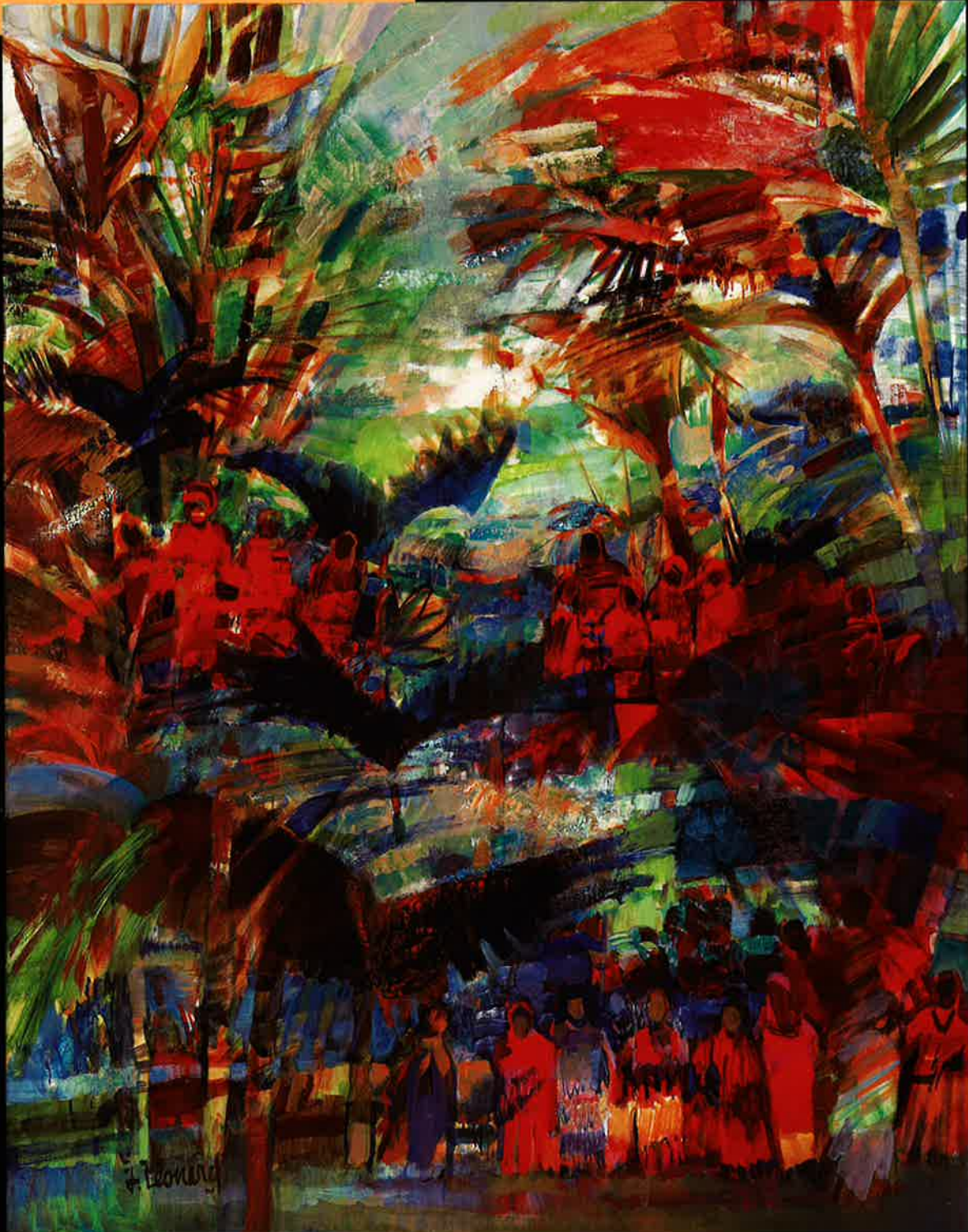


ANNUAL REPORT

2005

 **Capgemini**
CONSULTING. TECHNOLOGY. OUTSOURCING





SUMMARY

2	Extract from a crosswise interview With Serge Kampf and Paul Hermelin
15	The Management Team Group Directors
16	Worldwide IT Services market Global Market, North America, Western Europe
17	Capgemini Key Figures Confirmation of Group turnaround
21	Overview 2005 Capgemini on the move
25	The Capgemini Group <ul style="list-style-type: none"> • Four disciplines, one mission • Sectors driving innovation
35	Collaborative Business Experience “Together” in a word
37	Success Stories <ul style="list-style-type: none"> • The French Ministry of Economy, Finance and Industry Transforming the state purchasing functions • The Metropolitan Police Service Making London a safer city • Eurotunnel For a smoother ride • Bombardier Rightshore™ powering up productivity
42	Human Resources <ul style="list-style-type: none"> • Attracting and keeping talented people • Employees share their perspectives
48	Corporate Social Responsibility Running a global yet responsible company
51	Outlook <ul style="list-style-type: none"> • Consolidating our recovery in North America • Rightshore™, worldwide production model • Innovation, driving our clients’ business development • Accelerating Outsourcing profitability
58	Main Offices Where you can reach us, all around the world
63	Glossary

EXTRACT FROM A CROSSWISE INTERVIEW

WITH SERGE KAMPF, *Founder Chairman* AND PAUL HERMELIN, *CEO*

(...) **Serge Kampf**, you supported management through some difficult times in 2004. Given the 2005 results, in hindsight, did you make the right decisions?

Serge Kampf: In supporting management, and by that I am primarily referring to Paul (*Hermelin*), I was simply doing my duty! When you appoint someone to a particular position, it's because you have good reason to believe in his or her ability. It would therefore have been inappropriate to pull the rug out from under him. I might also add that, if Paul has been the target of criticism, this is because, in the eyes of some, he did not seem to have the

sort of credentials required to serve as head of a private company. The "City" people – namely the leaders of the major companies listed on the French stock market together with a small group of Parisian opinion-makers – are always very harsh on those who are not "members" of these circles. Matters improved when I set up a meeting with Paul and some of his critics so that they could talk. Now, with the Group's business on the upswing, the very same people agree that my support of Paul was no doubt what drove the Group's turnaround.

Paul Hermelin: I would like to add that Serge's support also includes the support to an entire team of people, who have been wise enough to come back to proven management rules and principles: "getting back to the basics", you might say. As far as the "City" is concerned, it will always foster doubts about someone like me, coming from the public sector and having served a number of ministers. They ask themselves whether he has really and truly embraced business or whether he might have lingering traces of the "virus" of politics and the public sector. There is no such question in my case. It was on a one-way ticket that I entered the business world. I feel that I am achieving far more than in politics! Here, you think more. You work just as much for France's position in the world by employing four thousand people in India, by preparing for the generations to come through investments in innovation, by finding ways to develop business on several continents at the same time, and so on.

Serge Kampf: I am perfectly conscious of the fact that companies may have a social role to play, but the role of a CEO is to manage, to develop and also to protect his company. It's neither about striving to change the world nor about doing the politicians' jobs.

Paul Hermelin: Yes Serge. But that doesn't mean that we cannot stick to certain values. When you defined the seven basic values of the Group, you thought that it was in the shareholders' best interests to maintain a certain level of employee stability and loyalty and, in order to bring

this about, you wanted people to be proud to work for the Group. You knew that it's not just by giving good salaries that you retain a workforce, but also by providing interesting work and encouraging people to believe in such values. It's also in the best interests of the company to develop the corporate culture and identity required to support its economic performance. And the reasons for doing so are certainly not charitable.

Serge Kampf, when you created Capgemini nearly forty years ago, what did you see as the Group's backbone?



Serge Kampf: I created my company primarily to be free and no longer have a boss. The first element of the company's "backbone", as you say, would therefore be freedom. Then, I wanted the company itself to enjoy that freedom – not to be dependent either on very large clients or on over-powerful shareholders. For example, what I wanted, which was rather original at the time – and is even more so today – was that the company be honest. I wanted honesty to be at the top of its list of values. What I mean is that its business practices should be straightforward and that it should never put itself in a position where it could be considered at fault and thus placed under pressure.

Paul Hermelin: When you created the company, you also wanted it to be made up of managers who enjoy maximum freedom themselves. This pursuit of freedom was reflected in your decision to set up the most decentralized organization possible for the company, in your great trust in local management. That's what struck me most when I joined the Group in 1993.

When you refer to the "happiness" of your clients or your shareholders, but also of your employees, do you have the impression that you are speaking the same language as all the major group leaders?

Serge Kampf: I have no idea but I *do* know that, in life, you can't be happy on your own. It's not possible to have a happy boss in a group of unhappy employees. This would be simply unacceptable. Everyone should find happiness, pleasure in a company. Pleasure or "fun" is one of the seven Group values. We have always put a lot of emphasis on the pursuit of happiness. Not the happiness that may come with prosperity or material wealth, but true happiness. Pride is part of happiness. Being successful in business without using dishonest tactics is part of it too.

Paul Hermelin: Our recovery in the United States, during 2005, can be largely explained by that kind of consideration as well. We trusted in our carefully selected teams, so they rediscovered a sense of pride and a winning mentality.

Serge Kampf: That's what happened with you too. I trusted you, I supported you when it was necessary and I continue to support you today, precisely because you are taking the company

on while adhering closely to those very same values and with the firm intention to make sure that they are respected. If you didn't believe in them, we wouldn't be friends and one of us would not be here today. To be truly someone's friend, you need at least to share a certain number of values with him.



Paul Hermelin: What also sets Capgemini apart is that it is both an entrepreneurial and a global Group. A lot is delegated, but there is also a tremendous amount of teamwork. This is the Group's fundamental characteristic – forming its identity – which operates so well that the management team shares the same frame of mind, which is precisely what enabled us to achieve such spectacular results in 2005, particularly the restart in North America. People have assumed their responsibilities. They have committed to better managing their contracts,

their client portfolios, and their staff. Very clearly, it is this return to the basics that helped us restore our position in the American market, considered the most advanced in the world.

Why did you wait until 2005 to get back to those basics?

Serge Kampf: It simply took us four years to get out of a situation in which normal (and perhaps acceptable) “partnership” behavior was taking priority over concepts such as commitment and responsibility.

Paul Hermelin: Surgery in America was quite heavy. There was really quite a bit of discontinuity and therefore a genuine risk to be managed. In order to undergo such radical therapy, we needed to be able to rely on support from European operations that were beginning to perform better: the first signs were there in 2004 and then, in 2005, it became very clear. Between 2002 and 2004, Europe itself was under repair and we were therefore not in a position to take risks in the United States.

As you see it, does what's happening in offshore match both the interests of the Group and the values you want it to embody?

Serge Kampf: There are some trends you just shouldn't fight against. As the saying goes, “*if you pee into the wind, you'll get your boots wet*”. Among the Group's good principles, there has always been a commitment to doing a good job, but also to making a profit. In order to achieve that, you have to control costs and if one of the ways of doing so is to have part of the work done in countries where salaries are lower than in Europe, I don't see what's wrong with that.

You seem more resigned to the fact than a willing advocate!

Serge Kampf: That could be due to a lack of foresight or imagination on my part. One has to recognize that it was Paul who pulled us all in this direction and since he moves there so quickly, it's sometimes hard for me to keep up with him. Perhaps it's also a vague sense of fear that the phenomenon will gain in strength and that, one day, there will be only a few "brains" left in Europe, with all the work being carried out in so-called "low-cost countries". Then there's the fact that I have always considered it dangerous to take the risk of opening up our client's doors to our rivals. However! Once you have decided to go somewhere, you should get there quickly. Thanks to Paul, we have gone there and we're growing very fast. What we need to do now is to continue, while perhaps taking certain precautions or laying down some limits. But Paul is perfectly conscious of the risks to be avoided and I am certain that he has solutions.



Paul Hermelin: The problem is that we have to overcome two contradictions. The first is that our clients want services that are both highly innovative and very economical. The second is that it is impossible to motivate remote production units if you confine them to repetitive tasks. In India, I was rapidly struck by the enthusiasm of the people there and their rather spectacular cultural background, which has enabled them to progress in a single generation from a "primary" to a "21st-century" economy. Thus, we have to combine productivity with innovation and, for that, we need to see innovation not only in France and in the Netherlands but also in India. We shouldn't overlook the considerable strength of the Indian "pure players" and the fact that they are already credible competitors. Nor should we overlook the fact that India is a continent rather than a country: when wages increase in a particular region, they simply move their business elsewhere, thereby maintaining a certain pressure on salary levels. If we want to beat them in terms of quality, we are also going to need the appropriate Indian expertise. As for our clients, the services we offer them are of more interest if we can provide a combination (which we call *Rightshore*TM) of work done locally and work that can be offshored without problems. Our job is to invent something that uses the competitive advantage that comes with "offshoring" but which adds the innovation and intimacy of "onshoring" to it. That is the key to success, which is why I have the ambition to develop offshoring while maintaining and even growing jobs in Europe and in the United States. The losers will be those who don't take this route, as all that will be left to them is – in the best case – the innovation part. Rapid growth in India will serve to consolidate the Group as a whole: it's a case of betting on the build up of power in India to consolidate our 19,000 jobs in France and 7,000 in the Netherlands.

Serge Kampf: I'd like to add a couple of points which do not contradict what Paul has just said, but which should not be ignored in our thoughts. Firstly, our revenues come, year after year, from several thousand clients, around 5 to 6,000, in fact. And of those 5 or 6,000 clients, only a few hundred – the largest – care about these kinds of issues. So let's not forget about the 5000 others. Then, it is also possible to offshore to other countries: there are French-speaking and/or Francophile countries nearby, such as Morocco and Romania, where we can also prepare the ground and build satellite operations close at hand. And, of course, one thing doesn't rule out the other.



If we look again at the 2005 results, what would you consider to be the main factors proving this recovery?

Serge Kampf: Paul has already pointed this out: re-mobilizing the entire management team onto proven business principles. I would only add to that a better control by the CEO over his teams and also, of course, the economic climate which is now much better than it was two years ago.

Paul Hermelin: 2005 was a good year for progress in terms of operational effectiveness. In the first place, we got a better handle on our expenses: in this area, nothing should ever be taken for granted and you have to maintain constant pressure (*Serge Kampf shows his approval by interjecting a loud "Thank you"*), but this is one of the positive aspects of the fiscal year. Next, 2005 was the year in which the major outsourcing contracts signed in 2004 came into production and, even if there have been a few initial difficulties here or there in getting things off the ground, by and large this kick-off was rather successful. Lastly, so that it is not just to such major contracts that we look for growth, we have revived all the Group's disciplines. Take Consulting, for example: although this part of the business was declining slightly at the beginning of the year, it ended with a growth rate of over 7%.

Are there areas in which you think that you could have done better?

Serge Kampf: One can always do better, that's true everywhere and even more so in a service company. I may be about to shock Paul, but I think that we didn't have the 2005 that we could have had, for a number of reasons. The main one being the fact that the Group's employees have been traumatized by years of drought and headwinds. They needed to get their confidence back, their ambition, their boldness. And it wasn't easy. Things may really pay off in 2006. In any event, I hope so.

Paul Hermelin: I couldn't agree more with Serge. After so many years of not meeting their budgets, people said to themselves with relief: "*I made it!*" Perhaps, there was an overdose of caution in negotiating budgets for 2006, but that will enable many to recoup (at least in part) what they missed out on through those lean years. Furthermore, there are some areas

where turnaround is slower to take off and where more effort is required. It is true that we can do better if we really mobilize all the Group strengths.

In 2005, with things going better, the Board of Directors was able to put strategy back into the spotlight. To go where, and how?

Serge Kampf: In a fast-evolving industry like ours, strategy is a subject of constant consideration. But you can also set your strategy retrospectively and rationalize opportunities that were seized as they presented themselves! In any case, a strategic plan should not close the door to such opportunities, which can come in the form of acquisitions as well as disposals, entry into new disciplines or withdrawal from others. I'm not sure, for example, that the acquisition of Ernst & Young (which multiplied the number of our consultants by 4 or 5 times in a single stroke) came after a very thorough strategic reflection. It's an opportunity that presented itself in September 1999 but that could not be completed legally until May 2000, namely just before the collapse of the famous internet bubble and the ensuing years of crisis. Nobody had anticipated this crisis, which caught us off-guard and cost us a lot of "blood, sweat and tears", and money. However, in hindsight, I consider the acquisition of Ernst & Young Consulting to have been a positive, profitable move, which has brought substantial advantages in many areas. It also explains our current success in being consulted on certain major outsourcing contracts, and in winning some of the more impressive ones. But, it is certain that our emergence as a force in outsourcing is the result of a genuine strategic intent. We went into it in a kind of forced march while setting ourselves some constraints which didn't make things any easier, in particular because we didn't have the means to invest massively in attracting new clients. To go back to your question, I would say that our current strategy consists of continuing what we have begun while keeping our eyes and ears wide open, of examining and taking advantage of the best opportunities in hand, of consolidating in countries where we are strong while moving into reverse gear in those where it has become clearly demonstrated that we are not going to succeed. I should also add that strategy is about resources and thus about structures. This is why the head of our Strategic Committee (*Jean-René Fourtou*) urged us to think through the potential evolutions of the Group's structures to better face up to the challenges of the years ahead. We are also asking ourselves another fundamental question: should we limit ourselves to our 4 current disciplines or should we be looking to add others to our portfolio, for example BPO? It's not possible to do everything so we have some important choices to make.



Paul Hermelin: One can also say that the current balance between the Group's four disciplines is not etched in stone. Being a powerful leader with global ambitions does not mean we

have to be everywhere, throughout the world. We should only go to – or stay – in a country if we can be the best there, or among the best. That means strengthening in certain countries and may mean pulling out of others.



You mentioned the possibility of acquisitions but, from the opposite standpoint, How do you view the assumption of another group wanting to take over Capgemini?

Serge Kampf: As far as capital is concerned, our independence is nothing more than a distant memory since the Annual Shareholders Meeting of May 24, 1996 – that is to say, since the capital of the parent company is no longer controlled. To date, more than 90% of the Group's capital is "floating". We are therefore at the mercy of a raider, for example, with a fat check book in hand and prepared to offer to shareholders to purchase their shares at a premium of 30% or 50%. That's something you have to live with: we've been living with that risk for ten years

now and it hasn't killed us yet. What protects us perhaps are our organizational methods, the solidarity we have demonstrated and our will to continue to live freely and independently. Taking control of a service company against the wishes of management isn't an easy thing to do!

Paul Hermelin: The world of services has attracted outsiders. Some have pulled it off, others not. IBM has become a formidable services group. Could its example inspire others, who may be casting a glance in our direction? It's not impossible, but our firm intention is to preserve our status as a "pure service" company, because that gives our clients the guarantee of quality and independence they demand. As Serge says, the real danger today comes from operators with purely financial motives, specialists in the "piece meal" approach. The Group's management would unanimously oppose that: we have established a tight-knit group, one which nobody wants to see torn apart.

How do the two of you work when it comes to governance? Who does what, at the end of the day?

Serge Kampf: I would like to say that Paul is the one, true captain of this ship – after God, as they say – but some people seem to think that, in this Group, I am God ... (*They both burst out laughing...*). In reality, it's not me that's God: the head of a joint-stock corporation is its board which, in turn, answers to the company's shareholders, a group that's showing a growing tendency to stick its nose into the company's business. If we move up further, over and above the shareholders, there is the law, which is imposing ever stricter rules. The truth is that no one is ever really completely the all-mighty "captain of the ship".

Paul Hermelin: Between Serge and myself there exists a rather rare kind of balance. We talk things over together a lot, but Serge doesn't interfere. On many important issues, I would not be able

to move ahead without his agreement, because I would not feel capable of convincing the board without him. And he would be surprised if I were to make certain decisions without asking his advice beforehand or obtaining his agreement. But that never happens. And when it comes to implementation, again Serge never interferes. I have never felt that there was a risk of Serge by-passing me. I lead the management team and Serge is my ongoing discussion-partner in between board meetings.

You mentioned the importance of variable remuneration in a service company. For you, does this element contribute to making up the Group's identity?

Serge Kampf: Absolutely. Since it was founded, over thirty years ago, the Group has applied a system of variable remuneration that has survived all additions and any attempts to challenge its validity. Within this system, variability is significant and needs to be effective. At the outset, 40% of any theoretical compensation is variable, one part of it being indexed to the employee's individual performance and the remainder to that of the unit to which he or she belongs. The purpose is to combine competitiveness and solidarity. We make sure that these rules are respected and remind people of them if and when they forget them. That said and done, we have never had any problems with either the Remuneration Committee – or between the two of us – in terms of setting the fixed salary levels or of measuring the variable part of the top 100 or 200 Group managers' compensation.



