Capgemini
CONSULTING.TECHNOLOGY.OUTSOURCING

On April 15, 2004 we have changed our name to Capgemini.

To help you achieve measurably faster, better and more sustainable results we have taken this opportunity to formalize our core strengths into what we call the Collaborative Business Experience.

Our clients tell us that what makes Capgemini different is the unique, collaborative way in which we help them take advantage of opportunities and solve their problems. Collaboration has long been a recognized cornerstone of our approach to business and is part of our DNA. We believe that success and collaboration go hand in hand and we have been a pioneer in developing collaborative practices such as our innovative Accelerated Solutions Environment (ASE), which helps companies create rich strategic and technology solutions in record time.

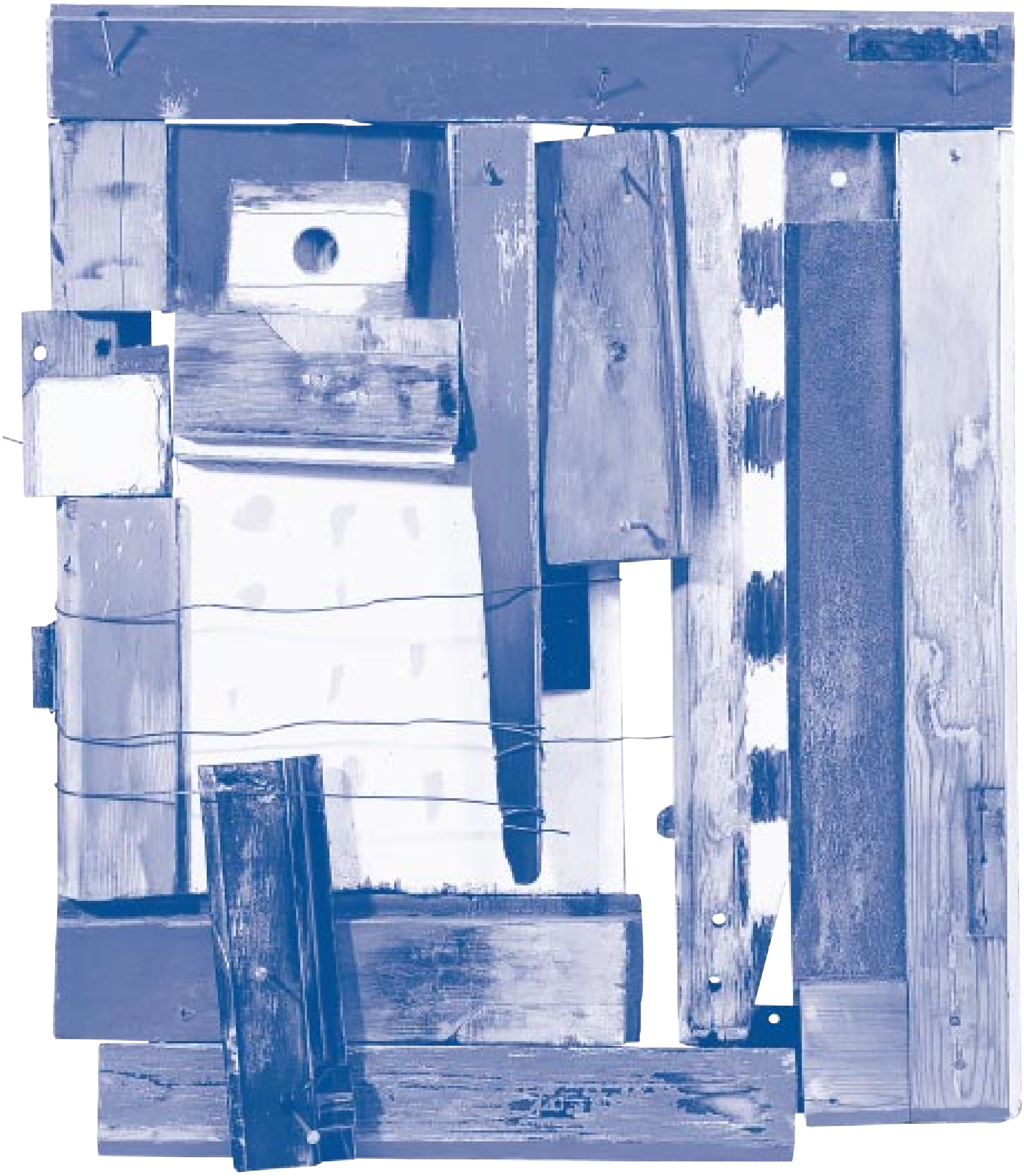
Why do we place so much emphasis on collaboration?
We believe that collaboration is the business imperative of our time. For a decision to be both relevant and effective in today's complex and unpredictable environment, few companies can succeed alone.

In our work with thousands of the world's best companies we have found that there are four key elements to successful collaboration: Targeting Value, Mitigating Risk, Optimizing Capabilities and Aligning the Organization.
However, Capgemini's Collaborative Business Experience is not a one-size-fits-all approach. The more complex the challenge and the situation, the more collaboration is required. We adapt the level of collaboration based on the nature of your needs and complexity.

The document you have downloaded, which refers to Cap Gemini Ernst & Young, was issued prior to our name change. It has not been modified to refer to Capgemini since it is part of our archives.

COLLABORATIVE BUSINESS EXPERIENCE

FINANCIAL 99 REPORT



CAP GEMINI

Ideas People Technology

Directoire

Serge Kampf, *Chairman*

Geoff Unwin, *Vice-Chairman*

Paul Hermelin

Pierre Hessler

Supervisory Board

Ernest-Antoine Seillière, *Chairman*

Michel Jalabert, *Vice-Chairman*

Christian Blanc

Chris van Breugel

Bruno Roger

Guy de Wouters

Statutory Auditors

Constantin Associés

Coopers & Lybrand Audit
Member of PricewaterhouseCoopers

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Financial Highlights

EUROS (€)

(in millions)	1997	1998	1999
OPERATING REVENUE	***3,076***	***3,955***	***4,310***
NET INCOME before amortization of goodwill	145	218	294
NET INCOME	***116***	***188***	***266***
Total dividend	33	58	78 (*)
NET MARGIN	***3.8%***	***4.8%***	***6.2%***
- NUMBER OF SHARES as of December 31	61,198,877	69,130,658	77,945,108
- EARNINGS PER SHARE (in €) :			
- before amortization of goodwill	2.37	3.15	3.77
- after amortization of goodwill	1.90	2.73	3.41

FRANCS (FF)

(in millions)	1997	1998	1999
OPERATING REVENUE	***20,177***	***25,941***	***28,269***
NET INCOME before amortization of goodwill	952	1,433	1,929
NET INCOME	***762***	***1,237***	***1,745***
Total dividend	214	380	511 (*)
NET MARGIN	***3.8%***	***4.8%***	***6.2%***
- NUMBER OF SHARES as of December 31	61,198,877	69,130,658	77,945,108
- EARNINGS PER SHARE (in FF) :			
- before amortization of goodwill	15.6	20.7	24.7
- after amortization of goodwill	12.5	17.9	22.4

AVERAGE NUMBER OF EMPLOYEES during the year	***28,059***	***34,606***	***39,210***
TOTAL NUMBER OF EMPLOYEES as of December 31	31,094	38,341	39,626
of which CONSULTANTS AND ENGINEERS	26,616	32,855	33,944

(*) subject to the approval of the Ordinary and Extraordinary Shareholders' Meeting of May 23, 2000.

