - Launch of Technology Direct
  - Architecture Services
  - Network optimization
  - Systems Integration

• Rebuild trust and morale and market orientation of staff
  - New Management Teams
  - Leadership Development Program
  - Increased Number of Market Facing Staff
The LEAP ! agenda will focus on actions which will deliver improvements in short and long term financial performance

<table>
<thead>
<tr>
<th>Key Actions</th>
<th>Type of Financial Benefits</th>
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<tbody>
<tr>
<td>• Switch to Competency based operating model</td>
<td>Rate / Margin – optimization</td>
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<tr>
<td>▪ Technology Services</td>
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<td>▪ Consulting Services</td>
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<td>▪ Outsourcing Services</td>
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<td>• Shift the mix</td>
<td>Sustained revenue flow</td>
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<td>▪ Services</td>
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<td>▪ Products</td>
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<td>• Simplify structure and processes</td>
<td>Lower operating cost</td>
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<td>• Standardize methods and use of Centers</td>
<td>Leverage / pricing</td>
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<td>• Launch additional Sales Channels</td>
<td>Increased sales volume</td>
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Our game plan

**Focus**
- Retention and Management Development
- Growth and margin
- Price and Cost competitiveness

**Drive Productivity and Efficiency**
- Manage the Portfolio
- Expand Market Facing Capabilities
- Align Operating Models/Policies

Reinvigorate Leadership and Culture
A preliminary business case shows the potential margin improvement

Operating Income increase in 2004
% of revenue
- 4.4 / 5.5
- 2.4 / 2.4
- 1.9 / 2.5
- 1.8 / 2.8
- 1.3 / 1.8

Positive impacts

Negative impacts
- -2 / -2
- -1 / -2

Major drivers

- Staff redirected to fees generation
- Costs reduction
- Industrialisation / delivery optimisation
- Sales efficiency
- Price pressure
- Staff measures
Program Phasing

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<th>Phase</th>
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In summary...

• The market is the market – we have made progress but more is needed

• We have a new direction led by a new management team

• Our new operating structure will deliver better flexibility and results

• The LEAP! program will restore profitable growth to our business and revitalize the Group