Is business like rugby in that you can only play it as a team?

Serge Kampf: Rugby is one of the best management schools I know of, and that's what I try to explain to our managers, which is not always an easy task. Some of them are resistant to the very idea of taking this sport as a model because they consider it to be either too complicated, or too elitist, or too brutal or even too dirty. Nevertheless, it is in rugby that the best lessons can be learned when it comes to solidarity, sacrifice and humility. This is clearly demonstrated by the fact that you can put the tall and the small, the heavyweights and the middleweights into a single team, just so long as their skills complement each other. What I criticize some managers for is their systematically taking on people who are just like them, because they feel that such people will be easier to manage. I explain to them that they should purposely recruit people who are not like them so that the strong points of one person balance out the weak points of another, and vice-versa.

But then, is Paul Hermelin quite different from you?

Serge Kampf: He is indeed! For one thing, he's covered in diplomas, whereas all I've got is a Law degree (with a minor in Economics, nevertheless!).

Paul Hermelin: One of Serge's talents is to have given a chance to some very different kinds of people. He told me once that I wouldn't have been able to succeed in the Group if he had not protected me right from the start. And I believe him willingly. Likewise, several members of the Executive Committee would not occupy their current positions today if they hadn't been subjected to a kind of positive discrimination, which gave them their best chance of succeeding in the Group. To nourish talented staff who are a little atypical and who bring different things to the table, you have to be willing to pursue a path of cultural diversity.

Speaking of re-appointment, Serge Kampf, you said in 2003 - in "L'Équipe Magazine" - that you would no longer be chairman in 2006. So what's up?

Serge Kampf: No, I said that I was "re-enlisting" until 2006. We are now in 2006 so I am still there, but the year has only just begun... For the time being, the renewal of my mandate as a Board Director has been placed on the agenda, for resolution at the next Annual Shareholders Meeting. Unless I change my mind between now and the morning of May 11th, there is a good chance that I will be sitting on the next board! That doesn't mean that I will be re-elected as chairman, nor for that matter that I will be a candidate for this office, but we can come back to that a month from now.

Nevertheless, have you considered the question of your succession?

Serge Kampf: *(he looks and points in the direction of Paul Hermelin, with his left hand):* My succession... but he is sitting right here!

The Group is going to be forty years old next year. If you had to describe it in a single phrase, what will Capgemini look like 40 years from now?

Serge Kampf: There aren't many industries in which you can make forecasts forty years ahead and, in ours, you can't even make any safe predictions beyond 5 years down the line. Everything tends towards a cautious approach: the concentration of competition, the evolution of technology, management methods, national and transnational legislation, the ever-present possibility of a new shareholder bursting in, the political situation in France, or in this or that part of the world, the market, the stock exchange climate, and so on. In our "high-tech" service professions, we are at the mercy of any number of events that might occur, both positive and negative. Judging by my personal predictions, at least, I can say that it is unlikely that I will be here forty years from now!

Paul Hermelin: Forty years is a long time indeed. But I would like to believe that, if the market economy survives (which seems a plausible bet), 40 years from now there will still be a place for businesses driven by a taste for innovation and a spirit of enterprise. This inspires in me the greatest confidence for the future of Capgemini at the same time as it also forces the Group to constantly and intelligently evolve the range of services it offers and, day by day, to strike the right balance between reason and ambition. (...)

*Interview recorded in Grenoble, on April 11, 2006
by Michel Sarazin and Arnaud Jean*

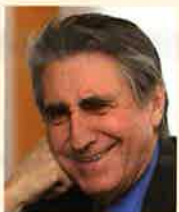


**SERGE KAMPE**

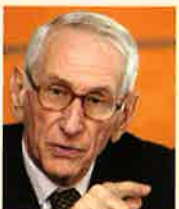
Chairman

The Board of Directors of Cap Gemini S.A.

In office until the General Meeting held on May 11, 2006

**E.-A. SEILLIÈRE**

Vice-Chairman

**DANIEL BERNARD****CHRISTIAN BLANG****YANN DELABRIÈRE****JEAN-RENÉ FOURTOU****PAUL HERMELIN****MICHEL JALABERT****PHIL LASKAWY****THIERRY DE MONTBRIAL****RUUD VAN OMMEREN****TERRY OZAN****BRUNO ROGER**

Non-voting Members

**PIERRE HESSLER****MARCEL ROULET****GEOFF UNWIN**

Statutory Auditors

**BERNARD RASCLE**
PwC**JEAN-LUC DECORNOY**
KPMG**PHILIPPE HENNEQUIN**

Board Secretary

Highlighted names: Directors and Non-voting Members whose offices expire on May 11, 2006.





The Group Management Team

At May 10, 2006

Executive Committee (13 members)



PAUL HERMELIN
CEO



SERGE KAMPF
Chairman



HENK BROEDERS
Northern Europe
and Asia-Pacific



PIERRE-YVES CROS
Strategy



PHILIPPE DONCHE-GAY
France and TS (1)
Global Coordination



ALAIN DONZBAUD
General Secretary and
Human Resources



NICOLAS DUPOURCQ
CFO



PHILIPPE GRANGBON
Communications



PATRICK NICOLET
Global Sales
and Alliances



SALIL PAREKH
North America



LUC-FRANÇOIS SALVADOR
Local Professional Services
(Sogeti)



ANTONIO SCHNIEDER
Southern Europe and CS (2)
Global Coordination



PAUL SPENCE
Outsourcing



GILLES TALDU
Global Delivery

Other Directors of the Group



DIDIER BONNET
Telecom, Media
& Entertainment
Sector



PHILIPPE CHRISTELLE
Internal Audit



STANISLAS COZON
Public Sector



JEAN-PIERRE
DURANT DES AULNOIS
Operational Control



BERNARD HELDERS
Manufacturing, Retail
& Distribution Sector



BERTRAND LAVAYSSIÈRE
Financial Services Sector



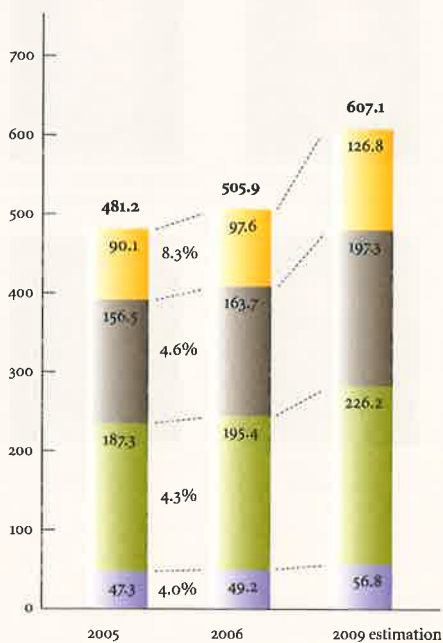
COLETTE LEWINER
Marketing, and Energy
& Utilities Sector

(1) TS: Technology Services
(2) CS: Consulting Services

Worldwide IT Services market

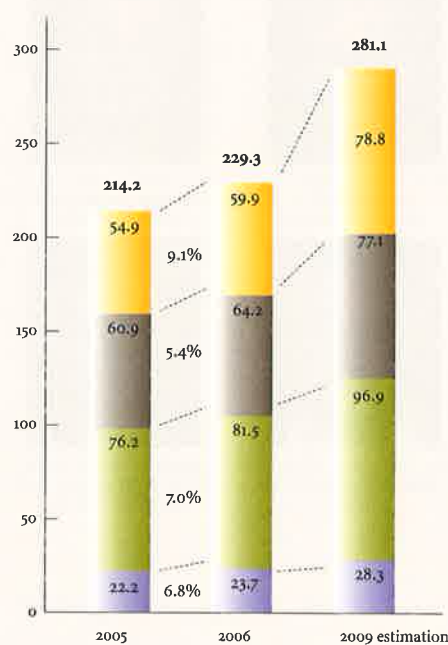
GLOBAL MARKET

IT SERVICES MARKET
in billions of US dollars



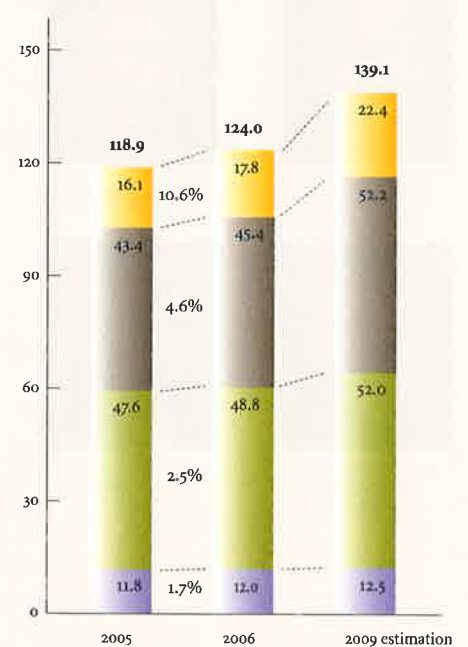
NORTH AMERICA

IT SERVICES MARKET
in billions of US dollars



WESTERN EUROPE

IT SERVICES MARKET
in billions of Euros

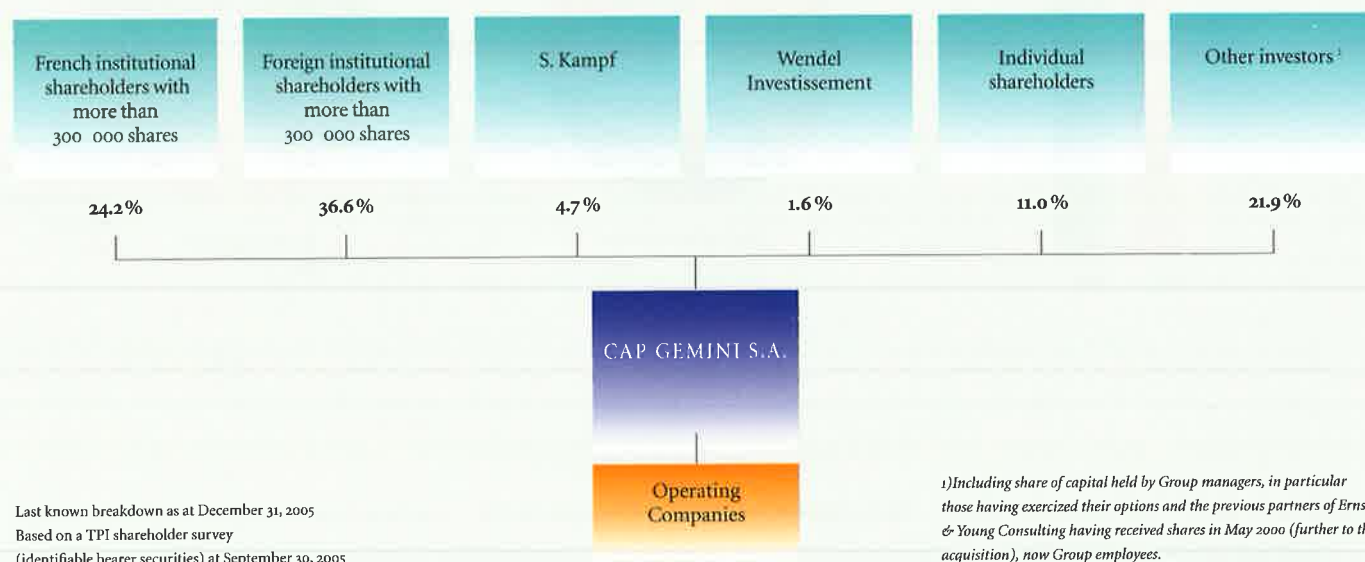


- Process Management (BPO)
- IT Management (OS)
- Development & Integration (TS & LPS)
- Consulting (CS)

Capgemini key figures

Confirmation of Group turnaround

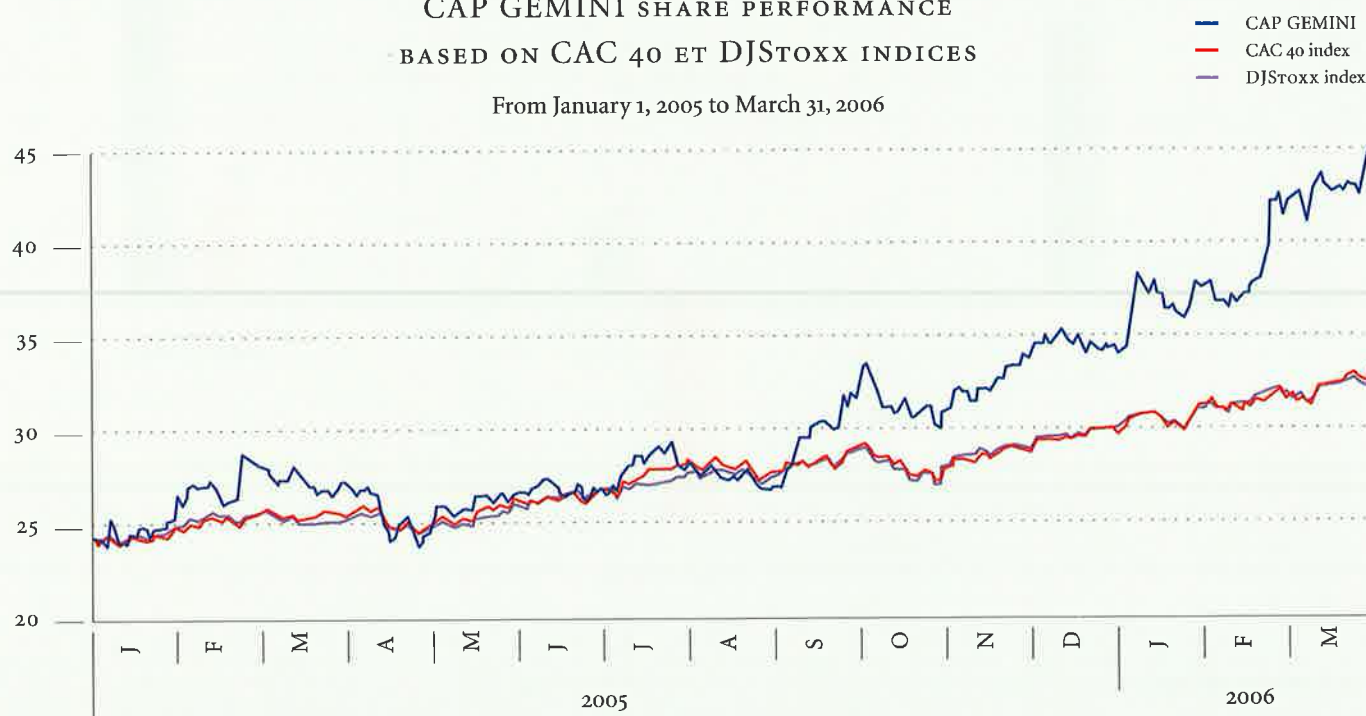
BREAKDOWN OF CAPITAL As at December 31, 2005



Last known breakdown as at December 31, 2005
Based on a TPI shareholder survey
(identifiable bearer securities) at September 30, 2005

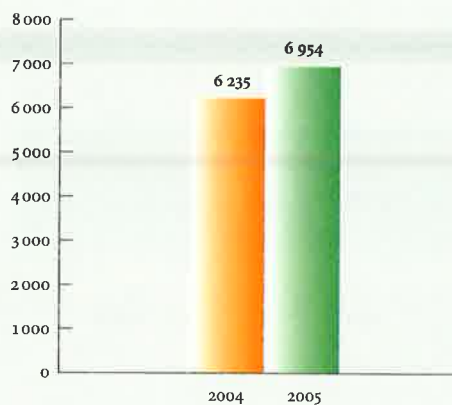
CAP GEMINI SHARE PERFORMANCE BASED ON CAC 40 ET DJSTOXX INDICES

From January 1, 2005 to March 31, 2006

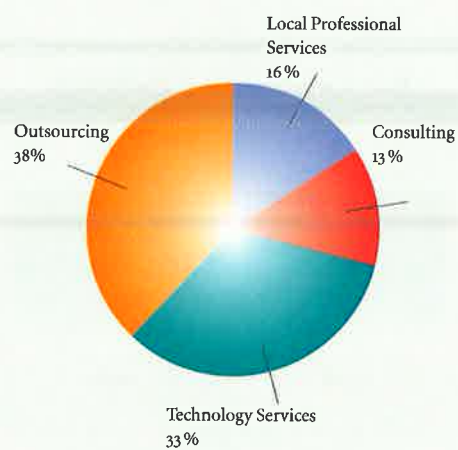


REVENUES*

in millions of euros

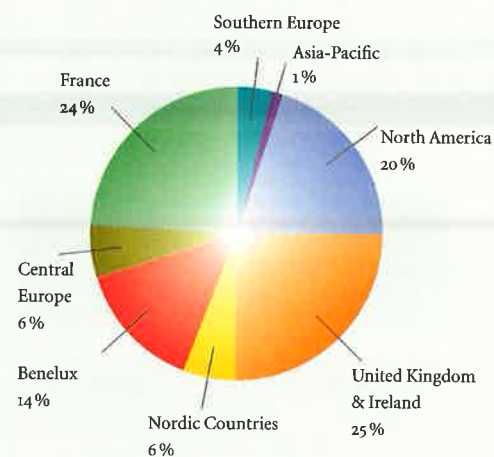


REVENUES BY DISCIPLINE



2005

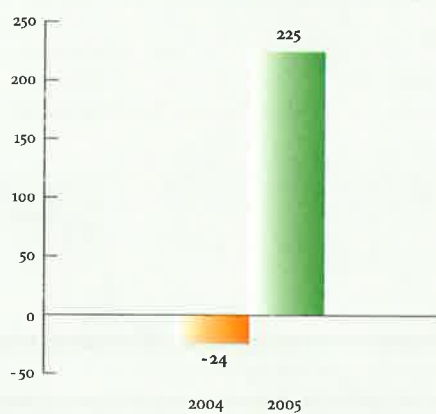
REVENUES BY REGION



2005

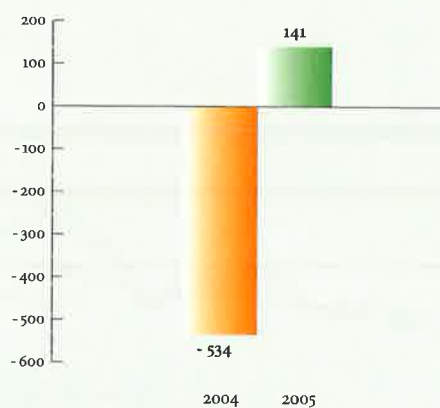
OPERATING MARGIN*

in millions of euros



NET INCOME*

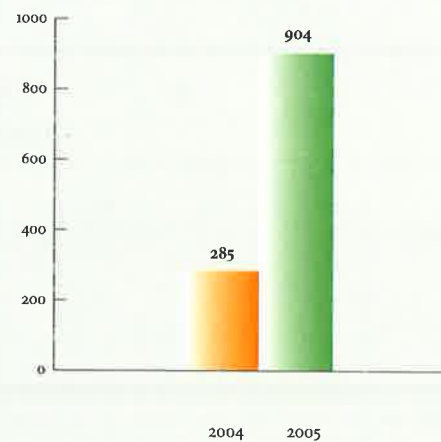
in millions of euros



2004 2005

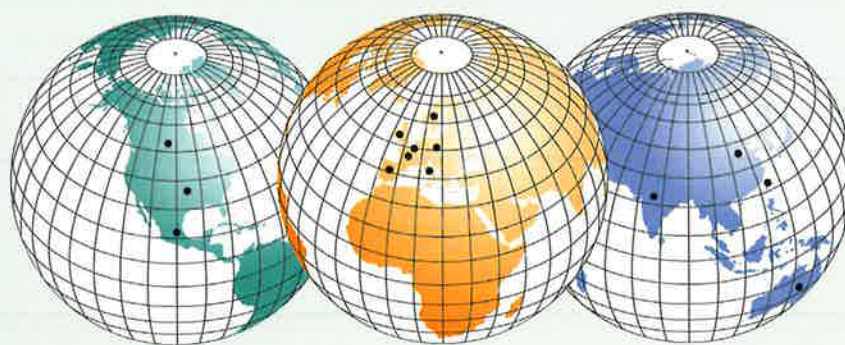
NET CASH*

in millions of euros



* 2004 restated for IFRS impact

WORKFORCE AS AT DECEMBER 31, 2005: 61 036 employees

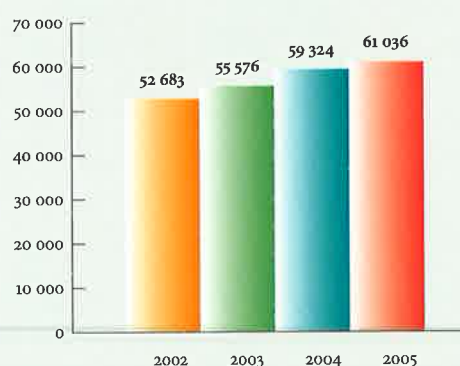


6 351 North America

8 826 United Kingdom & Ireland
 19 866 France
 5 591 Southern Europe
 3 429 Nordic Countries
 3 732 Central Europe
 8 613 Benelux

4 628 Asia-Pacific
including 3 535 in India

WORKFORCE DEVELOPMENT

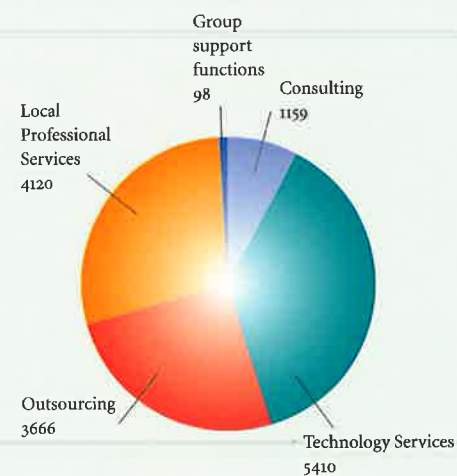


RECRUITMENTS IN 2005

14 453



RECRUITMENTS BY DISCIPLINE IN 2005



TRAINING

Number of hours of training	1.8 million
Number of days of training per employee	4.1
Number of sessions including 3 631 sessions with certification	60 870



Overview 2005.