Cap Gemini and the Stock Exchange

As of December 31, 1999, the Company's capital was made up of 77,945,108 shares, an increase of 8,814,450 shares compared with the previous year-end. Out of the total, 7,304,001 shares were issued in connection with the Public Exchange Offer for the shares of Netherlands-based Cap Gemini NV not already held by the Group made during the summer, and the balance were issued on exercise of stock options. Cap Gemini shares are quoted on the First Market of the Paris Stock Exchange under Sicovam code: 12533. Since July 20, 1999, they are also quoted on the Amsterdam Stock Exchange.

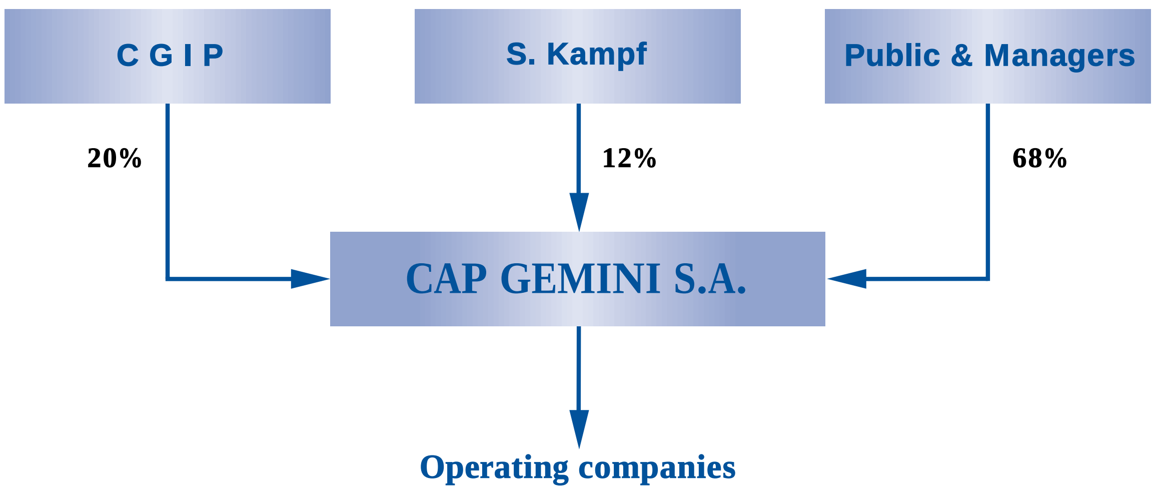
During the year, the proportion of the total capital held by the public (mainly institutions) rose from 60% to 68%.

Cap Gemini shares have been included in the CAC 40 index since February 13, 1998 (there were also part of the index prior to November 17, 1993). They are also included in the Dow Jones STOXX and Dow Jones Euro STOXX indexes. Between January 1 and December 31, 1999, the share price rose from € 136.7 (FRF 897) to € 252 (FRF 1,653).

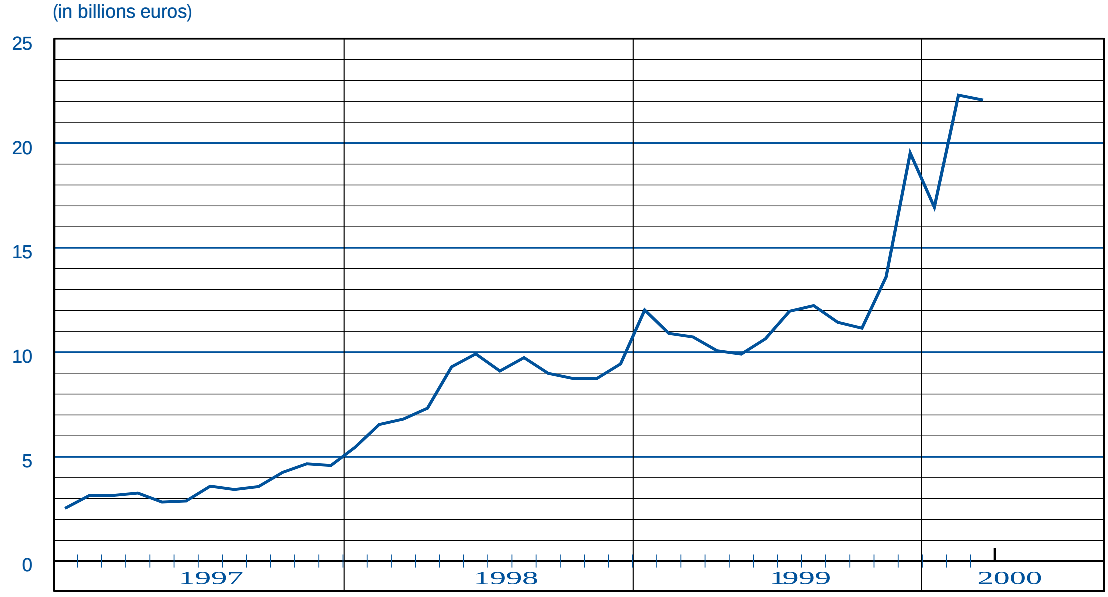
Average daily trading volume in Cap Gemini shares, in value, represented around 2% of total trading volume on the Paris market in 1999.