Capgemini on the move

Operation Tsunami | January

Following the natural catastrophe which hit South-East Asia on December 26, 2004, the Capgemini Group made resources and expertise – in the form of logistics, IT and engineering – available to the rescue authorities and to humanitarian organizations. A donation was made on behalf of the Group, and each country contributed its own support to the victims by way of fundraising and supplying items such as blankets, tools, clothes, educational equipment, etc.

Extension to 2018 of the outsourcing contract signed with Bruce Power | This extension demonstrates the satisfaction and trust that the electricity company, based in Ontario, Canada, is investing in Capgemini. The long-term reliability of Bruce Power's IT system is particularly important in the management of its nuclear reactors.

Telekurs Financial Information opts for the Rightshore™ approach | February

This leading financial information provider signed a 3-year Business Process Outsourcing (BPO) [→ GLOSSARY] contract for the management of 80 workstations for data input. Effective cost control combined with a flexible, evolving contract were the elements that acted in Capgemini's favor. This first BPO contract to be signed by Capgemini in India will be managed by the company's Mumbai center.

Further recognition as to the quality of our Indian operations | Capgemini India obtained CMMi [→ GLOSSARY] Level 5 certification, awarded by the Quality Assurance Institute (QAI) [→ GLOSSARY], for its systems and software engineering, process integration, product development and

resource delivery. This award builds on the SW-CMM Level 5 certification, obtained in January 2004, and the ISO 9001 [→ GLOSSARY], which Capgemini has held since November 2001.

Sogeti designs a "professional" portal for Stryker Trauma | March

Against a backdrop of strong international growth, this division of Stryker Corporation, which specializes in traumatology products, appointed Capgemini's subsidiary Sogeti to design and implement an online portal. The aim of the project was to bring together a range of existing applications within a long-term, adaptable and easily managed solution. The portal includes a dedicated area for traumatology specialists, an extranet designed to inform partner surgeons on how to use the company's products and an intranet for the personnel, in particular the 80 people from Stryker Trauma. It is an outstanding example of what can be produced in a Business-to-Business environment.

British Energy chooses the Capgemini Glasgow service center for its applications management | The biggest producer of electricity in the United Kingdom signed a deal with Capgemini worth £20 million for the outsourcing of its entire management system, which involves the transfer of 300 servers to Capgemini's offices in Glasgow, support for around 6,500 users, and Applications Management control. The career opportunities offered to the transferees, by Capgemini, played a significant role in the client's choice of supplier.

Publication of the World Retail Banking Report [→ GLOSSARY] | Capgemini published this report in partnership with the Dutch bank ING and the European Financial Management and Marketing Association, which is devoted to "the pricing of generic banking services." The 2005 edition details the pricing policies of 130 establishments in 19 countries. The principal lessons to be drawn include the fact that rates are converging within euro-zone countries and that banks are focusing on developing their existing client base in a market best described as "mature."

Sale of American Health Care consulting practice | April

Capgemini sold its consulting activity, dedicated to the health care sector in the United States and Canada, for \$175 million

(€142 million). Six hundred employees were affected by the deal, motivated by two overriding factors: firstly, the difficulty in developing synergies between the privately-run American health care sector and its largely publicly-run European counterparts; secondly, a desire to manage the Group's portfolio of activities in a more dynamic fashion.

Capgemini "On The Move" | The launch of the "On The Move" campaign, with its range of employee rewards, and the CBE [→ GLOSSARY] week (marking the first anniversary of the Group's Collaborative Business Experience approach) both set the pace in April. The shared objective of these two internal communications campaigns was to promote individual initiatives by rewarding projects and employee talent in a variety of areas – websites, cost savings, mobility, knowledge management, etc. – while highlighting the values which define the Group's identity.

Developments at Lucent Technologies | One hundred million dollars: this is the value of the new contract signed by a leading global telecommunications company, Lucent Technologies, with

May

Capgemini in the U.S. for the development and maintenance of its core business applications. The assignment includes optimization of commercial and supply chains and improvement of technology project management. Lucent Technologies' objectives are similar to those of most of our clients: to increase service levels and to reduce operational costs. The contract calls on Capgemini's expertise in the areas of consulting, systems integration, and applications development, in addition to outsourcing.

Implementation of the Booster plan to improve our performance in North America | The program has three strategic directions: a change in the operating model (involving reorganization into regional units) of our consulting and systems integration businesses; drastic cost reductions; and a change of management culture, thus laying more emphasis on pragmatism, individual responsibility and rigor. The aim of this plan, launched in early 2005, is a return to growth of our American operations in 2006. With an operating margin of approximately 3 percent in the second half of 2005, our expectations have been far exceeded.

June

A €17.9 million project for the Centre National d'Etudes Spatiales (CNES) | A consortium formed of Capgemini and CS Communication & Systèmes was selected by the CNES – French government agency responsible for shaping and implementing the country's space policy in Europe – to develop, integrate and maintain the production chain software programs of two satellites to be launched as part of the *Pléiades* observation mission. This latest success caps a period of twenty years of growing expertise in the space sector for us.

Victory for Biarritz Olympique Pays Basque in the French rugby championship | Won after a fierce tussle with the Paris rugby team, *Stade Français* – at the *Stade de France* arena, – the victory of the team sponsored by Capgemini since 1992 symbolizes the values shared by both partners, in particular the benefit of putting individual skills to collective good in overcoming difficulties.

July

Outsourcing Danfoss accounting and financial processes | The Danish group – a specialist in heating, refrigeration and air treatment equipment – opted for the Business Process Outsourcing (BPO) [→ GLOSSARY] expertise of Capgemini. Scheduled to last seven years, the €20-million contract involves bringing together and streamlining financial applications – principally SAP – from 26 separate European sites at Capgemini's BPO center in Krakow (Poland). Capgemini was chosen on the basis of its proven know-how in BPO and for its multi-lingual culture.

Strategic alliance with the Japanese company NTT Data Corporation | This alliance, which opens up interesting, crosswise opportunities for both parties, led to the acquisition of 95% of Capgemini Japan's shares by this division of the Japanese telecommunications giant, Nippon Telegraph and Telephone Corp.

August

Summer university for our consulting professionals | With a record 300 participants, the summer university was the perfect opportunity to present our "Vision, strategy, and revitalization of consulting activities" program through training ses-

sions and discussions. The key objective was to develop transnational management processes so that we can work together more effectively and share experiences with a view to offering greater value to our consulting project clients. This is an exciting initiative, which will be of particular benefit to the European public sector, in facing up to the new regulatory challenges.

3,000 employees, a threshold overstepped in India |

September

Formed in 1997, Capgemini's operations in India now employ more than 3,000 people, a figure expected to rise to 10,000 by 2007.

This essential growth will enable to meet the strong demand, from American and European companies, for the Capgemini Rightshore™ [→ GLOSSARY] approach.

Analysts Days in Cambridge (U.S.) | This event, targeting both market and financial analysts, and the media, enabled Capgemini to demonstrate the initial positive effects of the Booster [→ GLOSSARY] plan. The plan generated good revenues and some excellent contracts in the second and third quarters, thus confirming the return to growth in North America.

Contract with the London Metropolitan Police | After two years of negotiations and reflection, this British institution chose the CUBIT consortium – led by Capgemini, and including Unisys

October

and British Telecom – for a seven-year, £350 million (€500 million) contract, to take effect as of summer 2006. The project aims to improve the quality of their IT and telecommunications services, while achieving greater cost efficiencies compared to current levels – all in the interest of the Met Police's underlying objective: making London a safer city.

Rightshore™ Business Priority Week [→ GLOSSARY], **for a standardized approach** | Due to the growing number of Capgemini Rightshore™ projects, architects, engineers, consultants, and account managers from various countries assembled at the Capgemini University – *Les Fontaines* – for a week of seminars, workshops, discussions in order to determine how the approach could be standardized and a business model built.

Announcement of the MAP Outsourcing program [→ GLOSSARY] | Capgemini's outsourcing unit launched the Margin Acceleration Program (MAP) for implementation as of December

November

2005. This program mainly involves streamlining the organization, strengthening the Group's offshore offering, reducing spending and use of subcontractors, renegotiating unprofitable contracts and rebalancing the client portfolio with the emphasis on smaller contracts, more BPO [→ GLOSSARY] and more Applications Management.

Capgemini trimaran sets a record in the Trans-Pacific | Sponsored by Capgemini and Schneider Electric, Olivier de Kersauson and his crew – aboard the trimaran *Geronimo* – set a new record by crossing the Pacific in 4 days, 19 hours and 31 minutes. This victory demonstrates once again the strength of Capgemini's core values: solidarity, boldness, endurance and reactivity.

Streamlining Ofcom's systems | The independent regulator of the U.K. Media & Telecommunications industry contracted Capgemini to integrate and

December

replace the legacy systems that it had inherited from its predecessors. The current 50 applications will be replaced by Siebel for CRM (Customer Relationship Management) [→ GLOSSARY] and SAP for the financial, HR, and procurement applications. The £25 million (€36 million) project will take five years to accomplish.

Three clients recognized in the 7th edition of the Global Energy Awards | Created by Platts, a division of McGraw Hill, specializing in information for the energy sector, account managers at three of Capgemini's corporate clients received awards for the quality of their transformation projects: RTE (France) with the Life Achievement Award, ExxonMobil and MidAmerican Energy Holdings.

[→ www.capgemini.com/resources/news/]

[→ www.capgemini.com/resources/case_studies/]



The Capgemini Group.

Four Disciplines, One Mission

Capgemini's mission is to support its clients as they transform their businesses in order to improve performance. Present in thirty countries, employing 61,000 people, generating revenues of nearly 7 billion euros in 2005, the Group offers a wide range of integrated services, coordinated around its four disciplines and an array of sector expertise. These services stretch from strategy-making to maintenance of information systems.

The Group's offering is organized into four major disciplines. Each of these acts as a specialist in its area. In addition, by combining their expertise, integrated transformation services can be offered to our clients. This is the Group's key strength: knowing how to combine multiple skills in order to respond to projects that call for a crosswise approach, thereby satisfying the needs of clients who are looking not only for exceptional ideas, but also for commitment to achieve measurable, sustainable results.

These four core activities are organized into autonomous units, each with its own objectives, business models and recruitment processes. Capgemini's fundamental disciplines include:

- ▶ Consulting Services (CS): helping our clients to identify, structure and implement transformation projects that will have a lasting impact on their growth and competitive edge;
- ▶ Technology Services (TS): formulating, developing and implementing all kinds of technical projects, from the very smallest to the very largest;
- ▶ Outsourcing Services (OS): assisting our clients in complete or partial outsourcing of their IT systems or business processes;
- ▶ Local Professional Services (LPS): offers a range of IT services adapted to local requirements in terms of infrastructure, applications and engineering.

Capgemini is independent from any software publisher or hardware manufacturer. In an effort to provide our clients with the best products and services, the Group has formed a network of strategic alliances and partnerships. This enables us to remain objective so that we can freely and knowingly select and deliver reliable solutions, precisely tailored to every client's needs.

Present in thirty countries, Capgemini is also one of the few players in the market systematically able to deliver

services in the location which best serves the interests of the client – in terms of quality, cost and access to the best expertise. Dubbed Rightshore™ [→ GLOSSARY], this approach revolutionizes the cost structure and added value of our services.

But Capgemini is also about doing business in a certain style with certain values, based on collaboration, which we call the Collaborative Business Experience [→ GLOSSARY]. "It's

our trademark, setting us apart as a true partner for whom the way in which results are achieved counts just as much as the results themselves. Hence, customer satisfaction is the number one criterion in measuring our success", says Nicolas Dufourcq, Group CFO.

CONSULTING SERVICES (CS) – accelerating transformation. Positioned on the consultancy market in strategy, management and information systems and boasting sector and functional expertise, Capgemini Consulting Services (CS) has set the goal of supporting its clients in identifying, structuring and implementing transformation projects, which will have a lasting impact on their growth and competitiveness. With a network of approximately 5,000 consultants worldwide, Capgemini Consulting Services – which accounts for 13% of Group revenues – guides organizations as they change by focusing on the key factors of a successful transformation: defining the best route to follow; using the appropriate leverage – namely, the people and technologies available – during implementation; and striving to produce quick, measurable, long-term results. Capgemini Consulting Services offers its clients a range of complementary expertise:

- ▶ Business Transformation: supporting senior management during their transformation projects by

WORKFORCE
BY DISCIPLINE



guaranteeing rapid, significant operational results in terms of performance and profitability;

► **Business & Information Strategy:** developing companies' ability to adapt by transformation of their IT functions;

► **Finance Transformation:** helping financial directors to improve the management of their activities and to strengthen their controls;

► **HR Performance & Transformation:** focusing on accompanying change;

► **Marketing & Sales:** assisting management and their teams in defining and implementing innovative marketing strategies while maximizing the performance of their sales networks and marketing channels;

► **Supply Chain Management:** striving towards a sustainable improvement in competitiveness of operations, increasing the efficiency of the purchasing function, and accelerating the renewal of client engagements.

What distinguishes CS in the marketplace is, above all, its global reach, its vast spectrum of service offerings and the experience gained in designing and managing complex transformation projects. The integration of Consulting Services into the Group's other specializations has major advantages, which are greatly appreciated by clients when technology proves to be the pivotal point of the transformation project or – frequently – when transformation calls for an outsourcing approach to be adopted. But beyond these differences and compared to its competitors, CS can claim a distinctive approach to its work, firmly rooted in the uniquely collaborative relationship that Capgemini establishes with its clients. *"We drive the company's change process forward together with our clients. Our job is first and foremost about listening, about evaluating the risks and committing to producing tangible results alongside our clients. We seek to build lasting relationships based on trust - relationships*

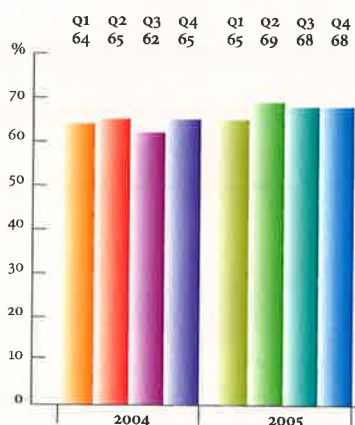
which are often one of the key factors in determining the success of such projects", stresses Antonio Schnieder, who heads up the CS unit worldwide. This style is the Collaborative Business Experience (CBE), which the Group has defined as its trademark.

In 2005, CS returned to excellent health in Europe. Aided by favorable economic conditions and the sustained demand in certain sectors, Consulting Services is entering into a new period of expansion. It has claimed leadership in a number of business sectors – Telecommunications and Media, for example – in which Capgemini has multiplied the number of "benchmark projects", and in certain countries, such as France and the Netherlands, where the Group has around 700 consultants in each country.

How can this growth be accelerated? In two ways: *"We need to increase our notoriety in terms of innovation"*, stresses Jurgen Wasser (Coordinator of the CS business in Europe), via relationships with the academic world and heightening our high-tech business. *"We also have to mitigate the boundaries between countries in order to encourage exchanges of people and of knowledge. For each opportunity which presents itself in one of our priority sectors, we must pull together the best possible team, wherever it may come from"*, he explains. By way of an example, Capgemini France has just been awarded a project covering government reform, drawing on the expertise of its teams in the UK, the Netherlands, and Canada.

TECHNOLOGY SERVICES (TS) – satisfied clients, due to more innovation and increased productivity. Capgemini accompanies its clients in projects designed to evolve and to transform their information systems. *"As project manager and systems integration architect, independent information technology consultant, application developer and creator of innovative technological solutions – all at the same time – Capgemini offers its clients a truly comprehensive integrated service package"*, states Philippe Donche-Gay, member of the Group Executive Committee in charge of this discipline. For some years now, the sector has been undergoing profound change, at an increasingly rapid pace. The emergence of new players in the global marketplace – mainly from India – and of new, highly industrialized production models, have considerably modified the framework in which we operate and have forced traditional suppliers to reorganize their operations in order to adapt to the new style of compe-

EVOLUTION
OF UTILIZATION RATE
PER QUARTER
CONSULTING SERVICES
EMPLOYEES



tition. "The activities of our Indian rivals are driving the sector towards greater concentration, while maintaining strong pressure on prices. What's more, 2005 marked a return to investments in new projects – and not just those motivated purely by a desire to reduce costs. In any event, we have an answer to both of these trends: we have industrialized our production at global level in order to remain competitive, particularly through service-oriented architectures, and we offer innovations that correspond specifically to users' new needs", says Bertrand Barthélemy, Global TS leader.

Our TS teams – who contribute 33% of Group aggregate revenues – have the added advantage of being able to offer our Rightshore™ [→ GLOSSARY] approach. This approach is based on a worldwide network of service centers, specialized by discipline and by product line (SAP, Oracle, etc.) and located wherever it makes the most sense – in immediate proximity to the client or in a country that combines high-quality resources with reduced costs, such as Poland, India or China. This process of industrialization enables us to meet our clients' key objective of reducing costs and is proving to be extremely successful: production capacity at our units with the lowest cost structures is growing exponentially – in particular in India, where the Group now employs some 4,000 people, forecast to reach 6,000 by the end of 2006.

These advantages also complement our "strong positions in Europe and the United States, which continue to be vital in terms of maintaining essential, close relationships with our clients", explains Bertrand Barthélemy.

In addition to productivity, innovation is key. Indeed, the market (particularly in the United States) is once again looking for projects with high value-added components, which place great emphasis on innovation and latest-generation technologies. "With regard to the latter, what counts is having a deep understanding of the sector in which the client is operating as well as a firm grip on technological innovation", explains Bertrand Barthélemy. "We are extremely confident about the future, because our traditional strengths are once again being sought out and greatly appreciated by our clients." For example, Capgemini has implemented extensive supply chain optimization and customer management projects in the American retail sector. Likewise, its strengths in software architecture have enabled it to carve out a place in the market for complex internet applications, designed to support millions of connections simultaneously or to link a company with thousands of partners.

Profitable throughout Europe in 2005 and having rediscovered the path to growth across the Atlantic, our Technology Services discipline is in good financial shape, a factor which will allow it to forge ahead into the future. The aim is for this discipline to win market share, both on projects involving the deployment of integrated management software packages and on those with a high level of value-added, such as SOA. What will ensure our success in reaching this goal is the quality of our staff. At the end of 2005, TS could call on the resources of 23,206 people, having recruited 5,410 new employees during that same year. "We have a clear vision; we have unparalleled expertise; the market wants technological solutions and scaled approaches: we hold the keys to success", concludes Bertrand Barthélemy.

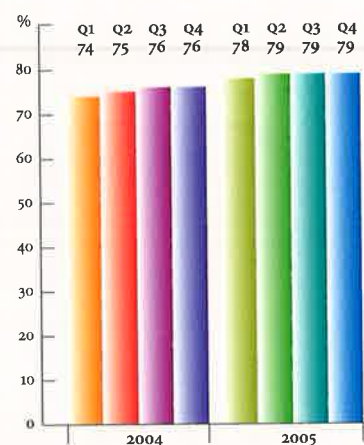
OUTSOURCING (OS) – profitability, growth and consolidation.

Outsourcing involves the management of all or part of a company's IT or business process needs. Historically, the aim has been to reduce costs, but customers are now increasingly focused on using outsourcing to transform their IT and business processes for purposes of improving performance.

This discipline, employing 17,000 people, has significantly developed and now markets a complete range of outsourcing services in three main areas:

► **Applications Management (AM):** these services cover functional user support, corrective and preventative maintenance, implementation or upgrades of software. Our industrial applications maintenance centers, connected to each other in a worldwide network, have been built on a basis of a standard organizational framework and use a common production model. "These outsourced service centers provide a wide range of client benefits", explains Paul Spence, head of Outsourcing and member of the Capgemini Executive Committee.

EVOLUTION
OF UTILIZATION RATE
PER QUARTER
TECHNOLOGY SERVICES
EMPLOYEES



"For example, they generate cost reductions through the use of Rightshore™[→ GLOSSARY] solutions and increased productivity due to automation and shared resources. And we commit to delivering tangible financial results."

► **Infrastructure Management (IM):** this service allows our clients to outsource the operation of their IT systems to a partner capable of managing the increasingly complex systems, streamlining them and undertaking to provide the agreed levels of user satisfaction. The subcategories of Infrastructure Management (IM) are Data Center Services (DCS), Desktop and Distributed Services (DDS), and Network Integration Services (NIS). *"IM services are even more effective when combined with applications management"*, continues Paul Spence.

► **Business Process Outsourcing (BPO):** delegation to an outside supplier of one or more – usually IT-based – processes. The strong demand has led Capgemini to step up its offering intensively in this area. The activity calls on three of the Group's core competencies (consulting, technology and outsourcing) and will be a major growth vector for us in coming years. Functions suitable for BPO range from purchasing, finance & accounting and customer relationship management through to payroll and human resources. Our largest BPO centers are in Poland, China, India and Australia.

With a 33% sales growth in 2005, contributing 38% to the Group's total revenues, Outsourcing Services (OS) currently represents Capgemini's major activity. It is also the area of our business which has grown the most rapidly over the past two years: *"four times faster than the market average"*, points out Paul Spence. OS has secured some impressive contracts, such as with the London police department (the Metropolitan Police) in a deal worth €503 million signed in December 2005, and

with the Swansea Council for €91 million. These successes have strengthened Capgemini's leadership in the UK, Europe's largest outsourcing market. The contract signed in February 2006 with General Motors, also in the €500 million range, helped to bolster our activities in the United States subsequent to the excellent business with Lucent Technologies, HP, and others.

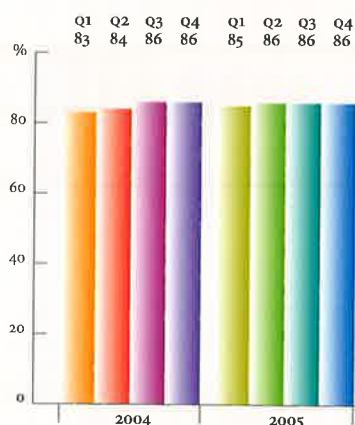
These successes are largely due to our implementation expertise in the key phase in any outsourcing project: transition. Over the past two years, Capgemini has distinguished itself by being able to successfully manage two exemplary transitions simultaneously: the market's largest (HM Revenues & Customs: 2,800 people to transfer) and fastest (TXU: 2,400 people to transfer in six weeks, cost reductions of \$200 million after just nine months). *"As a result of the experience we have gained in implementing these major contracts, we are now hard to beat in the transition market"*, Paul Spence adds.

As things stand, OS has a well-balanced client portfolio in terms of size and diversity. At the other end of the spectrum from our major contracts (worth over €250 million) OS won over nineteen contracts – worth between 10 and 50 million euros – in 2005, with inroads into new sectors such as finance (Zurich Financial Services contract). In addition, the opportunity to sign a deal with the Canadian manufacturer Bombardier enabled OS to expand its catalogue of services and to construct a sector-specific offering involving the production of technical documentation for high-tech manufacturing industries (such as aeronautics, car manufacturing, nuclear industry, defense, etc.).

After two years of growth, enabling it to hoist itself into the leading pack of major outsourcing suppliers worldwide, OS has set its goal for 2006, the key words being: increased efficiency, rationalization and improvement of production processes.

LOCAL PROFESSIONAL SERVICES (LPS) – the strength of maintaining close customer relationships. *"Sogeti was the original name of Capgemini and this unit embodies the model on which the Group built its initial success: some of our clients have been with us since the very beginning"*, stresses Luc-François Salvador, Chief Executive Officer of the Local Professional Services division. This model is firmly rooted in a keen sense of human values shared by all the division's employees, but also in a proven organizational model: Sogeti is a vast array of small companies or agencies spread across ten countries.

EVOLUTION
OF UTILIZATION RATE
PER QUARTER
LOCAL PROFESSIONAL
SERVICES (SOGETI)
EMPLOYEES



Each of the 250 agencies, managed entrepreneurially and with clear profit objectives, enjoys a high degree of autonomy in managing its projects. This organizational structure provides the flexibility and responsiveness required for Sogeti to grow in a highly competitive marketplace. *"The independence we have here enables us to be very dynamic and much faster and more responsive than our rivals"*, observes one regional manager. Local Professional Services, which accounts for 16% of Group revenues, offers a broad range of IT services designed for all types of companies, based around three main activities:

- ▶ High Tech Consulting: scientific engineering, industrial and technical information technology, mechanical IT;
- ▶ Application Services: design, maintenance and evolution of its clients' applications;
- ▶ Infrastructure Services: management and administration of technical services and networks, plus the management of IT production.

Sogeti's results for 2005 were excellent: 8% growth, and over 9% profitability – the best in the Group. As for its staff, Sogeti attracted 4,120 new employees during 2005 and by the end of the year had forged a powerful workforce including some 15,147 people. *"Our strength comes from the close relationships we form with our clients and our employees' sincere desire to serve them"*, affirms Luc-François Salvador.

Through the acquisition of Transiciel in 2003, the high-tech consultancy activity is growing strongly. Although the current business is mainly in France, where Sogeti has 2,500 people, it aims to build the unit to a sufficient size in 2006 to put it right up there among the top European operators in its field. Another area in which Sogeti is looking to strengthen itself is in applications testing. This activity, foremost in the Netherlands, will be progressively deployed to all countries during 2006. Sogeti also plans to bolster its operations in North America.

Capgemini in five bullet points:

- An independent global partner
- An integrated service-offering
- A multicultural, decentralized company
- Client relationships based on collaboration (CBE)
- The Rightshore™ production model

[→ www.capgemini.com/services/consulting/]

[→ www.capgemini.com/services/technology/]

[→ www.capgemini.com/services/outourcing/]

[→ www.sogeti.com/]

[→ www.capgemini.com/collaboration/alliancepartners/]

[→ www.capgemini.com/about/history/]

Sectors drive our innovations and our value-added approach

Public sector decision-maker, leading energy or telecom company manager, car manufacturer or major bank IT director... their objectives are identical: to transform organizations and systems. However, while their objectives of powering change and gaining in competitiveness may be the same, each one has very unique needs, ...

... requiring a perfect understanding of the shifts in their market, of the challenges faced in the specific sector, of the client's own clients, of the latest marketing innovations and industry trends and many other parameters. In addition to our professionalism, Capgemini's clients expect the company's different disciplines to bring genuine added value to their business. And that's precisely what our sector teams do every day.

THE PUBLIC SECTOR – modernizing services in Europe.

The governments of the European Union member countries are currently facing similar problems. How can they make their administrations more efficient and cost-effective? Faced with a terrorist threat, how can they secure their borders and ensure the public's safety? As the world's population grows older every year, how can they deliver better healthcare while keeping a handle on spending? Encouraged by the European Commission, for which Capgemini has been publishing an "e-government" study for the past five years, today's leaders are asking themselves how they can make public services more accessible and the lives of their citizens easier.

"Against this backdrop of profound transformation in central and local administrations, Capgemini contributes to the four main focuses of today's public sector: simplified tax collection and management; public safety, including areas such as people's identities and electronic border control systems; local and regional authorities, segments which are rapidly expanding and where there is great interest for shared service centers, in particular; and healthcare, including electronic patient records, a market in which Capgemini aims to serve as a true partner for all of Europe's major countries", explains Stanislas Cozon, Capgemini's Public Sector Global Leader. This particular activity is showing strong growth within the Group, as evidenced by the fact that its share of revenue

rose from 20% in 2004 to 27% in 2005.

It includes projects as complex as Copernic [→ GLOSSARY], at France's Ministry of Finance, where 200 Capgemini employees are working to implement new technological resources based on SOA [→ GLOSSARY]. Further projects – in the Netherlands, Denmark, and Norway – involve the administration of the tax system or the development of new

systems for simplifying tax collection.

"Generally speaking, all three of Capgemini's disciplines are active in the countries where we are currently working", remarks Stanislas Cozon. *"And a transformational outsourcing project will tend to call for plenty of consulting and systems integration services. As the problems are often fairly similar throughout the region, Capgemini's pan-European dimension allows it to re-use the solutions developed in one country to help support another country's project."*

The outsourcing contract signed in 2003 with HMRC, the British customs and revenues body, illustrates this phenomenon of "up-selling" very well with tens of millions of euros worth of complementary services called into play, in addition to the initial contract. This contract rocketed Capgemini straight to the top in terms of public sector suppliers in the United Kingdom, the most dynamic country in the world when it comes to investment in this domain. This position was further strengthened in 2005 when outsourcing contracts were signed with the London Metropolitan Police and with the Swansea Council (Wales), subsequent to those signed with Westminster and Croydon.

Such vast transformation projects, developed on a national scale, are certainly going to develop in Europe. *"Administrations in various countries have many initiatives that can be shared",* concludes Stanislas Cozon. *"Interoperability between the information systems of each country's government represents a major challenge for Capgemini."* The Group has offices in 19 of the 25 countries that currently make up the European Union and its strategy of proximity makes perfect sense when it comes to developing this type of rather sensitive project.

Beyond Europe, Canada looks to be a promising new market, as do Australia and China. In fact, Stanislas Cozon

and his teams welcomed a delegation from a Chinese province in June 2005. A great interest was shown in our work on e-government [→ GLOSSARY] projects. The city of Shanghai is closely monitoring what Paris and London are doing in this respect.

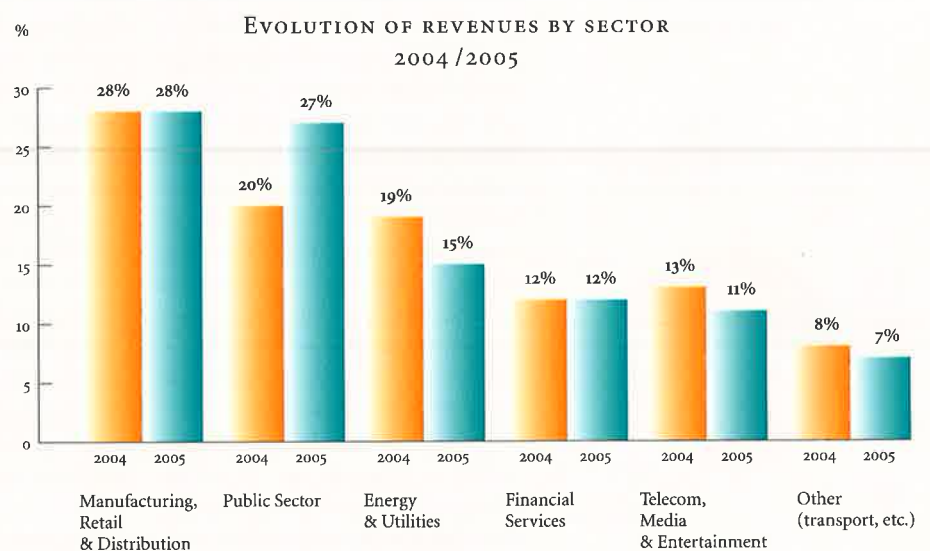
THE ENERGY AND UTILITIES SECTOR— a hive of activity. “This sector currently produces 15% of Group revenues”, comments Colette Lewiner, Capgemini Global Leader for the sector. “2005 proved to be a particularly interesting year, above all marked by the increase in energy prices. This is due to the significant increase in demand from countries such as India and China, the natural disasters in North America, the political tensions in oil-producing countries, a range of electricity supply problems, the difficulty of respecting the Kyoto protocol [→ GLOSSARY]...” This general context, which Capgemini has been monitoring since 2001 with the publication of a global report on the energy market, has been further colored recently by the emergence of regionally-specific considerations.

In Europe, the liberalization of the energy markets – the Capgemini watchdog, set up in 2002, now serving as an industry reference – and the need to define new investment strategies in production are the major themes of the moment. In the United States, the market is largely oriented towards infrastructure and network modernization. In Asia, especially in China, bringing energy supplies up to match the boom in economic activity is the hub of attention. This is a favorable context for Capgemini’s Energy and Utilities business, which, with its in-depth understanding of these markets, is particularly well placed to support the players as they face up to such complex issues. Capgemini now occupies the position of center stage, both in Europe – where the Group is working with EDF, E.ON, Centrica, Endesa, Gaz de France, Gas Natural, Suez and Veolia Environnement, to name but a few – and in North America where, during 2005, the Group rolled out its major outsourcing agreement signed with TXU and won new contracts in Canada with Hydro One and Ontario Power Generation.

The major challenges mentioned

here are prompting the companies active in this sector to take on profound transformations of their organizations and, therefore, of their information systems. They are also looking more and more to outsource certain functions, such as IT or processes, or those linked to their customer relationships. At the same time, new market segments are developing, such as consulting on CO₂ emission certifications or the deployment and management of information systems connected to new “smart” meters installed at users’ sites (for which an alliance, called Smart Energy, was formed between Capgemini, HP and Intel). And the outlook, as they say, is bright. “During 2006, we are likely to see a wave of mergers in the public sector Utilities segment in Europe and in the United States, generating new business for specialized service providers like Capgemini”, concludes Colette Lewiner.

THE MANUFACTURING, RETAIL AND DISTRIBUTION SECTOR – global challenges. Globalization, competitiveness, consolidation: these were the three factors which most characterized this sector during 2005 and will continue to do so in 2006. “As a leading player in organizational transformation and information systems, Capgemini is particularly well placed to support its major international clients as they face these complex challenges”, says Bernard Helder, global head of the company’s Manufacturing, Retail and Distribution activ-



ities, which represented 28% of Capgemini's turnover in 2005.

With the arrival of new industry forces from emerging countries (India, China, etc.), globalization means playing by a somewhat different set of rules. The steel sector, for example, remains extremely fragmented (only 25% of the market is shared by 10 leading players) but the trend is moving towards consolidation, in a size race. In the manufacturing sector, 2005 produced a surprise, coming from China, with the Chinese company Lenovo's acquisition of IBM's hardware activities (PCs). Against this, western groups such as Siemens, Alstom and Schneider Electric, a client of Capgemini in a far-reaching contract for transformational outsourcing, are placing significant emphasis on Asia as they seek to achieve growth. As for General Electric, the American conglomerate forecasts that 60% of its growth will come from emerging industrial countries in the next 10 years.

Globalization is compelling traditional industry players to accelerate their transformation in order to remain competitive. *"It is thanks to our highly developed sector expertise, with our global research in the logistics and automotive sectors serving as a reference, that we bring added value to our clients. This expertise, in conjunction with our technological strengths in the areas of RFID [→ GLOSSARY] and mobility, has enabled us to offer solutions to the Retail and Distribution sector – in which demand for technology supporting sales outlets*

and back-office systems is extremely strong – that help them to reduce their costs or, even better, to accelerate their growth", explains Bernard Helders.

For their part, car manufacturers, for whom 2005 was a demanding year, are continuing with their programs of cost reduction, reorganization, logistics improvements and collaboration with suppliers. Having won a transformational outsourcing contract worth almost 600 million dollars at the beginning of the year from General Motors, Capgemini, selected as a strategic partner, is at the heart of this movement.

This sector, and the industrial world in general, are extremely advanced in their use of outsourcing, shared service centers and BPO [→ GLOS-

SARY] (Business Process Outsourcing). In this context, the Canadian manufacturer Bombardier entrusted Capgemini with the BPO of its publishing and technical documentation, a first in the world of aeronautics.

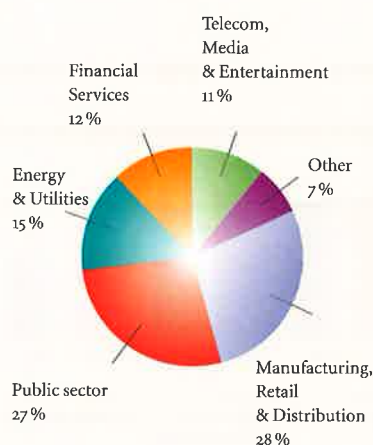
THE FINANCIAL SERVICE SECTOR – activity on the upswing. In the world of banking, 2005 was marked by the announcement of a number of mergers. These deals were seen as major events in Europe, where retail banking is a highly regulated industry, organized along national lines and dominated in each country by local players, as the World Retail Banking Report [→ GLOSSARY] shows. *"French, British and German banks remain regional institutions on a European scale. The real challenge for European banks is to be strong in the three main markets (France, the UK and Germany). And the financial capabilities of certain banks enable them to consider acquisitions. In the United States, where large mergers have already taken place, the concerns center more on cost variability",* says Bertrand Lavayssière, global head of Financial Services at Capgemini, which accounts for 12% of Group revenues.

Future market consolidation will be extremely important for the Group, which is closely monitoring its movements as each merger can bring major transformation projects and information system overhauls. In addition, Capgemini has made significant investments in BPO [→ GLOSSARY] in response to the growing needs of financial institutions in the area of cost variability. The Group has just signed a multi-year BPO contract with Zurich Financial Services, one of the world's largest insurance companies, to take over part of its financial and accounting functions. And new developments are on the horizon for a 'core business' BPO in the area of credit and mortgage loans in particular. *"We have built service centers devoted to real estate loans for French and Dutch clients. If these companies ask for our support, we can rapidly offer them turnkey solutions",* says Bertrand Lavayssière.

More broadly, banking and financial institutions are investing in their IT systems after several years of spending freezes, following the transition into 2000 and the transformations connected with the euro. According to analysts at Forrester Research [→ GLOSSARY], financial institutions will be investing approximately 50 billion euros over the next 7 years in their IT platforms.

The need for banks to increase revenue per client is leading them to redesign their marketing systems and to

REVENUES 2005
BY SECTOR



streamline their branch networks.

Furthermore, compliance with regulatory constraints such as Basel-II [→ GLOSSARY] in France, Sarbanes-Oxley for American companies and their subsidiaries, and IAS-IFRS [→ GLOSSARY], accounts for 30% to 40% of all new IT investments in this sector. Finally, the prospect, from Brussels, of a homogenization of payment systems across the European Union is leading banks to re-think their strategies to make sure they are not hit too hard by the ensuing decrease in revenues, which could be as much as 30%, or even 60%, depending on the scenario (see Capgemini's 'World Payments Report' [→ GLOSSARY]).

THE TELECOMMUNICATIONS, MEDIA & ENTERTAINMENT (TME) SECTOR – consolidation and broadband are driving the market. On both sides of the Atlantic, the merger trend among telecom operators continues, unabated. In the United States, two flagship deals in 2005 – SBC Communications takeover of AT&T Corp (to form AT&T Inc.) and Verizon's purchase of MCI – served to accelerate the process of concentration in a market which, 21 years earlier, had witnessed the break-up of a once monopolistic system. And for 2006, AT&T Inc. has announced that it will acquire BellSouth, one of the last American operators still existing as an independent company.

In Europe, France Telecom completed a major acquisition deal last year with its takeover of the Spanish company, Amena, giving it a significant scale with a cohesive portfolio of voice/data/image services. Already in 2006, Telefonica (Spain) has taken control of the mobile phone operator O₂ (UK). Other deals may well follow, motivated by a race to achieve growth, the need to invest in fiber-optic networks and the ever-greater integration of broadband, voice and mobile service offers.

"Capgemini has people working on-site with most of the leading telecom operators worldwide, as it has for several decades. We have accompanied them through their various transformations, so this makes us a natural partner when it comes to both mergers and their consequences, in terms of organization and system changes, and in the area of technological innovation and their packages of new services to deploy", says Didier Bonnet, global head of Telecommunications, Media & Entertainment (TME) at Capgemini. This sector accounts for 11% of Group revenues, 80% of which comes from telecommunications alone. Indeed, 2005 was marked

by an increase in the number of projects and the level of investment, with operators having readjusted their finances after the three years of recession that followed the bursting of the 'telecom bubble' in 2001.