Ownership structure as of december 31, 1999

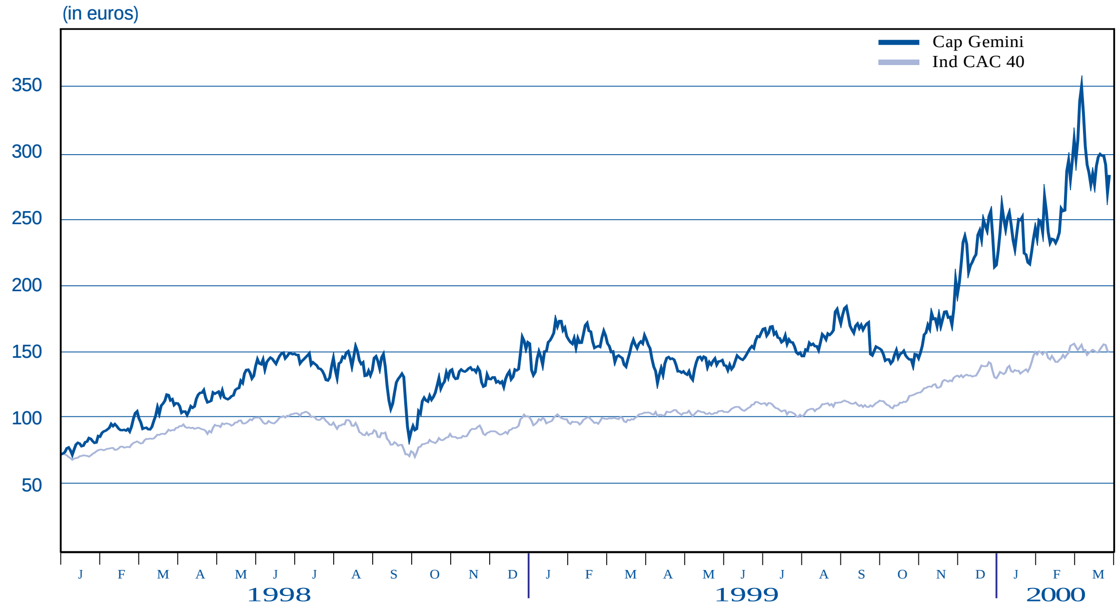
after the August 1999 share issue in connection with
the tender offer for minority interest in Cap Gemini N.V.



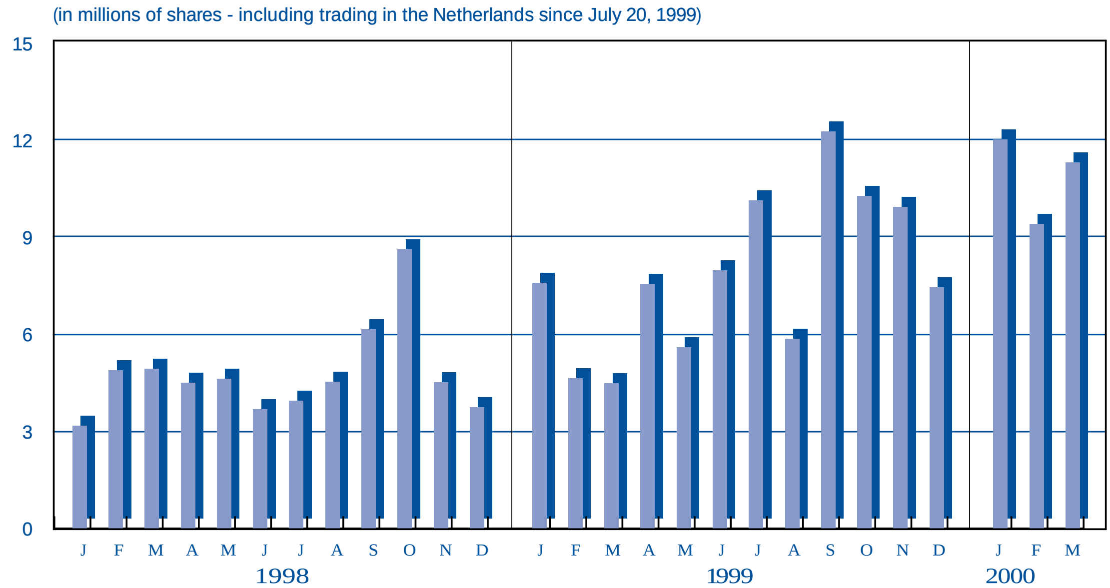
Market capitalization January 2, 1997 to March 31, 2000



Share price January 2, 1998 to March 31, 2000



Monthly trading volume January 1998 to March 2000



Report of the Directoire to the Ordinary and Extraordinary Shareholders' Meeting of May 23, 2000

This report is based upon the agenda for the Ordinary and Extraordinary Shareholders' Meeting and contains the following information :

A – First part of the Ordinary Shareholders' Meeting

The purpose of the first part of the report is :

- to review the Company's business activities during 1999,
- to comment on the consolidated financial statements of the Cap Gemini Group,
- to submit the 1999 financial statements and the recommended appropriation of net income for approval by shareholders,
- to present the resolution authorizing the Company to buy back its own shares,
- to present the Company's outlook.

B – Extraordinary Shareholders' Meeting

The purpose of the second part of the report is to provide adequate information allowing shareholders to decide upon:

- the proposed acquisition of Ernst & Young's consulting business and the corresponding share issue,
- the issuance of shares to be offered to Cisco Systems Inc. for subscription in cash pursuant to the agreement dated March 7, 2000,
- the authorization to cancel shares bought back by the Company under the authorization given by the Annual Shareholders' Meeting,
- the authorization to raise funds on the financial markets by any appropriate method, depending on the Company's needs and according to market opportunities,
- the authorization to set up an employee share ownership plan open to all the employees of the new Group,
- the return to a single-tier management structure with a Board of Directors.

C – Second part of the Ordinary Shareholders' Meeting

The purpose of the final part of the report is to provide adequate information enabling shareholders to decide upon :

- the election of members of the Board of Directors
- the amount of attendance fees to be awarded to the Board of Directors.

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1. General comments

Key consolidated figures for 1999 were as follows:

• Revenue totaled € 4,310 million compared with € 3,955 million in 1998, representing a 9% increase or 7% based on a comparable Group structure and at constant exchange rates;

• Operating income amounted to € 469 million. Operating margin stood at 10.9% of revenue, a 0.6 point improvement on 1998;

• Net income before amortization of goodwill came to € 294 million, representing 6.8% of revenue, versus € 218 million or 5.5% of revenue in 1998;

• Net income surged by 41.5% to € 266 million (6.2% of revenue) from € 188 million (4.8% of revenue) the previous year.

At € 2.6 billion, consolidated shareholders' equity at December 31, 1999 represented 135% of fixed assets and 67% of total assets.

The Group's performance in last year's generally favorable economic environment reflects the difficulties encountered in the American market and the significant disruption caused in the second half by client preparations for the change of millennium:

• many clients decided to interrupt or postpone large-scale projects;

• clients also showed a certain reluctance to launch new ERP and outsourcing contracts, preferring to focus on preparing for the Year 2000;

• as is generally the case, the many companies involved in mergers or acquisitions put off launching new projects during the initial integration phase although they are likely to have significant consulting and IT services needs in the not too distant future.