Challenges are certainly not lacking. In landline telephony, for example, areas such as the growth of voice traffic over the Internet and the emergence of television via ADSL [→ GLOSSARY] are set to profoundly change the telecom companies' traditional business models. In mobile phones, the arrival of virtual operators and the decline in subscriber growth rates are leading to an upheaval among the players in this segment. "Operators are going to need information systems, but they are also going to need extremely flexible organizations, which will enable them to rapidly come to terms with the various upheavals that the market is now seeing and will continue to see in the future. Our sector expertise and technological capabilities, notably in terms of SOA [→ GLOSSARY]-type architectures, already allow us to contribute the added value our customers expect in such particularly delicate times", believes Didier Bonnet.

Finally, in addition to the Telecommunications sector, Capgemini signed major deals in 2005 with European and North American operators in the Media and Entertainment segments – segments which are increasingly converging with telecommunications – in the areas of content management, royalties and copyright management, outsourcing of audience measurement and distribution of digital content.

[→ www.capgemini.com/]

50 billion euros

Forrester Research, the market research company, anticipates that financial institutions should be investing approximately 50 billion euros in their computer platforms over the next seven years.



The Collaborative Business Experience (CBE).

“Together” in a word

The CBE [→ GLOSSARY] is a way of working with our clients, based on collaboration, to ensure the lasting success of their transformation projects. “Our clients recognize the unique ability of our teams to work in true harmony with their colleagues, which sets us apart from our competitors in a really positive light. The Collaborative Business Experience goes far beyond the basic definition of the word ‘collaboration’...

...It is a precise, standardized way of doing business that focuses on effectively dealing with the challenges faced by each client. Our added value thus becomes clearer to our clients who can measure and appreciate it better”, explains Pierre Hessler, Board Member and fervent believer in the concept. An analysis of the IT services and consulting projects proves this point: the contributions made by both client and service provider count a great deal in determining the success of these projects, of course, but it is often the quality of the relationship between the two parties that determines the results. In the minds of our clients, Capgemini regularly scores highest here. They note our active listening, our willingness to understand their true needs, our joint ambitions, our shared view of the risks and risk management, our commitment to delivering projects “On Time and Above Client Expectations” (OTACE) [→ GLOSSARY], the attention we pay to transferring know-how, our ability to say “no” when required, our independent recommendations of software houses and manufacturers, and our ongoing determination to invest all our resources and energy on guiding each project smoothly from A to Z.

As Philippe Donche-Gay, CEO of Capgemini in France, says: “Our clients recognize our unique ability to maintain an open and ongoing dialogue and to commit to sustainable, tangible results.” But they are even more complimentary of CBE: “Capgemini’s teams proved their remarkable professionalism and complete commitment to working alongside us, establishing such a close-knit relationship with us that we completely forgot about the geographical distances that sometimes separated us”, states Gilles Herzog, Information Systems Director at General Electric, Energy Products Europe. “We very quickly reaped the benefits of this collaboration. Our costs have been reduced and the quality of our applications maintained with

total transparency. I put my trust in Capgemini and found it capable of handling all the risks associated with the project. This has been a great success, and one we now want to share.”

“Discipline, a genuine methodology in rolling out the project, and people who were right there on the job. These were the key elements that quickly generated the conditions for success. To that, I can also add the almost osmotic way in which the

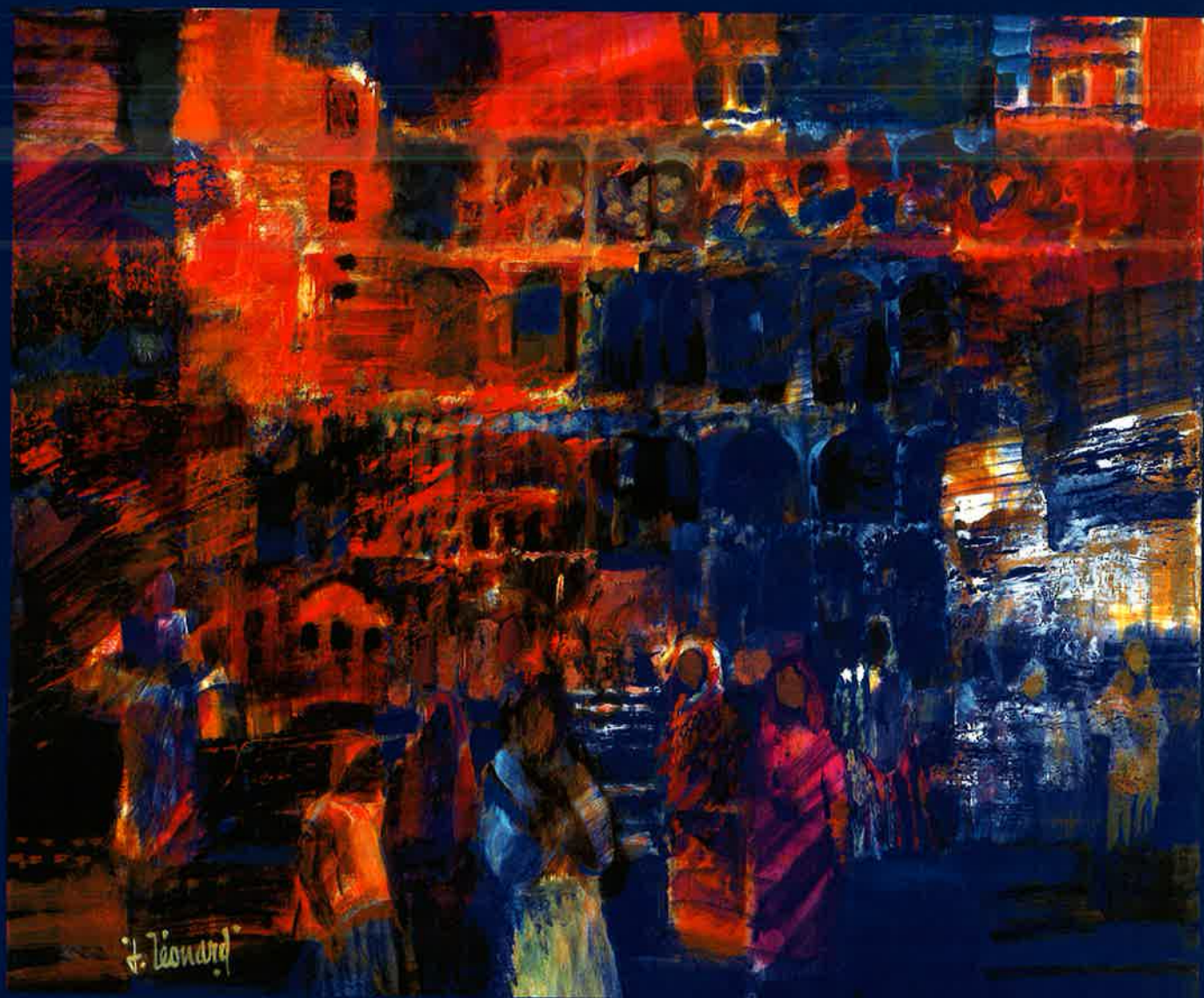
Capgemini and bioMérieux teams communicated with each other, in a win-win spirit of mutual trust”, underlines Pascal Marin, Information Systems Central Director at bioMérieux.

Putting the CBE into practice calls for tight-knit teams, bringing together Capgemini employees and client staff so that they work in close collaboration towards the same goals. To such a point that, at the end of a project, “it becomes difficult to tell them apart”, observes Olivier Sevilla, head of Capgemini’s consulting activities in France. In addition to its tools and methods, the Collaborative Business Experience is the result of an attitude that demonstrates itself both inside and outside the Group. “It’s our trademark”, affirms Philippe Grangeon, Associate Director to the CEO in charge of communications. “It’s a style that we cultivate every day, and is much appreciated by our clients who have had enough of being talked down to. It can be summed up in an ordinary, everyday word: “Together”.

[→ www.capgemini.com/collaboration/cbe/]

ASE [→ GLOSSARY], workshops to facilitate exchange

“In just three days, we got what would otherwise have taken us three months”, attests the CEO of a finance-sector company when talking of our ASEs. In the box of tools used to implement the CBE, this offering definitely ranks among the most innovative ones. The sessions – generally three days – are organized in an atmosphere “that encourages dialogue, listening, exchange”, explains Mieke van Handenhove, deputy to the Group Communications Director. They allow the members of a project or a company to get together and exchange ideas in order to reach mutual decisions, within a reduced timeframe, so that a project can get off the ground or a new phase in its transformation can be launched.



French Ministry of the Economy, Finance and Industry. Transforming the state purchasing methods

In line with the initiatives launched by other European countries, the French government is currently seeking to address the nation's budget deficit, in particular by reducing the operating expenditure of the various government agencies. In this respect, the Ministry of the Economy, Finance and Industry decided to take the initiative and to set an example for the public sector as a whole.

Since 2002, the French government has been actively applying a policy of state modernization and lowering taxes, against a background of successive budget deficits. As purchases account for a significant proportion of the expenditure required for the state's proper functioning, any savings achieved in that area could provide powerful leverage to aid in achieving this objective.

The Ministry of the Economy, Finance and Industry decided it needed to be at the forefront of this drive, leading the way in a process that will eventually address the €120 billion spent each year across the entire public sector spectrum. "Our aim is to act as something of a guinea pig, enabling us to subsequently offer an effective solution to all the other ministries", explained Alain Lambert, the then Budget Minister.

Following a European bidding procedure, Capgemini was appointed to support the Ministry in its initiative. "It was important, nevertheless, that experimentation and learning did not mean lack of results", says Stéphane Morin, Project Director for Capgemini. "The Ministry wanted to show the taxpayers and its European partners that it was determined to put in place an ambitious savings plan. Our ability to contribute a two-pronged expertise, in terms of implementing purchasing performance plans and driving change management in organizations, was a decisive factor in our appointment."

An initial audit phase made it clear to government leaders that it would be essential to break with the traditional procurement approach, which was decentralized both in terms of department and of geographical organizational structures. Stéphane Morin explains, "This approach resulted in excessive fragmentation of purchasing. Office cleaning, for example, was contracted out to around a thousand different suppliers, with significant variations in price."

The file was passed up to the ministers in order to examine potential organizational scenarios. Based on recommendations made by Capgemini, a central procurement agency was set up, attached to the Ministry's General Secretariat, with a view to achieving a progressive takeover of transversal purchases for the various networks and managing the savings plan. "The quality of the audit and of the intensive preparation

work carried out by Capgemini was key in creating a central service attached to the General Secretariat and transcending the reservations expressed by the personnel", comments Philippe Delleur, the Director of this new agency. "Capgemini showed itself capable of taking an approach based on non-authoritarian partnership, which was successful in overcoming any resistance."

Those joining the agency came from a range of different departments within the Ministry and were not particularly experienced with procurement. Therefore, rapid acquisition of the specific skills needed was critical, given the complexity of the areas to be addressed and the size of the savings targeted right from the very first year. "Capgemini's setting up of consultant/buyer teams undeniably contributed to the success of this initiative", highlights Philippe Delleur.

The agency's buyers now enjoy the autonomy necessary to perform their new roles and the first-year objectives – in terms of savings in purchasing – have been met. The network between the agency and the ministerial services is now in place in France's major regions as well, with initial savings also running according to plan at this more decentralized level. "The results it has achieved make the procurement agency a shining light among the services performed by the state", concludes Stéphane Morin. "The other ministries are following this example and we believe we have contributed to implementing an approach which could, over time, generate savings equivalent to 3% of French tax revenues." A fruitful collaboration, indeed, and one that will have implications far beyond the Ministry [→ www.capgemini.com] [→ www.minefi.gouv.fr]

The Metropolitan Police Service. Making London a safer city

To achieve its stated objective of making London the safest major city in the world, the city's Metropolitan Police Service (MPS) is embarking on an extensive program to deliver 21st Century policing. Capgemini has been appointed as the new provider of information communication technology (ICT) services which will support front line police work in a cost-effective manner.

London's Metropolitan Police Service (MPS), known locally as 'The Met', focuses on providing the public with the services it wants and needs, from counter-terrorism to safer neighborhoods. In December 2005, The Metropolitan Police Authority (MPA), which has overall responsibility for the MPS €4 billion budget, signed a new seven-year ICT services contract with Capgemini, prime contractor of CUBIT, the consortium formed with Unisys and BT.

Ailsa Beaton, MPS Director of Information says, "We are very pleased to be entering into this working relationship with Capgemini and CUBIT. After a rigorous selection process, we believe CUBIT offered the most appropriate solutions to meet the specific demands of policing London in the 21st century."

The deal, set to last seven years and worth a total of €500 million, was concluded after a two-year procurement process. It confirms Capgemini's position as a leading public sector player in Great Britain which, during 2005, became the group's most important market geographically, in terms of revenues.

The agreement covers the management and support of approximately 30,000 desktop and laptop computers, 38,000 telephone extensions and 8,500 mobile phones as well as CUBIT support of over 50 MPS software applications relating to crime reporting information, analysis and storage of records. The contract also extends to the supply of help desk services, infrastructure monitoring and management, the implementation of mechanisms designed to drive ongoing and continuous improvement of the services, as well as the management of new data

centers hosting applications and services. A comprehensive performance regime is designed to boost service delivery to highly demanding standards, with a focus on business criticality from an end-user's perspective.

The Metropolitan Police Service and Capgemini reached their agreement within a genuine spirit of partnership. That same spirit of partnership will be applied in making the

contract a successful one.

MPA Chief Executive, Catherine Crawford, said, "We are satisfied that this new contract, which the Authority has signed, will provide our police officers and staff with the most appropriate and efficient technological systems support and are pleased to welcome Capgemini's CUBIT collaboration to the family of partners who are helping to make London a safer city."

[→ www.capgemini.com] [→ www.met.police.uk]

London's Metropolitan Police in figures

The Metropolitan Police ('the Met') is London's largest employer, serving an area of almost 1,600 km² (618 sq.mi.) and a population of 7.2 million. Within a security context which continues to be sensitive, the Met is streamlining its efforts, adding staff and introducing improved tools to enable it to fulfill its duties.

Currently employing a record total of over 31,000 officers and 12,000 police staff, it has introduced a series of initiatives which have served to significantly reduce crime levels in London. The number of recorded offences fell by 4% during 2005; that of crimes, including murder, were reduced by 7%; and that of incidences involving racist violence were down by 9%. Increasing use of techniques such as automatic license plate recognition allows the police officers in the field to consult databases in order to check whether a vehicle involved in an offence has been stolen or if its owner is on file for other offences.

Eurotunnel. Modernizing the electronic check-in system for greater passenger comfort

Like the airlines, Eurotunnel wanted to set up a vehicle check-in system linked to its reservation system. The aim here was to improve traveler fluidity and its own productivity. Sogeti was therefore appointed to address these two challenges, a task which had to be achieved within a very short time frame and without disrupting cross-Channel traffic.

Since 1994, Eurotunnel has been transporting both goods and people between France and the UK on trains that travel underneath the English Channel by tunnel. The Group has a fleet of twenty-five shuttles on which coaches, cars, and trucks are loaded. In just 12 years, nearly 177 million people, over 10 million trucks and some 136.2 million tons of merchandise have used this impressive tunnel. Such large numbers mean that Eurotunnel needs to be equipped with a suitable check-in and control system to manage shuttle load rates at optimum levels, in the same way as the world's airlines do. "Our previous system was becoming technologically obsolete", says Pascal Sainson, Operations Director for Eurotunnel. "The amount of hardware and software maintenance needed was becoming too great, due to the multiple breakdowns. Furthermore, we had to improve the quality of the services we provide to our customers and therefore improve our own productivity. In short, we had to reduce passenger waiting time before boarding and make the traffic flow more smoothly by limiting the number of shuttles on the rails."

To help achieve this, Eurotunnel has a unique advantage: reservations. "For freight, 99% of our road transport customers are already registered with us and, in terms of passengers, 95% book their trips in advance", Pascal Sainson explains. "Our previous tollgate system could not communicate with the reservation system and therefore did not allow us to handle this process electronically." Eurotunnel decided to implement a new technological solution over the course of 18 months, but one which would not have any sort of negative effect on the flow of traffic under the Channel.

As a long-standing Eurotunnel partner, Sogeti was chosen to manage this project, and with support by the G.E.A. companies (for the design and production of equipment and field peripherals needed to replace the existing set up

and materials) and Axima (for the civil engineering aspects of the project, cabling and connections for the operational deployment of the new system). The main problem was that this new toll system is not the same as the one used along the highways. It is far more sophisticated and advanced, integrating a wide range of parameters. Reservations, for example, need to be taken into account, including the toll rates charged for each specific travel window, any special offers, and deferred travel times. It will also be necessary to check that the customer, having paid the required fee, has indeed boarded the train and completed the trip. Lastly, vehicles will need to be tracked through to their parking places, while taking into account that this will vary depending on whether they are cars or trucks.

The project is scheduled to include four phases, two of which have already been completed. The first entailed creating the IT architecture for the new toll system by automating the check-in booths. The second involved setting up a system to visually identify each vehicle's license plate. The third, starting in May 2006, concerns the integration of the reservation and check-in systems. And the fourth, set to begin in September 2006, will cover the replacement of the previous IT architecture with the new system. "On completion of all these phases, we aim to be processing 80% of transactions electronically", says Pascal Sainson. "This will allow us to reduce the check-in time for each vehicle by at least a minute". Due to the efforts of the Sogeti teams, "Eurotunnel has almost reached its objectives – in just three months", Pascal Sainson notes with enthusiasm. "We are already using electronic processing for 75% of our business! That's good news for our customers."

[→ www.sogeti.com] [→ www.eurotunnel.com]

Evolution of Channel traffic over the past 5 years

Between 2000 and 2005, the annual volume of cross-Channel freight¹ increased from 14.7 million to 17 million tons, carried by trucks whose numbers increased from 1,133,146 to 1,308,786 over the same period. As for goods carried by train, 1.6 million tons were transported last year. In terms of passengers², 8.2 million boarded a Eurotunnel shuttle during 2005, along with their cars (a little over 2 million vehicles) or in coaches (over 77,000). And Eurostar trains carried 7.5 million passengers through the tunnel, compared to just over 7 million in the year 2000.

1 | Data, in millions of tons, calculated on the basis of a recorded average of 13 tons per truck.

2 | Data, in millions of passengers, calculated on the basis of a recorded average of 2.52 passengers per car and 38.75 passengers per coach.

Bombardier Aerospace. Rightshore™ powering up productivity

This major Canadian aircraft manufacturer has outsourced to Capgemini the publishing of the technical documentation relating to most of its planes. The delicate content management task is being handled from our operating center in Bangalore, India, where a team of 120 people are now fully dedicated to this key aspect of any aircraft manufacturer's business.

The technological partnership between the world's third largest aircraft manufacturer and Capgemini began over ten years ago. The privileged relationship was further strengthened in September 2005, when Bombardier Aerospace entrusted Capgemini with the complete, outsourced management of its technical publications. This sensitive activity takes in the design, editing and updating of documents relating to all the planes made by Bombardier. The technical manuals contain full information about each aircraft, including on-board passenger guides, technical descriptions, maintenance reports, repairs listings, new functions or characteristics, regulatory changes, any accidents suffered, etc. The publications come in the form of large, heavy, loose-leaf files,

each containing several hundred pages. They are also available to Bombardier's clients in digital format, on CDs, and on their website.

These are essential documents – both from a legal and a commercial point of view – directly concerning the question of air transportation safety. Highly detailed and mapping out all parts of the plane, the technical guides need to be updated three to six times a year for each and every plane. That calls for an enormous investment by Bombardier, both in human and financial terms. “Our objective is twofold”, explains Charbel Bachaalani, Outsourcing Affairs Director for Bombardier Aerospace. “It's all about cutting our costs for this particular activity while, at the same time, transforming Capgemini's technology into a competitive advantage. That's why we decided to subcontract the entire production of our technical

publications, whereas before we might have called in external services on an ad hoc basis, depending on the workload.”

In order to deliver the content management solution, the Group suggested its Rightshore™ offering, based on a network of highly-organized development centers located both near to the client's main facilities and in other parts of the world.