These developments did not prevent the Group from significantly increasing revenues from services related to Internet and the Net Economy:

• revenue generated by e-business offerings in the areas of e-commerce, customer relationship management and supply chain management doubled compared with 1998;

• a global e-business entity with over 1,300 dedicated consultants was set up, providing scope for the Group to move up a gear in the development of these services.

The Group also carried out two major transactions in 1999:

- the acquisition of Beechwood, an American provider of IT services to telecoms operators has allowed the Group to round out its service offering in the telecoms segment;

- the increase in the Group's interest in its Dutch subsidiary from 56.4% to 94.2% has expanded Cap Gemini's ability to deploy its resources in international markets.

2. Comments on the Cap Gemini consolidated financial statements

Consolidated statement of income

• Revenue increased by 9% to € 4,310 million from € 3,955 million in 1998. The strongest gains were achieved in Europe, where revenue expanded at an average rate of 10.6% despite the tendency among clients to delay launching new projects in the run-up to the change of millennium. Group operations in France, Benelux performed particularly well. The very satisfactory results in Europe helped to offset slower business growth in the United States. The 9% increase included like-for-like revenue growth of 7%, a 1% increase due to the strengthening of the US dollar and sterling and a 1% rise due to minor changes in Group structure. These changes, which reflect the Group's commitment to strengthening its position in key service markets while pulling out of non-strategic business segments, were as follows:

- acquisition of Beechwood in the United States, referred to above,
- acquisition of Compaq's 50% interest in Twinsoft Benelux,
- divestment of the training business in the United Kingdom
- divestment of the hospital information systems business in France.

• Operating income totaled € 469 million, up 15.5% on the previous year's € 406 million. Operating margin rose by 0.6 points to 10.9% of revenue from 10.3% in 1998.

• The Group had net interest income of € 8 million as opposed to net interest expense of € 2 million in 1999. The positive swing stemmed from the investment of the cash proceeds from the April 1998 share issue over twelve months rather than seven.

- Other revenues and expenses added € 39 million to income compared with € 5 million in 1998. The main items included under this caption are gains on disposals of non-strategic assets and restructuring and integration costs.
- The provision for income taxes rose to € 199 million from € 155 million in 1998. The increase was slightly above the growth in consolidated pre-tax income, leading to an increase in the effective tax rate to 38.7% from 38% the previous year.
- Affiliates made only a marginal contribution to net income, while minority interests contracted to € 22 million from € 34 million in 1998. The decrease followed the second-half 1999 Public Exchange Offer made by Cap Gemini for shares in its Dutch subsidiary, Cap Gemini NV, which resulted in minority interests in this subsidiary falling from 43.6% at the beginning of the offer period to 6.1% when the offer closed (and 5.8% currently).
- Amortization of goodwill was largely unchanged compared with 1998, at € 28 million versus € 30 million, reflecting the fact that no material acquisitions or divestments were carried out in 1999.
- Net income for the year, in an amount of € 266 million, represented 6.2% of revenue. The 1999 figure was 41.5% above the previous year's € 188 million. Excluding exceptional items, net income came to € 240 million, up 29.5% on 1998. Earnings per share stood at € 3.63 based on the average number of shares outstanding during the year and € 3.41 based on the number of shares outstanding at December 31, 1999, representing increases of 28% and 25% respectively compared with 1998.

Consolidated balance sheet

- After the considerable improvement in the structure of the Group's balance sheet at December 31, 1998, the ratio of shareholders' equity to non-current assets was virtually stable at 135% compared with 138% the previous year. In 1999, consolidated shareholders' equity rose to € 2,638 million while non-current assets stood at € 1,950 million, whereas at December 31, 1998 the values were € 2,248 million and € 1,623 million, respectively.
- The € 390 million increase in consolidated shareholders' equity reflects the inclusion of net income for the year, in an amount of € 288 million including minority interests, and:
  - a positive net translation adjustment, primarily reflecting the fall in the euro against sterling, the US dollar and the Swedish krona which resulted in adjustments of € 78 million, € 48 million and € 18 million respectively
  - the payment of 1998 dividends amounting to € 86 million, including € 58 million by Cap Gemini SA and € 28 million by Cap Gemini NV,
  - the € 38 million proceeds from the issuance of shares on exercise of stock options by Group employees.
- The € 327 million net increase in non-current assets was mainly attributable to:
  - the acquisition of Beechwood for € 178 million and Twinsoft in Benelux for € 18 million, and an increase in the Group's interest in U.S.-based Hagler-Bailly for € 15 million,
  - the divestment of the training business and Twinsoft UK in the United Kingdom and the sale to CS Communications & Systems of Cap Gemini's 36% interest in CISI representing total assets of € 24 million,
  - other acquisitions and disposals of property, plant and equipment and intangible assets (excluding goodwill and market shares) for € 118 million,
  - depreciation and amortization for the period of € 114 million,
  - the € 126 million translation adjustment to fixed assets.
- Net accounts and notes receivable totaled € 1,063 million, including trade receivables of € 995 million. The 8.5% increase in trade receivables based on a comparable Group structure and at constant exchange rates represented 84 days' revenue, slightly higher than the prior year's figure of 81 days.
- Net cash contracted by € 69 million to € 508 million. Net cash absorbed by investing and equity financing activities, in an amount of € 192 million, was only partly covered by the € 102 million in net cash provided by operating activities, while changes in Group structure and exchange rate movements had a positive impact of € 21 million.

Net cash can be analyzed as follows (in € thousands):

at December 31	1997	1998	1999
Financial receivables and short-term investments	204	879	569
+ Cash	146	139	193
= Cash and short-term investments	350	1,018	762
– Bank overdrafts	- 14	-15	-11
= Cash and cash equivalents	336	1,003	751
– Long-term debt	- 476	- 192	- 143
– Short-term debt	- 109	- 234	- 100
= Consolidated net cash/(net debt)	***- 249***	***577***	***508***

3. Comments on the Cap Gemini SA financial statements

Statement of income

The Company's operating revenue totaled € 108 million versus € 100 million in 1998. Royalties amounted to € 98 million compared with € 87 million, an increase of 12.6% which is in line with the growth in the business of subsidiaries. After deducting operating expenses of € 26 million versus € 28 million in 1998, operating income amounted to € 82 million compared with € 72 million the previous year.

Net interest income rose to € 100 million from € 55 million in 1998. The € 45 million increase primarily reflected higher interest income from short-term investments, increased dividends from subsidiaries and a reduction in charges to allowances for impairment in value of investments compared with 1998.

Including net other revenue and expenses of € 1 million and after deducting income tax of € 34 million, net income for the year totaled € 149 million, up 45% on the previous year's € 103 million in 1998.

Balance sheet

The Company's shareholders' equity rose to € 3,138 million from € 2,012 million at year-end 1998, primarily reflecting the shares issued in connection with the June 1999 tender offer by Cap Gemini SA for the remaining shares in the Dutch subsidiary, Cap Gemini NV, not already held by the Company. A total of 7,304,001 new shares were issued for a net amount of € 997 million.

Debt totaled € 62 million, primarily representing drawdowns on confirmed lines of credit from European banks, a Japanese bank and a Canadian bank.

Total assets stood at € 3,439 million at December 31, 1999 compared with € 2,522 million one year earlier. The € 917 million increase primarily stemmed from the tender offer referred to above. A total of 16,434,005 Cap Gemini NV shares were acquired, raising the Company's interest from 56.4% at the beginning of the offer period to 93.9% at the close of the offer on August 31, 1999. Cap Gemini NV is at december 31, 1999 94.2%-owned by Cap Gemini SA

Appropriation of net income

Distributable income, comprising net income for the year of € 149,047,361.78, plus retained earnings of € 34,613,118.24, amounts to € 183,660,480.02.

The Directoire proposes to appropriate distributable income as follows :

- legal reserve (to raise the reserve to 10% of the capital) .... € 20,200,482.91
- dividend per share of € 1, on the 77,945,108 shares outstanding
  as of December 31, 1999, i.e. total dividends of. .... € 77,945,108.00
- retained earnings. .... € 85,514,889.11

Total. .... € 183,660,480,02

Taking into account the 12.8% increase in the number of shares outstanding, the recommended total dividend is 34.5% higher than that paid last year. If approved, the Directoire proposes that dividends will be payable as from May 26, 2000. In the 2000 Finance Act, the associated tax credit has been set at 50% of the dividend in the case of tax credits to be used by individuals or companies qualifying for the affiliation privilege provided for in Article 145 of the General Tax Code. In all other cases, the tax credit has been set at 40%.

In accordance with the provisions of Article 243 bis of the French General Tax Code, shareholders are informed that 1998 dividends totaled FRF 380,218,619, representing a dividend per share of FRF 5.50, giving rise to a tax credit of FRF 2.75 paid on 69,130,658 shares, that 1997 dividends totaled FRF 214,196,069.50, representing a dividend per share of FRF 3.50, giving rise to a tax credit of FRF 1.75, paid on 61,198,877 shares, and that 1996 dividends totaled FRF 120,713,332, representing a dividend per share of FRF 2, giving rise to a tax credit of FRF 1, paid on 60,356,666 shares. A schedule presenting the Company's results for the last five years is attached to this report, as required under Article 148 of the Decree of March 23, 1967.

The Directoire is also recommending that the amount of annual attendance fees awarded to the Supervisory Board should be set at € 120,000. If the twenty-fifth resolution presented at the Meeting, concerning the return to a single-tier management structure with a Board of Directors, is approved, the amount of attendance fees paid to the Supervisory Board for 2000 will be determined pro rata to the period between the beginning of the year and the date on which the Supervisory Board is replaced by a Board of Directors.

Share capital and ownership structure

In 1999, the share capital was increased from FRF 2,765,226,320 (€ 421,556,034.92) to € 623,560,864.00 as a result of the following:

- conversion of the share capital from French francs into euro and rounding up of the par value of the shares to € 8.0, with the resulting capital increase paid up by transferring the necessary amount from additional paid-in capital;
- issuance of 7,304,001 shares in exchange for the Cap Gemini NV shares tendered to the Public Exchange Offer made by Cap Gemini SA in June 1999 for all the Cap Gemini NV shares not already held by the Company;
- issuance of 1,510,449 shares on exercise of stock options by Group employees.

Pursuant to article 356-3 of the Companies Act, shareholders are informed that as of December 31, 1999:

- CGIP (Compagnie Générale d'Industrie et de Participations) held over 20% of the Company's voting rights, directly or indirectly;
- Serge Kampf held over 10% of the voting rights.

Stock Options

The Extraordinary Shareholders' Meeting of May 24, 1996 authorized the Directoire to grant stock options to certain employees of the Company and its French and foreign subsidiaries. The authorization was given for a period of five years commencing June 1, 1996 and the number of shares to be subscribed on exercise of the options was limited to 6 million. The Directoire used this authorization to set up the Fourth Stock Option Plan.

On January 1, 1999, April 1, 1999, July 1, 1999 and November 1, 1999, the Directoire used this authorization to grant options to subscribe for 920,000 Cap Gemini shares to a total of 330 Group employees. The option exercise price was set at 80% of the average of the prices quoted for the Company's shares over the 20 trading days preceding the date of grant, i.e. € 103 per share for options granted on January 1, 1999, € 122 per share for the April 1, 1999 options, € 114 per share for the July 1, 1999 options and € 118 per share for the November 1, 1999 options. In the event of an authorized tender offer for the Company's shares, optionholders will be entitled to exercise all of their options immediately – or all of the unexercised options – without waiting until the starting date of the exercise period specified at the time of grant.

During 1999, 1,998 shares were subscribed on exercise of options granted under the Second Plan for which the exercise period expired on April 1, 1999, 1,174,849 shares were subscribed on the exercise of options granted under the Third Plan and 333,602 shares were subscribed on exercise of options granted under the Fourth Plan, bringing the total for the year to 1,510,449 shares corresponding to the equivalent of 1.9 % the Company's capital at December 31, 1999. No further shares could be subscribed under the First Plan for which the exercise period expired on November 1, 1995.

Authorization to buy back the Company's shares

With a view to allowing the Company to:

- conduct external growth transactions remunerated by Cap Gemini SA shares,
- award shares to employees on the terms and by the methods provided for by law, including in connection with stock option plans or company savings plans,
- stabilize the Company's share price by purchasing and selling shares on the open market,

approval is requested for the Directoire – or the Board of Directors if the return to a single-tier management structure is approved – to buy back or sell Company shares representing a maximum of 10% of the share capital. Under the terms of the authorization, the maximum price at which the shares could be acquired will be set at € 400 per share and the minimum price at which they could be sold will be set at € 200. The authorization will be given for a maximum period of eighteen months.

These operations will be governed by Act no. 98-546 of July 2, 1998, which stipulates that the Directoire – or the Board of Directors – may be authorized to cancel all or some of the shares acquired for the above mentioned purposes up to a maximum of 10% of the share capital. This authorization is the subject of the twelfth resolution to be submitted for approval at the Extraordinary Shareholders' Meeting.