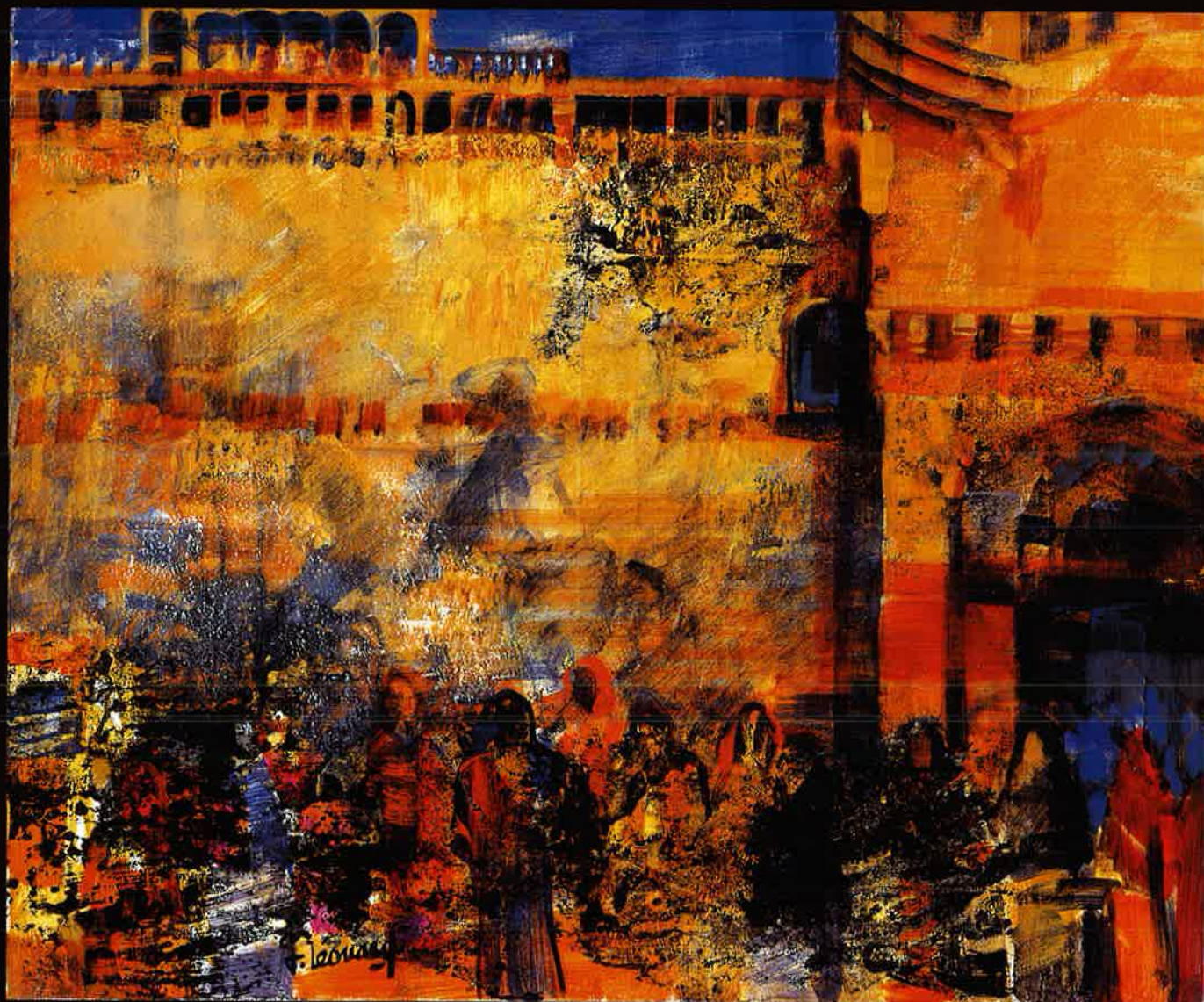
The project will be developed in

India, in Capgemini's Bangalore operating center. The company has completed, in record time, the recruitment and training of a near to 120-person team based at this center. “Thanks to the Internet, the 10½-hour time difference between Canada and India isn't a problem”, explains Charbel Bachaalani. “Nevertheless, it means we have to get organized in a way that will enable us to take full advantage of this and plan our projects well in advance. Our goal here is for the Bangalore center to become just another remote link to our intranet.” Bombardier is placing great hopes in this outsourcing assignment and does not exclude “the possibility of extending the partnership, once the project is up and running”, adds Charbel Bachaalani.

[→ www.capgemini.com] [→ www.bombardier.com]

Bombardier: an unknown giant

Founded in 1942, Bombardier is based in Montreal, Canada, and listed on the Toronto stock exchange. Specializing in ground (trains, busses, etc.) and air transport (business, regional, and amphibious aircraft), the company recorded \$15.8 billion in revenues in 2005 and employs over 60,000 people, spread throughout the world. With 337 aircraft delivered during that period, compared to 329 in 2004, this champion of Quebec's industrial landscape ranks among the top three aircraft manufacturers worldwide.



Management of Human Resources. Attracting and keeping talented people

During the financial year 2005, Capgemini strengthened its expertise in the management of human resources. Its objective in doing this was to enhance the company's image as an employer, to improve its ability to retain its employees and help them develop their careers. "Attracting and keeping talented people is fundamental to the Group's success", states Paul Hermelin.

For 2006, Capgemini has set itself two new objectives: to continually develop the current leadership of its teams and to cultivate a new generation of managers by identifying talented people internally in preparation for the future.

Trapeze artists keeping their balance, parachutists in freefall, a guitarist playing a solo, a dancer in rehearsal... these are the kind of visual themes selected by Capgemini to illustrate its recruitment campaigns around the world. *"The images incorporate all the symbolic values of the Group: boldness, trust, freedom, team spirit, fun... They are in our genes. We want to promote them in our campaigns in order to attract and recruit candidates who share these values"*, explains Alain Donzeaud, General Secretary of the Group and Director

of Human Resources. But why do people join Capgemini today, as 14,453 did during 2005? The expression of strong values, sharply-tuned expertise, project diversity, training and career development prospects – all these are the reasons given by the new Group recruits. *"I joined Capgemini because there is an area of expertise here (Supply Chain Management [→ GLOSSARY]), which corresponds to how I see my professional development"*, says Paula Ramirez, an employee in France. *"From the very first contact, I was convinced that Capgemini could offer me a favorable environment for my career and for my personal life, by working with interesting colleagues on exciting projects while at the same time enjoying a wide range of opportunities at an international level"*, enthusiastically

explains Martin Sondenheimer, a Capgemini employee in Germany. The attractiveness of Capgemini, particularly for talented young people, has translated into an age structure within the company that saw the 25-30 year old group account for 21% of its staff in 2005. Recruitment activities were particularly significant within the TS unit (IT systems integration and application development) with 5,410 employees, at

Sogeti (4,120 people), in Outsourcing Services (3,666 people) and in India, with 2,132 new employees (equivalent to a 68% increase over 2004). Against the backdrop of a booming market, Capgemini is heading into 2006 with an ambitious recruitment policy which aims to see nearly 15,000 new employees welcomed through the company's doors.

Nevertheless, just attracting that quantity of new talent is not enough. Employees will still need to be reassured about their professional and personal development over the long term in order to enable them to develop lasting confidence in our company. This will be a real challenge given the context of market growth and the scarce supply of certain skills. With a staff turnover rate of almost 15.4%, in line with other global companies operating in this market (and better than the average in certain countries), Capgemini has shown it can master this business and human challenge.

Its success is the result of Capgemini's increasingly firm emphasis on this fundamental point: *"Developing our employees over the long term is a valuable investment for guaranteeing our client relationships. Dealing with employee turnover rates will be a priority in 2006"*, confirms Marie-Laure Rivier, Group Deputy HR Director. *"We are going to continue to pay particular attention to individual regions and disciplines, identifying why people leave and undertaking initiatives which will enable us to remedy the situation. We are confident, considering the success of our previous initiatives"*.

In India, with a view to drastically reducing the number of employee departures, Capgemini set up the E = mc² program. Specially designed to motivate employees on a personal basis (career development program, individual review of each employee's role and specific skills), this initiative was also designed to strengthen team cohesiveness (with special attention paid to welcoming new employees, internal

Leadership weeks

Initiated in 2004, the leadership weeks – referred to as Business Priority Weeks [→ GLOSSARY] – were organized several times in 2005. The aim is to mobilize the Capgemini personnel from different horizons (geographic and disciplines) around major issues in order to build a common understanding. For example: Rightshore™ [→ GLOSSARY], a service and customer relationship-oriented company. Over 1,200 managers benefited from one-week training courses of this kind at the Capgemini University, in 2005.

communications and company events). The results were spectacular: the defection rate shot down by 11% in just one year and is currently running below 20%.

Capgemini's success is also a result of its ability to successfully integrate employees coming from clients who have signed outsourcing contracts. A genuine social and cultural challenge when you take into account the staff transfers that the Group has to manage. By way of example, the outsourcing contract signed with HM Revenue & Customs contributed to the arrival of a wave of 2,200 new employees in just a few months during 2004. In 2005, the Group took on 712 new recruits through such transfers, including 543 as a result of the contract signed with Schneider Electric. Integration of these employees – which has to be completed in record time and which can concern hundreds and even thousands of people – represents a challenge, in particular when it comes to managing career development plans, and harmonizing processes and employment contracts. *"We have to win the hearts and minds of our new recruits. In order to be able to guarantee our commitment of continuity to our client, we need to have employees who are both satisfied and motivated"*, says Scott McMillan, head of human resources on the HR Revenue & Customs project. At Capgemini, a distinct approach has been adopted: communicate freely and meet with employees to get them to buy-in; collaborate closely with unions in an open and transparent fashion. *"We visited each site in order to explain our approach and answer everyone's questions, thereby reducing uncertainty. We created a website to address a range of issues. Lastly, we set up personal meetings for our new employees"*, recalls Scott McMillan.

Communication is an essential knowledge-dissemination tool at Capgemini. It is part of daily management, rooted in numerous local and global initiatives, which are developed through the intranet, journals, meetings or simply formal or informal discussions. TALENT, a platform for the dissemination of Group information and news, feeds into many off- and on-line channels and is involved in the consolidation of corporate culture, on a daily basis.

Team cohesion also arises from the development and appreciation of the expertise of each member. *"Capgemini has enabled me to progress through a number of stages in my career: from consulting to outsourcing, taking in systems integration and application development on the way. This has encouraged me enormously in managing my professional development. Every year, I have meetings with my managers about*

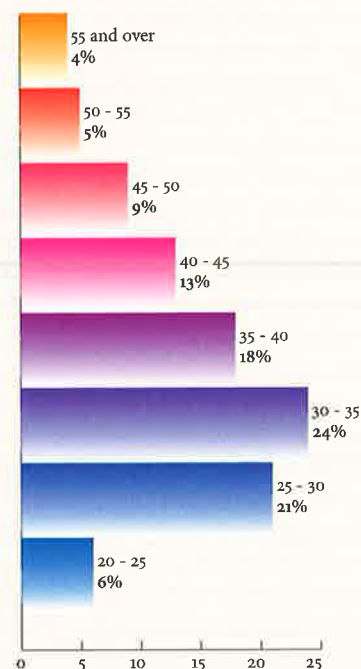
my performance and my career. I am extremely satisfied with the way I am managed", affirms Petra Hendriksen, a Capgemini employee in the Netherlands.

For a company that sells intellectual services, which is anchored in such rapidly changing and demanding areas as IT and consulting, training is an absolute necessity. And the need is mutual: employees regularly express their appetite for training to allow them to develop new technical, managerial or behavioral skills. *"My expectations in terms of training are multiple: regular updating of my knowledge; an understanding of the latest developments, for example in SAP, allowing me to constantly remain at the cutting edge of technology. I have been fortunate to have the advantage of a training program in SAP Strategic Enterprise Management. Capgemini also gave me the opportunity to take part in management training, communication skills development..."*, explains Anahita Charna, Capgemini employee in India.

At a global level, MyLearning opens the doors to Group-wide training. Employees are offered training via Capgemini intranet access. It is administered either over the internet, in local centers, or at the Group's University. During 2005, 60,870 people followed training courses totaling 1.8 million hours, equivalent to 4.1 days-worth of training per person. Furthermore, 3,631 employees enjoyed access to training – producing qualifications of great value to the Group – in areas such as project management, systems architecture, transformation consulting and development. These training initiatives are part of the Group's staff loyalty policy (31% of employees have been with Capgemini for between 5 and 10 years).

All these efforts would be in vain without the most accurate performance evaluations – both by project and, more globally, by way of a formal annual review. This constitutes one of Capgemini's commitments to its employees, guaranteeing

AGE PYRAMID WITHIN THE
CAPGEMINI GROUP



their individual rights to a process of evaluation and a personalized career development plan. *"The evaluation system and career development plans are transparent and earnest. This makes a real contribution to building long-term relationships with colleagues, partners and clients"*, says Marc Flederus, an employee in the Netherlands. The Group put particular emphasis on this last point in 2005 and will continue to do so in the coming year.

Capgemini's commitment to employee development is also driven by its desire to fully – and continually – understand the profiles and the demographic composition of our internal resources. This allows us to better optimize resource allocation and plan for the evolution of our teams' skills in line with future needs. In respect of these, the mapping exercise enables us to determine with greater precision which training programs to implement, what kind of recruitment

is needed and who – of the employees – should be developed in preparation for changes in the marketplace. *"What I most appreciate is the very personal attention paid to career development, in particular for employees with the greatest potential and those who require a specific training plan. It's an approach that pays off both at a personal level and in terms of Group*

performance", stresses Tung Nei Jacqueline Cheung, a Capgemini employee in China.

One final, major issue: how to identify, today, the managers who will be able to replace a divisional or unit executive director in the future? This is a challenge that Capgemini has been quick to address by setting up a program designed to anticipate and manage, in succession, approximately one hundred key positions within the company. In concrete terms: *"we identify talent, then monitor it closely because it constitutes our reservoir of potential successors"*, explains Marie-Laure Rivier. Every year, managers' performance is analyzed together with the career development initiatives suitable for each one, the next steps for advancement and their potential successors. The objective this year is to extend this program so that it is progressively applied beyond the upper levels of management. After all, it's about preparing today for the company of tomorrow.

[→ www.capgemini.com/about/people/]

Record participation at the Capgemini University 4,900 employees, 20,191 training days, a satisfaction rate of 4.3 out of 5... never in the history of the Group have so many employees taken part in so many training sessions at *Les Fontaines*, the Group's University, situated in Chantilly (north of Paris). The Capgemini University, created in 1980, is part and parcel of the corporate identity. Open to everyone, this meeting place for colleagues, clients and partners, enables each and every one to broaden his or her knowledge and develop a network of relationships. Thus, solid, sustainable links are formed between companies and individuals. These are the mark of the Capgemini cultural image, both national and international.

A more global social dialogue

In June 2001, Capgemini set up its International Works Council (IWC), bringing together employee representatives from the fifteen European countries in which the Group is active. Since 2004, representatives from North America and India have also been invited to take part in this committee. It meets four times a year, under the presidency of Alain Donzeaud, Group General Secretary and Director of Human Resources. The IWC office staff is made up of a General Secretary and three assistants as secretarial backup. Elected at the beginning of 2006 as new General Secretary of the IWC, Brigitte de Château Thierry succeeded Cor Polling (Netherlands), in charge since the Council was set up. Its meetings – two of which are chaired by a representative from the general management whereas the other two are held exclusively among employee representatives – address issues relating to all Group actions: human resources policy, Rightshore™ [→ GLOSSARY], Group strategy, organizational changes, personnel transfers on outsourcing projects, communications, Corporate Social Responsibility, and so on. *"As Finland's representative within the International Works Council (IWC), I am able to keep up to date with Capgemini practices at a global level and exchange information with my peers"*, says Minna-Maria Hytönen.



Four disciplines under close examination. Employees share their perspectives

As human resources are our most valuable assets, their added value is reflected in the various Capgemini disciplines. Although the Group's services are highly diversified, it is our disciplines which provide the great career prospects that are in line with the personalities and aptitudes of each individual. Four Capgemini employees agreed to talk to us about their daily jobs.

Jaap Van de Ree. A Dutch engineer who joined the company in November 1988. Originally a mechanical engineer, he is now Engagement Manager

for Capgemini. Jaap Van de Ree ensures project compliance for the client and supervises a team of project managers and consultants. *"What do I like best? The variety – subject matter, sectors of activity – of the job, despite the workload, and I enjoy the diverse contacts with people at different levels both within the client organization and the Capgemini entities".*

And it is his taste for human relations and management which gradually led Jaap – after starting out as project leader – to his current position, which requires ease of contact, adaptability and leadership qualities: *"Firmness and discipline are required. One should not be afraid of taking decisions – including the hardest – and of bearing the consequences"*, he insists. Furthermore, Jaap would advise anyone who wants to take on his job not only to have the qualities and expertise required but also to *"be able to stand up to stress!"* In the field, he feels that he has learned how to handle his authority carefully and to delegate because, as he says, *"Capgemini teams are brimming over with bright people"*.

The Engagement Manager plays a crucial role within the Capgemini organization because the compliance with our commitments and client-satisfaction hinge onto his management skills. He must also guarantee project profitability and team motivation. In addition, the experience acquired will then nourish the success of future projects.

In his private life, this father of two leaves home from Monday to Thursday to work in France and sometimes brings work back. Otherwise, he spends as much time as possible with his family and on his interest: planes. A native of the Netherlands, Jaap Van de Ree speaks fluent English, of

course, and some German. And over the last few months, he has made considerable progress in French.

Sweta Shah. Having graduated from the Indian Institute of Technology in 2001, 26-year old Sweta Shah, from India, joined Capgemini in January

Senior Consultant

2005 after an initial experience as software engineer for Infosys Technologies Ltd. Now Senior Consultant, her particular responsibility is to steer the application tests that are tailor-made to Capgemini clients' needs. Her assignment ranges from assessment of requirements to performance of tests in cooperation with the client, including definition of test plans, creation of scripts, and management of the testing team.

"Testing applications developed by others is a real challenge. Especially as highly critical solutions are sometimes required, on which human lives depend", says Sweta. The stakes involved and the areas of application – finance, human resources, telecom, etc. – which rhythm her daily life take all the monotony out of it. *"Inventiveness is the master word every time, but strategy and systematic rigor are also important."* Putting yourself in the place of the user, comprehending his or her profession perfectly – aspects that she finds *"very exciting"* – are one of the strong points of the job. Analysis, empathy and creativity are indispensable also. Sweta has all of these qualities, which is demonstrated by the fact that – on her first assignment with her previous employer – she won an award for the spontaneous implementation of an innovative test, reducing the quantity of efforts required for this task by 30%.

The Senior Consultant is a vital asset to Capgemini. And the position has grown in importance within the development project cycle and strategy, over the last few years. As

a troubleshooter – tracking out bugs, defects and malfunctions – he or she guarantees the quality of the applications delivered and thus the image of the entire company. Compliance with the delivery deadlines of the application and the ensuing client-satisfaction are derived from appropriate, efficient staff.

Sweta was born in India and speaks four languages: Hindi, Gujarati, Marathi and English, of course. She is passionate about her job and its bright future prospects, and sometimes takes extra training in her free time for purposes of improving her knowledge. She also likes reading novels and listening to music. Sweta sings occasionally and is interested in art, with a few drawings and some pottery to her credit.

Felizitas Diem. Director of the “Core Group” Business Unit (Consulting Services Germany). With eight years behind her at Capgemini, after leaving the University of Munich with a Master in Business Administration in hand, the 32-year old German Director of a Core Group Business Unit is now working for the Swiss-German consulting services. The recently-formed Business Unit only takes on young graduates with less than two years of experience. Her responsibilities cover a wide range of assignments: pre-sale intervention, contribution to commercial proposals, project presentations to clients, team management, with a strong share of coaching involved. Her domains: sales and marketing strategy consultancy projects for major companies in Central Europe.

“The intensive, varied job offers a permanent challenge”, confides Felizitas when talking about functions that require open-mindedness, flexibility and energy, in addition to the ability to work in a global context. *“Managing young colleagues is very gratifying. And Capgemini gives me a lot of freedom in fulfilling the projects that are under my responsibility. The qualities required? Being calm, rigorous, organized, convincing and creative, knowing how to adapt to change, having a clear, analytical mind and also a good sense of humor!”* Felizitas highlights the qualities required to help companies improve their sales and marketing processes and to anticipate their transformation.

Felizitas’ work is positive for Capgemini on two scores. First of all, it favors the contribution of young graduates to the Group’s human capital, and to the development of their expertise. Then, it directly contributes to the promotion of the top 100 Central European companies in their specific sectors – consumer goods, mass-retail and automobile – the services and consultancy offering of Capgemini.

Of German origin, Felizitas also speaks English, French and a little Italian. Her job involves a considerable amount of traveling so, between airports and hotels, there is little time left. Being single, she prizes her family and friends, many of whom are from Capgemini. However, she finds the time to play golf, swim and go to the gym club, and also enjoys reading, writing and playing the piano and... traveling for pleasure.