4. Outlook

In the years to come, growth in the Group's two core markets – management consulting and IT services – will be driven by:

- the need for the companies and groups throughout the world to adapt to the net economy;
- ongoing industry concentration across all sectors of the economy;
- deregulation and privatization;
- the launch of projects that had been postponed pending the change of millennium, which should help to speed up the pace of growth in both the management consulting and the IT services markets.

The Group has recently completed two transactions that will be implemented from an operational standpoint in 2000:

• the first transaction is the acquisition of Ernst & Young's consulting business, which employs around 18,000 professionals and represents annual revenue of some € 3.5 billion. The Ernst & Young partners in the various countries will sell their local consulting business to Cap Gemini in exchange for a maximum of 43.7 million new Cap Gemini shares (assuming that all the local Ernst & Young consulting firms join the Group) plus € 375 million in cash. The acquisition will enable the Group to:
  - become a major player in the United States – which will account for over one third of revenue – and to strengthen its presence in Germany, representing two of Cap Gemini's main international development targets;
  - benefit from industry expertise in a wide range of industries, making Cap Gemini the preferred partner of major players in the global economy;
  - move up several gears in the development of the consulting businesses which generate substantial value added and allow Cap Gemini to offer clients the full range of services required to support their strategic development;
  - deploy on a larger scale all the capabilities currently required by clients faced with the challenges of the new economy.

• the second transaction is the strategic alliance with Cisco, the world's leading supplier of network equipment for the Internet. The aim of the alliance is to offer major companies and telecoms operators global solutions allowing them to fully leverage the new strategic development and marketing opportunities offered by the Net Economy. A new global Telecoms/Media and Networks entity will be formed to provide Internet consulting, systems integration and other services to support the development of new generation integrated networks. The entity will employ around 4,600 staff, mainly from the Cap Gemini Telecoms & Media global market unit. Cisco will acquire 4.9% of the new entity's capital for € 170 million as well as investing € 700 million in Cap Gemini SA through a restricted share issue to be submitted to shareholders for approval at the Extraordinary Shareholders' Meeting. The new Cap Gemini SA shares – approximately 2.6 million – will be issued at a price of € 270, representing the average of the prices quoted for Cap Gemini shares over the 20 trading days preceding the date of signature of the agreement plus a 5% premium.

5. Acquisition of the Ernst & Young consulting business and corresponding share issue

On February 29, 2000, the Directoire announced the link-up between Ernst & Young's consulting and IT services business and Cap Gemini to create one of the world's leading players in this sector. The terms of the agreement can be summarized as follows:

- Cap Gemini SA will acquire almost the entire consulting business of Ernst & Young, which employs roughly 18,000 people and reported revenues of some € 3.5 billion in 1999.
- The Ernst & Young partners in the countries concerned will sell their local consulting businesses to Cap Gemini in exchange for new shares to be issued by the Company. The transaction is subject to approval by the partners of Ernst & Young Audit – according to majority voting rules that vary from partnership to partnership - and by a three-quarters majority of the consulting partners. Voting will take place country by country.
- The initial agreement concerns the American firm and its direct subsidiaries – Italy, Spain, South America, etc. – together with Canada, France, the United Kingdom and Germany. These countries generate approximately 87% of total consulting revenue. The following countries have also approved the merger in principle: Australia, Belgium, Finland, Ireland, Norway, the Netherlands and Sweden. All of the above countries - together representing 95% of Ernst & Young's global consulting business - have cast virtually unanimous votes in favor of the link-up.
- In the weeks to come Austria, Hong Kong, India, Israel, Japan, Malaysia, Portugal, Poland, Singapore, New Zealand, Korea and Luxembourg should also approve the agreement.
- Cap Gemini retains the right to include or exclude certain small subsidiaries from the agreement, notably in the following South American countries: Mexico, Venezuela, Brazil, Argentina, Chile, Peru and Columbia.
- Ernst & Young undertakes not to conduct rival consulting activities for a minimum period of five years commencing on the date the agreement is finalized.
- If all of the Ernst & Young consulting firms join Cap Gemini, this will result in the issuance of a maximum of 43,686,359 new shares with an aggregate par value of € 349,490,872 plus a cash payment of € 375 million. The total premium on the new shares will be € 9,261,508,108. Depending on market conditions, it is expected that a minimum of 25% of the new Cap Gemini shares will be traded immediately, rising to a maximum of 50% before April 1, 2001. Ernst & Young partners will formally agree to retain the remaining new shares beyond this date and to dispose of them in a gradual and controlled manner over a period of 5 years.
- The transaction should have a positive impact on Cap Gemini's earnings per share as from 2000 and will be accounted for using the pooling of interests method.
- The transaction is subject to prior approval by:
  - the Securities Exchange Commission, which will have to recognize Cap Gemini as a private foreign issuer exempt from registration requirements,
  - the European Monopolies Commission,
  - the French COB (Commission des Opérations de Bourse), as regards the application of the pooling of interests method,
  - the French Conseil des Marchés Financiers, which will have to confirm that the transaction will not create an obligation for Ernst & Young US or any of Cap Gemini's shareholders to make an official takeover bid for Cap Gemini.

The "Document E" prepared in accordance with COB Regulation 98-01, which is included in the appendices to this report, provides further information on the business and legal aspects of the transaction; its accounting treatment and the remuneration of the acquisition; the consequences of the acquisition for the Company and its shareholders; details of the companies participating in the transaction and the shares transferred.

Shareholders are invited to approve the contribution to the Company of the Ernst & Young consulting business and the insurance of shares in payment for this business.

6. Issuance for shares for cash to Cisco Systems Inc.

On March 7, 2000, the Cap Gemini and Cisco groups signed an agreement for the creation of a new joint Telecom/Media and Networks entity to provide consulting, systems integration and other Internet-related services for the development of new generation integrated networks.

The new entity will be managed by Cap Gemini, which will hold 95.1% of the capital and voting rights. As the managing shareholder, Cap Gemini has agreed to transfer to the new entity the majority of the activities of its Telecoms & Media global market unit, together with its data transport and network architecture experts and the management consultants from Gemini Consulting, totaling around 4,600 people. Cisco will transfer its best network specialists to this team.

Cisco will pay € 171,429,200 for the other 4.9% of the capital of the new entity, representing the equivalent of 4.9% of the value of the new company - € 4,373 million – less a 20% discount to take account of the fact that Cisco will be the minority shareholder.

Under the terms of the agreement, Cisco will also acquire 2,597,764 new Cap Gemini SA shares for a total of € 701,396,280, representing a price per share of € 270 including a € 262 premium. This price corresponds to the average of the prices quoted for Cap Gemini shares over the twenty trading days preceding the signature of the agreement, plus 5%.

Due to the transfers of technology and staff to the new entity, Cisco will have the right to acquire all of the shares of the new entity in the event that one of its five main competitors launches a takeover bid for Cap Gemini SA.

Cap Gemini and Cisco are convinced that Internet is in the process of revolutionizing the business models of major companies and telecom operators and are committed to offering them global solutions that will allow them to fully leverage the new strategic and business development opportunities offered by the Net Economy. The new entity will start out by focusing on the European market before expanding its activities to the USA and to the Asia-Pacific region. Its key aims will be to:

- speed up the creation and deployment of solutions aimed at traditional fixed wire/mobile telecoms operators, Internet service and access providers, cable operators and other players in the media sector,
- become the leading supplier of corporate network services.

The acquisition, by Cisco, of shares in the new entity and in Cap Gemini SA is dependent on certain conditions precedent being fulfilled before October 31, 2000. In particular, authorization under the Hart-Scott-Rodino Antitrust Improvements Act must be obtained and Cap Gemini must transfer the activities of the Telecoms & Media global market unit to the new entity or one of the entity's subsidiaries.

Based on the above, shareholders will be asked to approve the issuance of 2,597,764 new Cap Gemini SA shares at a price of € 270 per share and to waive their pre-emptive right to subscribe for the new shares so that the shares can be acquired by Cisco Systems Inc. In addition, shareholders will be asked to give the Directoire or the Board of Directors full powers to carry out the related share issue as soon as the conditions precedent referred to above have been fulfilled.

7. Cancellation of shares bought back

Shareholders will also be asked to authorize the Directoire or the Board of Directors to cancel all or some of the shares bought back under the provisions of Law 98-546 of July 2, 1998, up to a maximum of 10% of the share capital. The authorization to carry out share buybacks is discussed in the last paragraph of Section 3 of this report.

8. Financial authorizations

The authorizations granted to the Directoire last year to issue shares and share equivalents have not been used and consequently remain valid, within the legal deadlines imposed for each type of transaction open to the Directoire. These authorizations cover the issuance of shares and share equivalents, with or without pre-emptive subscription rights for existing shareholders, including by means of a public placement. The share equivalents that may be issued include convertible bonds, bonds with equity warrants, stand-alone equity warrants and hybrid securities. In order to continue to allow the Directoire or the Board of Directors to launch the issues that are considered best suited to the Company's needs at the best possible time, depending on market opportunities, shareholders are being asked to renew the authorizations given at last year's meeting, with certain modifications and for new periods. In order to adapt the amounts to the new Group structure, it is proposed to authorize the Directoire or the Board of Directors to issue shares with a maximum aggregate par value of € 1.5 billion, and to issue share equivalents up to a maximum amount of € 3 billion per issue (€ 400 million for stand-alone equity warrants and shares with equity warrants). The amount by which the capital may be increased as a result of these issues will be limited to € 400 million, to be included in the € 1.5 billion ceiling referred to above. The Statutory Auditors will issue a special report on any restricted share issues and any issues of securities convertible, exchangeable, redeemable or otherwise exercisable for shares to which shareholders do not have pre-emptive subscription rights. The shares would be issued at market price and, if the issues are placed on the French market, shareholders may be offered a non-transferable priority right to subscribe for the securities.

9. Employee share ownership

As mentioned in the first part of this report, Combined Shareholders' Meeting held on May 24, 1996, gave a five-year authorization – commencing June 1, 1996 – to the Directoire to grant up to 6 million stock options to employees of the Company and its French and foreign subsidiaries. During 1996, 1997, 1998 and 1999 the Directoire used this authorization to grant a total of 5,078,950 stock options to 1,054 Group employees. Including the options forfeited by grantees no longer employed by the Group, which have been added back to the total number of options not yet granted, and taking into account the adjustment made following the April 1998 share issue, as of December 31, 1999, 1,561,214 options were available for grant up to June 1, 2001.

The Directoire's medium-term goal is to set up an employee share ownership scheme open to all employees in all countries in which the Group operates. Such a scheme will have to comply with French law and detailed legal and fiscal feasibility studies will need to be performed to allow employees of foreign subsidiaries to participate. Consequently, the Directoire is not currently in a position to describe in detail the scheme or schemes that will finally be set up. Shareholders are therefore being asked to give a blanket authorization to the Directoire or the Board of Directors to grant stock options to the employees of the Company and its French and foreign subsidiaries, or to award shares to these employees on a basis allowed by law. The number of new shares issued under the authorization would be limited to 12 million if the shares issues in payment for the Ernst & Young contributions are effectively carried out or 8 million if these share issues do not take place.

Under the terms of the authorization, the Directoire or the Board of Directors will have full powers to determine the type of options to be granted (i.e. options to subscribe for new shares or to purchase existing shares), the terms and conditions of grant of the options and the terms and conditions under which they may be exercised, subject to compliance with the law. Based on current legislation, the option exercise price cannot be less than 80% of the average price quoted for the Company's shares over the prescribed number of trading days preceding the date of grant. Further, in the case of options to purchase existing shares, the exercise price cannot be less than 80% of the average price at which the Company acquired the shares allocated on exercise of the options. The options will have a maximum life of six years. The authorization will be valid for a period of five years from the date of the Annual Shareholders' Meeting and will entail the express waiver of shareholders' pre-emptive right to subscribe for the shares issued on exercise of the options. The authorization will not have the effect of canceling the authorization to grant stock options given at the Combined Shareholders Meeting of May 24, 1996, referred to above.

In the case of shares offered for subscription by employees participating in a Cap Gemini Group savings plan, which would also entail the waiver of shareholders' pre-emptive subscription rights, the Directoire or the Board of Directors will be given full powers to determine the conditions and method of subscription and to set the issue price of the new shares. Based on current legislation, this price cannot be greater than the average price quoted for the Company's shares over the twenty trading days preceding the date of the decision to open the subscription period, nor be less than 80% of this average. This authorization will be given for a period of five years as from the date of the Annual Shareholders' Meeting.

10. Return to a single-tier management structure with a Board of Directors, with the possibility of designating non-voting directors

The decision of the Extraordinary Shareholders' Meeting of May 24, 1996 to adopt a two-tier management structure with a Directoire and a Supervisory Board was made in connection with the signature, on January 11, 1996, of an agreement between Daimler-Benz InterServices (debis), CGIP and Serge Kampf. At the time, these three shareholders held 61% of the Company's capital. The agreement lapsed in July 1997 following the divestment by debis of its entire interest in Cap Gemini. Subsequently, the Extraordinary Shareholders' Meeting of April 16, 1998 amended the articles of the bylaws concerning the operation of the Directoire and Supervisory Board to eliminate the specific provisions that had been made necessary by the existence of the agreement.