Stéphane Girard. After an early career in the world of French start-ups, followed by eight years with Sun Microsystems, the 40-year old engineer –

IS Architect

who graduated from Supélec – took part in the creation of the Sun France Java Center in 1996. Then in 1999, he co-founded Enition, a start-up with Cisco, Nokia, Reuters and Softbank in its capital. Having left Enition in 2002, he took up the post of IS Architect at Capgemini. His first project was to design the architecture of an intranet portal for the 80,000 employees of the BNP Paribas Group. Since 2003, he has been steering the technical architecture – namely 150 people – of the Copernic project for bringing the French tax management system up to date.

As keystone of the current Services Oriented Architecture (SOA) projects, the IS Architect has to begin his assignment with active listening to the needs and constraints of the client regarding the technical architecture. Due to permanent technological surveillance, the IS Architect can capitalize on several years of experience in designing suitable architecture, implementing the complex technology, concepts and methodology in order to deliver the operational architecture. *“This job requires considerable expertise doubled up with good experience in the area of architecture, infrastructure and software design”*, stresses Stéphane, for whom the role of IS Architect also requires a good comprehension and anticipation of the technology market trends, listening and understanding client needs, communication and adaptation. A taste for challenge, enthusiasm, a desire to learn and, of course, the capability to manage a team are just a few of the qualities required for this job.

As he enables Capgemini to be positioned as leader in the promising SOA market, the IS Architect is gaining in strategic importance within the Group. The quality of any assignment is embedded in the robustness, sustainability, development capacity and technical performance of the entire information system delivered to the client by Capgemini.

Stéphane speaks English for professional purposes. He devotes his free time essentially to his two children, but also to his eternal fascination for archeology and the ancient civilizations.

[→ www.capgemini.com/careers/]

Corporate Social Responsibility (CSR). Being a responsible, global company

Being a socially responsible company means being fully aware of your responsibility within the social, business and environmental context and its evolution, and being able to act effectively to ensure that this "ecosystem" develops in a sustainable manner. As a signatory to the United Nations Global Compact, Capgemini supported several local community initiatives, undertaken by its divisions in 2005.

The concept of Corporate Social Responsibility (CSR) [→ GLOSSARY] is associated with companies that actively apply a sustainable development policy. CSR means that a company has to be concerned not only with profitability and growth, but also with its social and environmental impact. It must also be attentive to the interests of its stakeholders: employees, shareholders, clients, partners, suppliers and society in general.

Initiatives implemented in 2005, both at a global and a local level, confirmed Capgemini's commitment to corporate citizenship and its compliance with the Global Compact. This started with the publication on the Capgemini website – www.capgemini.com – of the Group's Code of Ethics. This code reflects the contents of the Compact with regard to human and employee rights (rejection of forced and child labor, respect for freedom of association, etc.). It establishes the rules of good conduct in our professional practice (rejection of corruption, respect for the confidentiality of client information, etc.).

The Global Compact

This pact reflects the desire that companies have to establish themselves as fully-fledged players in a global growth and development context. Their initiatives in this area – in terms of ethical practices, fair trade and the untying of development aid for low-income countries – are individual elements of the corporate positioning and the claim to be a "responsible" company. At the World Economic Forum, held in Davos in January 1999, the Secretary General of the United Nations expressed the idea of a Global Compact, which has a twofold aim: to contribute to sustainable development through the creation of a network of partnerships and the promotion of good practices in this area and to further a form of globalization of benefit to all, on a basis of the free market economy.

[→ www.unglobalcompact.org/]

This commitment goes beyond the immediate confines of the company. Carolyn Nimmy, head of the Group's CSR strategy, emphasizes "At Capgemini, we have to ensure that the partners we choose respect a sense of ethics." The responsibilities of Capgemini's global head of purchasing include the integration of parameters enabling the ethical stance of the purchasing and production processes of our suppliers to be verified.

The main focus, however, of Capgemini's approach to Corporate Social Responsibility concerns its human resources policies. The motivation and qualities of its employees, in addition to the attractiveness of the company, are the keys to our success. It is because of this that the Group takes pride in developing exemplary human resources policies and displaying its commitment to its employees. This commitment was formalized over the past year in the form of an "employee charter", accessible to everyone on the Capgemini intranet system. Through this charter, the Group offers its staff a positive working environment in which they are able to further their careers, receive additional training, share their expertise, be respected and be evaluated against skills-related criteria only.

The Group made great efforts in 2005 to apply these principles with concrete actions at a local level. One of our priorities for 2006 will be to address the issue of the development of diversity within our teams. In particular, this will mean increasing the proportion of women among the Group's employees, especially when it comes to the upper levels of management. "We are setting up ways to measure our diversity. And we're making progress: 13% of the vice-presidents (VPs) named recently were women", concludes Carolyn Nimmy.

LOCAL COMMUNITY SUPPORT

Capgemini's divisions are encouraged to introduce local initiatives, designed to strengthen the company's links with its own 'ecosystem', aid recruitment or employee retention, improve team cohesion, favor population diversity or preserve the environment. Such initiatives are monitored by Capgemini's heads of CSR in each of the countries where the Group is present.

LOCAL INITIATIVES

IN TELFORD, ENGLAND. Capgemini has grown to become the second-largest local employer; it supports the town's soccer club, finances an educational center for young people and develops employment opportunities for people living in the region.

IN MUMBAI, INDIA. *"I particularly remember the initiatives launched by Capgemini when the floods hit Mumbai on July 27, 2005", says Anahita Charna, a TS employee in India. "Each member of the Capgemini staff gave up a day's salary to support the victims. Capgemini financed the construction of a medical camp as well as the purchase of school uniforms and back-packs for the children who were most affected by the disaster."*

IN THE UNITED STATES. Hundreds of employees have participated in educational and charity initiatives. They have also shown their generosity in response to the three major dramas of 2005: the tsunami, the hurricanes and the various earthquakes.

IN FRANCE. Capgemini is a founding member of the *Fondation du Sport*, its main mission being to develop the social and educational functions of sports. Its activities converge around the promotion of local projects that use sports as a vector for education or as a social link.

ACROSS THE WORLD. Capgemini and its Sogeti division actively participate in the PlaNet Finance association, aimed at helping the world's poorest people to fulfill their professional and economic potential through a program of local micro-financing.

CULTIVATING DIVERSITY

IN SWEDEN. This country is a champion when it comes to diversity. 32% of Capgemini's employees in Sweden are women, the result of a wide variety of initiatives introduced over several years.

IN FRANCE. The Group has concluded an agreement with the unions to promote the employment of people with disabilities. It has also signed a diversity charter.

WITHIN THE COMPANY

IN INDIA. To facilitate their integration, new employees participate in a 90-day program which includes a 2-day session during which they discover the Group. This is concluded with a personal interview designed to find out how they feel about the organization. Each person is assigned a mentor to facilitate his or her induction.

IN CHINA. With business in full boom, our Chinese unit put the accent this year on internal communications in order to convey the principles which underpin the Group's identity and therefore accentuate the employees' feeling that they are corporate citizens.

IN THE NETHERLANDS. Capgemini's Dutch unit ranked third among the country's companies *"with a good atmosphere"* (according to an employee satisfaction survey conducted by Incompany 200 on 113 organizations in the Netherlands). This is the result of constant efforts by the company's human resources management.

[→ www.capgemini.com/about/socialresponsibility/]



Consolidating our recovery in North America to remain a leading global player

At the end of 2004, Capgemini made the strategic decision to maintain its presence in the United States. Accelerating the recovery of our North American division was therefore established as one of Capgemini's four key objectives for 2005. In order to achieve this, an ambitious recovery plan, named "Booster" [→ GLOSSARY], was launched in March.

Nine months later, expectations have been far exceeded: our American operations have now returned to profit and growth, rediscovered commercial vigor, improved production performance and attracted fresh, new talent. And 2006 has begun under favorable auspices: General Motors, one of the jewels of American industry, signed a 5-year contract with Capgemini in January worth more than 600 million dollars and calling on all the Group's areas of expertise. The decision to confirm Capgemini's presence in North America was underpinned by its desire to remain a global Group, capable of responding to customer needs on a worldwide scale and retaining an open window onto a market that produces more than its fair share of innovations. A direct corollary of this decision came with the launch of 'Booster', a recovery and transformation project – designed and implemented by in-house teams – with one very clear ambition: re-establish firm growth and achieve profitability by 2006.

Beyond a plan of drastic cost reduction, Booster was implemented to bring about a transformation of Capgemini's operating model in North America. Structures were simplified, management and control strengthened and certain "basics" of the job reapplied. Activities were divided into business units, each responsible for a specifically defined operational activity and organized by geographical regions or industry sectors. Each of these units has naturally developed strong sector expertise through its work with local clients. The Southern unit, managed from Dallas, focuses on the Energy sector, backed by the experience gained in working with TXU. The Western unit, located in the heart of Silicon Valley, specializes in the very latest technologies. The Midwest concentrates its efforts on car manufacturing around the Great Lakes and on retail networks, driven

by clients like General Motors and Limited Brands. The shift in organizational models and new strategy, coupled with the dynamism of the new management teams, has allowed Capgemini to win back the confidence of major clients: Walt Disney, Merrill Lynch, Genentech, Bell South, Bose, McDonald's, Sony, Hydro-One and many others.

Whether in the area of outsourcing – which now represents 40%

of our American division's revenues – or consulting and integration, large-scale projects are once again the order of the day. *"We have over half a dozen contracts in excess of \$20 million in the pipeline. And several - of the same order - were signed in 2005"*, comments Salil Parekh, General Manager of the Capgemini North America TS and CS Business. And all the other indicators are flashing positively too. In addition to the return to growth evidenced during the second half of 2005, our American operations returned to profitability and are currently showing an operating margin of close to 3%. Attrition has reached competitor levels and cost structures have improved considerably.

Sogeti is showing double-digit growth and profitability, and the mega-contract signed with TXU balanced out 18 months prior to forecasts. During 2005, our North American teams, made up of some 6,300 employees, succeeded in re-establishing the division as a major player in the world's largest IT services market. The Group's ambition is now to take on a leadership position in certain segments, in which we have built up a strong list of references. From a more operational perspective, putting our Rightshore™ [→ GLOSSARY] expertise to use for our American clients will be another major challenge for 2006. *"This year we will also be concentrating on establishing a strategic framework for the Group in North America"*, concludes Pierre Hessler non-executive Chairman of Capgemini North America.

[→ www.capgemini.com/locations/americas/united_states/]

Rightshore™ solutions tailored to client needs

The figures speak for themselves: 80% more employees in India, Poland and China. No doubt about it, 2005 was the year Capgemini really stepped up the development of its Rightshore™ [→ GLOSSARY] approach, an offer aimed at satisfying the increasingly varied needs of our customers. This development is also driving the Group's growth and will allow us to maintain employment levels in Europe and the United States.

"Capgemini is the first European company to have fully embraced offshoring. Our objective is to have 10,000 people in India by 2007, versus the current total of 4,000", says Paul Hermelin, Group CEO, "and our ambition extends to expanding our offer not only in markets which are already mature, such as the U.S. and the U.K., but also to serve as a driving force to see that offshoring really takes hold in continental Europe". This strategy, designed to develop and support Capgemini's competitiveness in the marketplace, found practical expression in March 2006 with the opening of a third site in Calcutta, following those already opened in Mumbai and Bangalore. 2006 will also see the opening of

the Capgemini University in India. It will host some of India's 300,000 new engineers who graduate each year. Contrary to popular belief, our offshoring production initiatives in no way mean inferior quality services. In fact, this assumption has already been disproved by a series of quality certifications. In 2005, for example, Capgemini India obtained CMMi [→ GLOSSARY] Level 5 certification, awarded by the Quality Assurance Institute [→ GLOSSARY] (QAI). This international certification joins the SW-CMM Level 5 certification obtained in January 2004 and the ISO 9001 [→ GLOSSARY], which we have held since November 2001.

So, why this kind of development and what are the changes it brings? "Our clients have now become

'mature' in the way they purchase IT services and have imposed significant reductions in price levels to match the strong pressure they are under to reduce their own costs. Historically, this demand has led large American clients to call heavily upon the resources of Indian IT services. In turn, these companies are now looking towards Europe in order to maintain their growth, drawing on their immense reservoirs of highly-qualified

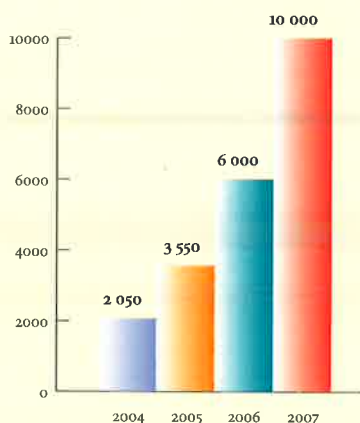
engineers", explains Gilles Taldu, Capgemini's group delivery director.

As a result, it is no longer possible for an IT service company to respond to a major international tender without an offshoring component in its proposal. Without it, Capgemini would probably not have secured its outsourcing contracts with the Texan energy company TXU or, more recently, with General Motors, which aims to be the most productive car manufacturer in the world. And it's not just American customers who are looking for offshore solutions: half of the customers currently served by Capgemini's centers in India are European.

Responding to its experience in the marketplace, Capgemini developed and launched a specific offer in 2003 dubbed Rightshore™, which is designed to "offer our clients the best compromise between offshoring (delivering IT services remotely using our centers in India and China), nearshoring (keeping service provision on the same continent by using our centers in Canada, Poland and Spain) and local production", continues Gilles Taldu. With this strategic positioning, Capgemini has chosen to distinguish itself from its competitors by offering clients a flexible servicing system that adapts to their specific needs and takes into account their cultural and operational demands. "Some of our clients are particularly sensitive to the question of cost. They are prepared to work remotely, despite the time and culture differences involved. Other clients want the availability of teams located nearby, the criterion being that a round trip between the service provision center and the client's company can be completed within a single day. Then there are others who want to see our IT consultants on-site, right in their own offices", observes Gilles Taldu.

This strategy is even more pertinent given that not all IT functions are suitable for offshoring. This led to the develop-

EVOLUTION
OF THE WORKFORCE IN INDIA



Strong growth
of Capgemini Offshore

CAPGEMINI RIGHTSHORE™ NETWORK WORLDWIDE



CANADA
Toronto
Montreal

USA
Chicago
New York
Dallas

UNITED KINGDOM
Aston / Birmingham
Woking

FRANCE
Clermont-Ferrand
Grenoble
Lille
Nantes
Paris
Toulouse

SPAIN
Madrid

SWEDEN
Stockholm
THE NETHERLANDS
Utrecht

DENMARK
Copenhagen

BELGIUM
Brussels

FINLAND
Helsinki

NORWAY
Oslo

GERMANY
Düsseldorf

POLAND
Krakow

INDIA
Mumbai
Bangalore

AUSTRALIA
Adelaide

CHINA
Guangzhou
Hong Kong

- Accelerated Delivery Centers (ADC): Specific centers for rapid project design and implementation
- Onshore and nearshore: Service production centers, either on the same continent (nearshore) or close to the client (onshore)
- Offshore: Production centers located in China and in India
- Business Process Outsourcing (BPO)

ment of a vast training program in Europe and the United States with the aim of developing our "onshore" consultant expertise in the latest technologies and in activities involving close client contact, such as customer relationship management, project management, technical design and architecture, and even the coordination of international teams. "The quality, proximity and responsiveness of our teams in the West represent a key element in differentiating ourselves from our Indian competitors. Our strategy is to place functions involving a high level of added value in close contact with our clients", sums up Gilles Taldu.

INDIA AND CHINA IN POLE POSITION

In our Indian division, Capgemini's 4,000 employees work on IT outsourcing and application development projects designed exclusively for American and European clients. "We have seen a considerable growth in the number of IT projects we produce, for customers in the United States as well as in Europe, since half of our client base now comes from Europe. This has made us the leading 'old continent' IT services company in terms of offshoring, way ahead of the number two player, which is probably two or three times smaller than us", says a very happy Baru Rao, Capgemini's local director. The Group saw

that India constituted an extraordinary "breeding ground" for IT specialists. A million Indian engineers currently work exclusively for foreign clients, while an additional 150,000 specialists are being trained each year. "And we are working in a completely multicultural environment", continues Baru Rao. "That means we are in a better position to understand our customers, whether they're German, Scandinavian or, of course, French". It is within this spirit of collaboration that a number of Indian Capgemini engineers have enrolled in courses at the *Alliance Française* which will enable them to learn the language and build better relationships with their clients in France. "What's more", adds Baru Rao, "we have launched a plan called $E=mc^2$, which is designed to strengthen our employees' loyalty to the company. Quite simply, by recruiting the best and making them even better".

Capgemini's Chinese division – located in the city of Canton and which saw the number of staff double in just one year to reach 400 by the end of 2005 – is primarily dedicated to outsourcing non-IT activities, commonly referred to as BPO [→ GLOSSARY] (Business Process Outsourcing). "In addition, Capgemini China responds to the local IT market requirements", specifies Henk Broeders leader of the Northern Europe – Asia-Pacific business unit.

Innovation stimulates our clients' business

"Clients are showing a rediscovered appetite for innovative projects with a strong technology element", observes Paul Hermelin, Group CEO. "Our objective is to accompany them in their ambitious growth and to help them, by innovating, to increase their revenues and profitability. And our innovation strengths lie in the new technology and organizational methods."

"Innovation has to add value for our clients", affirms Andy Mulholland, Global Chief Technology Officer (CTO) for Capgemini. The aim should be to avoid the trap of "technology for technology's sake" and to opt instead for "useful innovation". After having streamlined their costs over the past few years, companies have now entered into an economic cycle of growth. "They are counting on innovation to help them go out and conquer new markets", says Aïman Ezzat, the Group's Associate Director of Strategy. Today more than ever, innovation allows companies to generate new revenues and to get ahead of the competition. Far from being monolithic, innovation boasts a number of facets: economical, organizational and technological.

"During 2005, we drew up a strategic plan which led us to identify which innovations to launch on the market. These are spread across all four of our disciplines", explains Pierre-Yves Cross, Capgemini's Strategy Director. "Once selected and screened for their market readiness, these initiatives are implemented through extensive training programs. One thing is certain: it's with our clients that we really innovate", continues Pierre-Yves Cross.

The innovation process operates in two spheres: the managed sphere and the informal sphere. In the first of these, Capgemini CTOs identify and analyze the technologies which are likely to develop over the next ten years, such as service-oriented architectures (SOAs [→ GLOSSARY]), intelligent electronic labeling (RFID [→ GLOSSARY]), voice recognition, intelligent agents and online software rental (ASPs). Following this process, the sales and marketing teams get involved by matching industry sector economic trends with global technological scenarios. From there, the Group puts together its vertical strategic offerings: solutions which respond to actual needs and deliver genuine added value. This can be

illustrated through some concrete examples. RFID technology, for example, allows pallets to be traced throughout a complex logistics chain, enabling the owners to identify where they are at any given point. In this specific case, the benefits are twofold: better inventory control and a reduction in the number of pallets lost. The savings made, due to the fact that fewer pallets need to be replaced, justify alone the investment

required for such a project. Another example which illustrates how we collaborate on innovation with our clients: the widespread use of open source software, initially for France's Ministry of Finance. "We capitalized on this experience to establish a structured maintenance services offering for all our clients who have opted – or who want to opt – to use open source software", explains Bertrand Barthélemy, Global Leader of TS at Capgemini.

The second sphere – the informal sphere – is where the innovation process is linked to the entrepreneurial culture of the Group and to its heavily decentralized organizational structure, in which talent can be freely expressed. In fact, Capgemini engineers are permanently developing new projects, from which "golden nuggets" spring. "We use Knowledge Management, the worldwide sharing of our findings via the intranet, to spot those golden nuggets", explains André Cichowlas, one of the Group's innovation experts. "And we multiply our Accelerated Solution Environment [→ GLOSSARY] (ASE) sessions, bona fide idea incubators that bring together people with different perspectives to rapidly generate new ideas, come up with viable solutions and innovate."

SOA [→ GLOSSARY] (Service-Oriented Architecture) technologies are currently a major area of innovation. They respond to a vital need expressed by companies: to make their information system (IS) as responsive as possible to the movements and cycles of the marketplace at a time when the myriad of applications they are using is becoming increasingly complex. Organizations are now looking to simplify the use of their IS, to clarify the links between applications in order to help them evolve in a modular fashion, driven by a desire to enhance user services. "In handling orders, for example, transactions can be made over a touchtone phone, by fax, via the internet or EDI [→ GLOSSARY]

(Electronic Data Interchange). At the end of the day, all these orders will be processed in the same way. SOAs enable us to get the most out of the different channels customers use", stresses Aiman Ezzat.

The other side of innovation has to do with Business Process Outsourcing [→ GLOSSARY] (BPO). In 2004, the Texan energy company Texas Utilities (TXU) asked Capgemini to manage its entire client services. This involved a team of 3,000 people including the finance, IT, accounting and collections departments. This kind of transformational outsourcing also won over Zurich Financial, a new BPO client, for its finance and accounting functions. As Aiman Ezzat sums up, "Our job was to find the best way of matching the technology to the client's business processes."

INNOVATING WITH OUTSIDE PARTNERS WHILE REMAINING INDEPENDENT. Once a technology becomes a commodity, as is the case for Enterprise Resource Planning [→ GLOSSARY] (ERP), the price pressure becomes enormous. And the margins deteriorate. "In order to get back to higher margin levels, we extend our core offering to include innovative solutions in collaboration with our partners, Microsoft, Oracle, IBM, HP, SAP...", explains Patrick Nicolet, Global Sales & Alliances Director. "Take the new SOA platforms such as SAP's NetWeaver, Oracle's Fusion, IBM's WebSphere. Then there's the new ERP programs contained in Microsoft's Dynamics range. Together, we define the revenue potential, the markets to address, the offerings, etc." Working in this spirit, Capgemini also developed, along with HP, a solution for digital copyright management and, with IBM, a solution to combat money laundering.

INNOVATION IN THREE CATEGORIES. Professor at the Harvard Business School, Clayton Christensen is a world reference in the management of both technological and organizational innovation, having published many works including "The Innovator's Dilemma" (1997) and "Seeing What's Next" (2004).

"In the business environment, innovations can be classified into three categories:

► The first involves creating and developing new products in order to replace the old ones. This is the most frequently encountered form of innovation.

► The second provides a more fundamental corporate function: processes. This means better product development. Take

the example of the computer: 30 years ago, 3 or 4 years were required to set up a new generation. Today, desktop computing is in a permanent change cycle.

► The third is the business model. In this area, innovation generates a real difference between market players. Take the example of Siebel: this editor pioneered customer relationship management software. Then salesforce.com turned up, offering software rental instead of purchase. This is what I call "disruptive innovation", innovation through a disturbance or a break."

[→ www.capgemini.com/services/soa/]

Drawing benefits from the ecosystem

As part of the European Commission's "Mobility and wireless applications beyond 3G" program, a consortium led by Capgemini won a €4.9 million bid to manage the MIDAS project. The consortium brings together the Norwegian research institute SINTEF, the Technical University of Oslo, the Warsaw University of Technology in Poland, the Swedish company Appear Networks, the Spanish telecommunications company Telefonica, the public transport operator RATP (France) and 51 Pegasi, a French publisher of software for sports events. As its name indicates, MIDAS (short for Middleware Platform for Developing and Deploying Advanced Mobile Services), focuses on middleware and will enable the rapid development and deployment of advanced mobile services applications by June 2008. Capgemini convinced the Commission with two prototypes: a mobile service enabling emergency teams to effectively manage incidents and an innovative service designed to help professionals, volunteers and the public at major sporting events.



Capgemini launches the Margin Acceleration Plan to step up outsourcing profitability

Having established its Outsourcing division among the world's leading players, Capgemini will now be concentrating on strengthening its organization in order to make it more productive and equipping it with the means to adapt ever more effectively to emerging trends in the marketplace, such as third-generation outsourcing and BPO [→ GLOSSARY] (Business Process Outsourcing).

"With 50% revenue growth over the past two years, we can be proud of what we have achieved thus far", explains Paul Spence, head of Capgemini's Outsourcing unit. "Nevertheless, there remains a lot to do and our number one priority has to be increasing profitability. 2006 will give us the opportunity to implement a range of internal transformation projects, with a view to reaping the full benefits in 2007 and 2008, by which time we plan to be achieving a divisional margin comparable to that of the other leading global outsourcers." Launched in September 2005, the 3-year Margin Acceleration Plan covers three major areas: sales, production costs, and support functions. Once our commercial objectives have been fulfilled, the aim is to have the optimal organizational structure in place, enabling us to deliver the quality of service our clients expect, at the best possible cost.

With this in mind, the MAP [→ GLOSSARY] project team, involving a core group of fifteen employees, set out to address issues such as streamlining our production capacity and our organization, optimizing purchasing, standardizing processes, and increasing the support function performance levels. Our Outsourcing activities are currently built around a worldwide organizational structure in which Europe, North America, and Business Process Outsourcing (BPO) represent the key elements. Non-strategic assets have been offloaded. Contracts that show low levels of profitability are currently being renegotiated and supplier numbers reduced. Significant growth in our production capacity across the world (India, China, and Poland) enables us to respond to our clients' demands, particularly in terms of costs. Lastly, in the area of sales, emphasis is being placed on achieving a balance between large, medium-sized, and small contracts, as well as on sector diversity. These measures should allow Outsourcing to

steadily improve and to meet their 2008 margin targets.

Transformation within the organization has also been designed to respond to a certain number of sales and marketing challenges. *"These challenges are expressed, for example, by creating commercial opportunities transversally, across our various divisions. We currently have to work hard to achieve this synergy. We also have to make a more con-*

certed effort on the BPO market in North America", asserts Paul Spence. That particular BPO market is synonymous with growth and profit margins. It is one in which Capgemini aims to be among the top three global players in the finance & accounting segment by focusing particularly on companies from the manufacturing, utilities and financial service sectors.

More broadly, the market for outsourcing is undergoing fundamental change, calling for strategies and resources that will enable us to respond to the new demands of major clients. The contract signed with General Motors at the beginning of 2006, which involves "third-generation" (3G) outsourcing, is indicative of this trend. Here, the emphasis is on achieving corporate transformation and adding value through the use of IT to reach a very specific set of objectives. The services required by the client will call for a number of global suppliers to collaborate, working together according to an extremely sophisticated governance model. Given the size of the contract and General Motors' own expertise on the subject, this outsourcing model is clearly going to become a case study reference. Capgemini, which has made transformational outsourcing one of its strategic activities, is particularly well placed to capitalize on future opportunities.

"The North American market gives other markets an insight into the future, because trends in areas such as business and management tend to spread from West to East. The quicker we bring them across the Atlantic, the better", concludes Paul Spence.

[→ www.capgemini.com/services/outsourcing/bpo/]

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Outsourcing	
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SOGETI	
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SECTOR MANAGEMENT

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Automobile	
Utrecht	+31 30 689 00 00

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Telecom, Media & Entertainment	
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Toronto	416 365 4400

United States (+1)

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Bloomfield (New Jersey)	973 337 2700
Cambridge (Massachusetts) – ASE	617 768 5600
Chicago (Illinois)	312 395 5000
Chicago (Illinois) – ASE	312 395 5800
El Segundo (California)	310 727 84 00
Cleveland (Ohio)	216 373 4500
Cupertino (California)	408 850 5500

Dallas (Texas)	972 556 7000
Detroit (Michigan)	313 887 14 00
El Segundo (California)	310 727 8400
Freehold (New Jersey)	732 358 8900
Herndon (Virginia)	703 673 9100
Houston (Texas)	281 220 5000
Kansas City (Missouri)	816 459 3600
New York (New York) – 7 th Avenue	212 314 8000
New York (New York) – ADC	917 320 3200

Mexico (+52)

Mexico City	55 8503 2400
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Düsseldorf	211 470 68 0
Essen	201 81 26 0
Hamburg	40 254 491 81
Hanover	511 67 692 0
Lübeck	451 882 44 00
Munich	89 94 00 0
Stuttgart	711 50 50 50
Walldorf	6227 73 39 00

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Vienna	(0) 1 211 63 0
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Seville	902 11 55 52
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Turin	011 30 30 01

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Warsaw	22 850 92 00
Wroclaw	71 356 42 22

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Pratteln	(61) 825 63 35
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Diegem	2 708 11 11
Hornu	65 715 211

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Amsterdam (Outsourcing)	20 486 39 31
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Birmingham (Aston)	121 333 3536
Bristol (Toltec)	1454 612 211
Edinburgh	131 339 9339
Glasgow	141 331 0414
Inverness	1463 238 434
London (South Bank)	207 735 08 00
London (Wardour Street)	207 734 5700
Manchester (Sale)	161 969 3611
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Swansea	1792 792 777
Teeside (Wynyard Park)	1740 645 500
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Nancy	3 83 95 85 85
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Nice	4 93 72 43 72
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Toulouse	5 61 31 52 00

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Douains	2 32 78 16 05
Grenoble	4 76 57 32 29
Lille	3 20 42 32 00
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Toulouse	5 34 46 23 00

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Düsseldorf	211 52 285 0
Offenbach	69 800 606 22

Belgium (+32)

Brussels	2 538 92 92
Edegem	3 231 12 90
Zaventem (T.R.E.C)	2 761 05 92

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Bilbao	94 423 56 21
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Madrid (Training Center)	91 436 46 38
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Chicago (Illinois)	708 531 1300
Cincinnati (Ohio)	513 563 6622
Columbus (Ohio)	614 898 3044
Dallas (Texas)	972 776 5600
Dayton (Ohio)	937 433 3334
Des Moines (Iowa)	515 282 4802
Detroit (Michigan)	248 702 1900
Houston (Texas)	713 571 7823
Indianapolis (Indiana)	317 810 2004
Kansas City (Kansas)	913 451 9600
Minneapolis (Minnesota)	612 243 4545
New York (New York)	212 328 7800
Northeast Ohio (Ohio)	216 654 2230
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Seattle (Washington)	206 624 4600
Saint Louis (Missouri)	314 898 1180
Washington DC	703 734 1511

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Aix-en-Provence (High Tech)	4 42 97 64 34
Anthony (Chryseis micro & réseaux)	1 46 74 12 00
Aubière	4 73 28 23 81
Belfort	3 84 90 35 50
Blagnac	5 61 30 60 00
Blagnac (High Tech)	5 34 36 26 00
Bouguenais	2 40 32 42 00
Boulogne-Billancourt (High Tech)	1 41 22 42 42
Brest (High Tech)	2 98 46 21 25
Caen	2 31 47 24 59
Carry-le-Rouet	4 42 13 26 00
Cesson-Sévigné	2 23 45 59 00
Cesson-Sévigné (High Tech)	2 23 45 59 30
La Glacière	2 33 20 07 25
Lille (Sinfor Automation)	3 59 56 06 71
Marcq-en-Baroeul	3 28 32 31 00
Melun (High Tech)	1 64 10 45 00
Mérignac	5 56 12 72 20
Mérignac (High Tech)	5 56 12 72 20
Montbonnot-St Martin	4 76 52 62 00
Montpellier	4 99 61 41 80
Mulhouse	3 89 36 31 20
Niort	5 49 04 08 53
Orléans	2 38 55 49 10
Paris (Infrastructures Services)	1 58 44 55 66
Pau	5 59 14 67 10
Pau (High Tech)	5 59 14 33 91
Poissy (High Tech)	1 39 65 15 45
Rocheft (High Tech)	5 46 88 29 00
Rouen	2 32 76 41 80
Saint-Cloud	1 41 12 51 12
Saint-Cloud (Sinfor Automation)	1 41 12 46 44
Sophia-Antipolis	4 93 95 62 62

St-Médard-en-Jalles (High Tech)	5 56 70 69 13
Strasbourg	3 88 65 73 80
Toulouse (High Tech)	5 34 50 22 00
Toulouse (High Tech)	5 34 56 75 00
Toulouse (High Tech)	5 62 47 50 00
Valbonne (High Tech)	4 92 90 64 52
Vandœuvre-les-Nancy	3 83 15 22 26
Villeurbanne	4 72 44 46 90
Villeurbanne (Sinfor Automation)	4 72 44 46 58

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Sweden (+46)

Borlänge	243 922 00
Bromma	8 536 8 20 00
Fagersta	223 418 00
Gävle	26 63 28 00
Helsingborg	42 26 77 00
Jönköping	36 34 85 00
Karlstad	54 14 63 00
Linköping	13 25 48 00
Luleå	920 24 15 40
Lund	46 286 55 00
Oxelösund	155 25 50 00
Skövde	500 42 49 30
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Umeå	90 10 81 00
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Västerås	21 10 58 00
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Geneva	(22) 879 16 50

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Glossary

ADSL – ASYMMETRIC DIGITAL SUBSCRIBER LINE A technology that allows for high-speed, digital transportation of information over a standard telephone line, enabling users to access broadband services.

ASE – ACCELERATED SOLUTIONS ENVIRONMENT Capgemini brings together a set of resources (innovative workspaces, dedicated teams, etc.) within a 3-day session designed to encourage active listening and exchanges of ideas so that shared decisions can be reached in compact timeframes, allowing projects to get off the ground faster.

ASP – APPLICATION SERVICE PROVIDER This term refers to the supply of an application via an external network. It is therefore about outsourced application or online service hosting.

BASEL II The Basel agreements are part of a worldwide initiative to regulate banks, financial institutions and other companies performing in the financial sector. The objective is to prevent bankruptcies by better balancing equity with risk.

BOOSTER Rolled out during the first quarter of 2005, this plan was designed to turnaround sustainably the Group's North American operations. It involves three key dimensions: simplifying the structures, reducing the costs, and a management overhaul.

BPO – BUSINESS PROCESS OUTSOURCING The delegation to a supplier of one or more of the client's functions – which usually contain a strong element of IT.

BUSINESS PRIORITY WEEK Motivational meetings held several times a year, with Capgemini employees from different areas (geographical and professional), aimed at generating awareness of major challenges, and with a view to creating a shared language.

CBE – COLLABORATIVE BUSINESS EXPERIENCE A precise, structured way of working, focusing on the challenges faced by the client, and based on a close collaboration between both the Capgemini and the customer teams.

CMMI – CAPABILITY MATURITY MODEL INTEGRATED This is a model for evaluating the level of a company's maturity in terms of its IT development and contains a system of best practice references. This model has 5 levels, 5 being the highest grade of maturity.

CO₂ EMISSION CERTIFICATES Based on the Kyoto protocol, these certificates give industrial countries CO₂ emission rights that are consistent with their objectives in reducing emissions. One emission right corresponds to one ton of CO₂. These rights can be traded nationally or internationally and can be allocated to companies which have made commitments to reducing their emissions.

COPERNIC Launched at the beginning of the decade by the French Ministry of the Economy, Finance and Industry, the Copernic program is designed to modernize relations between the tax authorities and taxpayers by way of a new fiscal information system based on a unique, online tax account. Companies can already use this system to file and pay VAT and other taxes.

CRM – CUSTOMER RELATIONSHIP MANAGEMENT The objective of CRM is to offer technological solutions that enable communications between a company and its customers to be strengthened and thus improved. CRM can be used both before and after the sale, and include the sale process and customer service management.

CSR – CORPORATE SOCIAL RESPONSIBILITY This concept is linked to a company's application of the idea of sustainable development and it means that, beyond the economic and financial aspects, a company has to take into account the social and environmental effects of its business.

CS – CONSULTING SERVICES Helping our clients to identify, structure and implement their transformation projects, which will have a lasting impact on their growth and competitiveness.

EDI – ELECTRONIC DATA INTERCHANGE Exchanges, between computers, of data relating to transactions, using standardized networks and formats whereby information can be given out – across networks – by the issuer's IT system to its partners' IT systems and integrated into them automatically.

E-GOVERNMENT This term is used to describe the use of communications and information technology by public authorities and is linked to organizational changes and new capabilities designed to improve public services and the democratic process, as well as to strengthen support for public policies.

ERP – ENTERPRISE RESOURCE PLANNING Refers to software applications designed to coordinate all of a company's activities (such as production, planning, and supplies) or cross-divisional functions (such as finance, marketing, sales teams, human resources management, etc.) within a single IT system.

IAS-IFRS – INTERNATIONAL ACCOUNTING STANDARDS, INTERNATIONAL FINANCIAL REPORTING STANDARDS A set of international accounting and reporting norms considered essential in order to guarantee a high degree of transparency and comparability in the financial reporting of listed companies.

ISO 9001 This standard lays down the requirements for a quality management system, whether for internal, contractual or certification purposes. It involves a variety of obligations, which the company commits itself to delivering.

KYOTO PROTOCOL Effective since early 2005, this protocol constitutes the basis of an international policy of reducing greenhouse gases, which are responsible for global warming. The European Union has committed to reducing emissions by 8% between 2008 and 2012, compared to the levels observed in 1990.

LPS – LOCAL PROFESSIONAL SERVICES An offering adapted to the needs of local customers as regards infrastructure, applications and engineering.

MAP – MARGIN ACCELERATION PLAN Introduced in September 2005, this 3-year plan applies to Capgemini's outsourcing discipline. The objective is to create an optimal organizational structure which will enable us to produce the quality of service our customers expect, at the best possible cost.

OS – OUTSOURCING SERVICE Accompanying our clients in the partial or total outsourcing of their information systems.

OTACE – ON TIME AND ABOVE CLIENT EXPECTATIONS All the customer satisfaction and risk evaluation measures that arise throughout the course of a project. This system, specific to Capgemini, has become a benchmark within the profession.

QAI – QUALITY ASSURANCE INSTITUTE An organization founded in 1980 in the United States to promote quality, productivity and process-management solutions in the IT sector and which awards CMMI certifications.

RFID – RADIO FREQUENCY IDENTIFICATION A technology that allows objects to be identified and tracked, and their features to be distinguished remotely by way of tags, attached or built into the item, which transmit radio signals.

RIGHTSHORE™ Capgemini's global production system, which offers clients – depending on their needs – the best balance between services delivered from remote ("offshore") centers (India/China), centers located more closely ("nearshore") or others in the country in which they are based ("onshore").

SARBANES-OXLEY An American law introduced in July 2002, following the Enron and other financial scandals, and designed to restore market confidence. It requires American companies and their subsidiaries abroad to embrace a range of strengthened internal checks and a commitment to management responsibility.

SCM – SUPPLY CHAIN MANAGEMENT This term covers tools and methods designed to enhance and to automate supply by reducing stock levels and delivery times. The supply chain includes all the links relating to supply logistics within a company, but also those with suppliers and their subcontractors.

SHARED SERVICE CENTRE A unit responsible for the shared management of essential services for a number of companies or divisions of a single group, such as accounting, taxation, legal affairs, cash flow management and insurance. This unit can operate internally, within a company, or be entrusted to an outside supplier.

SOA – SERVICE ORIENTED ARCHITECTURE Designing information systems and their architecture in a way that guarantees responsiveness, upgradeability and flexibility for businesses – whose environment is constantly evolving.

TS - TECHNOLOGY SERVICES Designing, developing and implementing technical projects of all sizes.

VALUES The seven basic values of the Capgemini Group are: honesty, boldness, trust, freedom, team spirit, modesty and fun.

WORLD PAYMENT REPORT A report published by Capgemini, in partnership with the Dutch bank ABN AMRO and the European Financial Management and Marketing Association (EFMA), on the implications of a single payment zone – in the Euro zone – for banks and users.

WORLD RETAIL BANKING REPORT An annual, global study regarding the pricing of generic banking services, published by Capgemini in conjunction with the Dutch bank ING and the EFMA. The 2005 edition was extended to 130 banks and covered 19 countries, including China.

Capgemini news is available on the Group website at www.capgemini.com

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Titles of the paintings by Jacques Léonard:

Cover page:
In the forest of songbird trees, 2005
Page 10
Canyon (Peru), 1989
Page 12
Stall on rue Lepic, 1980
Page 14
Benares, 1988
Page 18
Wall in Jaisalmer, 1995
Page 20
Return to the Festival of Jaipur, 2003
Page 24
Symbiosis, 2000
Page 34
Still life with blue sunflower, 2001
Page 36
The arches at night, 2003
Page 41
Palace in Rajasthan, 1994
Page 45
Orange market on a blue street, 2000
Page 50
Crowd beneath Jodhpur citadel, 1990
Page 56
Fusion, 2005



Descent towards the Ganges, 1994

Jacques Léonard is a contemporary French painter whose work has been exhibited in several major international galleries and museums. His powerful yet sensitive paintings address a variety of themes with boldness and freedom. Jacques Léonard is a "spatial architect" who translates earthly forces using broad brush strokes. He recreates the majesty of the most grandiose of places by imposing on them his very distinctive and demanding artistic style. The exceptional range of colours he uses seems to have become even more liberated in recent years. Through his paintings, Léonard enables us to discover marvellous Indian palaces, their walls covered in frescoes depicting elephants, and the architecture of fantastic temples rich in history. He plunges us just as well into the hustle and bustle of Indian crowds on the banks of the Ganges as he does into the intimacy of the tropical rainforests on the Indian Ocean. His works of art invite us to fantasize, to embark on a sort of inward journey.

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