On the fourth anniversary of the date on which the Directoire took up its functions, on May 24, 1996, shareholders are being asked to approve a return to a single-tier management structure with a Board of Directors, including the possible designation of non-voting directors ("Censeurs") entitled to attend Board Meetings in a consultative capacity only. This structure is better suited to the Group's current situation and is also easier to understand by people in the English-speaking world where the Group now conducts a significant proportion of its business and where many of its shareholders are based. The proposal put to the Shareholders' Meeting consists of modifying the shareholders' agreement to the extent required by this change, the age limit for directors, chairmen and chief operating officers and the possible designation of non-voting directors ("Censeurs"), without making any other amendments.

C – Second part of the Ordinary Shareholders' Meeting

11. Election of directors

Shareholders will be invited to elect as directors, for a six-year term, Christian Blanc, Paul Hermelin, Pierre Hessler, Michel Jalabert, Serge Kampf, Ruud von Ommeren, Terry Ozan, Bruno Roger, Ernest-Antoine Seillière, Geoff Unwin and Guy de Wouters. A separate resolution will be presented for each of these elections.

12. Designation of non-voting directors ("Censeurs")

Shareholders will also be invited to designate as non-voting directors ("Censeurs"), for a six-year term, Chris van Breugel and Philip Laskawy. A separate resolution will be presented for each of these appointments. As non-voting directors, they will be entitled to attend Board meetings in a consultative capacity only.

13. Determination of attendance fees

The Directoire recommends that the Board of Directors should be awarded annual attendance fees representing a maximum of € 500,000. The fees awarded for 2000 will be determined pro rata to the period between the date on which the Board of Directors takes over from the Directoire and the year-end.

Report of the Supervisory Board

The Directoire has submitted to the Supervisory Board the 1999 Cap Gemini SA financial statements, together with the Cap Gemini Group consolidated financial statements and the Directoire's report to the Annual Shareholders' Meeting, which reflect the advances made by the Group during the year. The Supervisory Board has no comment to make on the financial statements. It thanks the Directoire and all the Group's employees for the quality of their work over the past year. Against a backdrop of favorable economic conditions, a clear improvement in operating margin was recorded despite the disruptions caused by client preparations for the change of millennium.

The Supervisory Board approves the proposal of the Directoire to set the 1999 dividend at € 1.0.

The Supervisory Board notes with satisfaction the Group's strong expansion into Internet-related activities. It approves the growth strategy involving the acquisition of Ernst and Young's consulting and IT services businesses and the establishment of a close partnership with Cisco Systems. The Board therefore recommends that shareholders approve the acquisition of the Ernst & Young consulting and IT services business, the acquisition price and the proposed method of payment in the form of new Cap Gemini SA shares. This transaction will allow the expanded Group to become a major player in the US, to strengthen its presence in Germany and to benefit from industry expertise in a wide range of sectors, making Cap Gemini the preferred partner of major players in the global economy. The Board also recommends that shareholders approve the issuance of shares to Cisco Systems, the world leader in network equipment for the Internet, as a part of a strategic alliance designed to leverage the benefits of the "Net Economy".

Shareholders will also be invited to approve the return to a single-tier management structure, with a Board of Directors. The return to this type of structure is justified by the fact that it is also easier to understand by people in the English-speaking world where the Group now conducts a significant proportion of its business and where many of its shareholders are based.

Shareholders will also be asked to renew the authorizations (to be given to the Board of Directors) to raise funds on the financial markets by any appropriate method, depending on the Company's needs and according to market opportunities. In addition, the Meeting will be asked to vote on the authorization to buy back or cancel the Company's shares and to authorize the Board of Directors to grant stock options or to issue shares to Group employees for cash.

The Supervisory Board recommends that shareholders approve all the resolutions proposed by the Directoire.

Cap Gemini Group Consolidated financial statements

Statutory Auditors' General Report on the consolidated financial statements for the years ended December 31, 1997, 1998 and 1999

To the shareholders of Cap Gemini SA,

We have audited the consolidated balance sheets of Cap Gemini SA and subsidiaries as of December 31, 1997, 1998 and 1999 (in euros) and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, as attached to this report. These consolidated financial statements are the responsibility of the Directoire. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Cap Gemini SA and subsidiaries as of December 31, 1997, 1998 and 1999, the consolidated results of operations, changes in shareholders' equity and cash flows for the years then ended, in accordance with French generally accepted accounting principles.

We have also performed the specific procedures required by law, in accordance with generally accepted auditing standards. We are satisfied that the information given in the Report of the Directoire is fairly stated and agrees with the consolidated financial statements.

Paris, March 16, 2000

The Statutory Auditors
Members of the Regional Company of Paris

CONSTANTIN ASSOCIES	COOPERS & LYBRAND AUDIT Member of PricewaterhouseCoopers
Jean-François Serval - Laurent Lévesque	Bernard Rascle

Consolidated statements of income for the years ended December 31, 1997, 1998 and 1999

(in millions of euros)	Notes	1997 Amount	1997 %	1998 Amount	1998 %	1999 Amount	1999 %
Operating Revenue	3	***3,076***	***100.0***	***3,955***	***100.0***	***4,310***	***100.0***
Cost of services rendered	4	2,111	68.7	2,678	67.7	2,904	67.4
General, administrative and selling expenses	4	715	23.2	871	22.0	937	21.7
Operating Income		***250***	***8.1***	***406***	***10.3***	***469***	***10.9***
Interest income/(expense), net	5	(29)	(0.9)	(2)	-	8	0.2
Other revenue and expenses, net	6	32	1.0	5	0.1	39	0.9
Income of fully consolidated companies before tax		***253***	***8.2***	***409***	***10.4***	***516***	***12.0***
Income tax	7	(88)	(2.9)	(155)	(4.0)	(199)	(4.6)
Net income of fully consolidated companies before amortization of goodwill		***165***	***5.4***	***254***	***6.4***	***317***	***7.4***
Equity in net results of affiliates	10	5	0.1	(2)	-	(1)	(0.1)
Minority interests		(25)	(0.8)	(34)	(0.9)	(22)	(0.5)
Net income before amortization of goodwill		***145***	***4.7***	***218***	***5.5***	***294***	***6.8***
Amortization of goodwill	8	(29)	(0.9)	(30)	(0.7)	(28)	(0.6)
Net Income		***116***	***3.8***	***188***	***4.8***	***266***	***6.2***

	Notes	1997	1998	1999
Average number of shares		60,763,497	66,163,937	73,178,100
Weighted average number of stock options		3,094,112	4,918,336	4,083,641
Restated average number of shares		63,857,609	71,082,273	77,261,741
Net income		116	188	266
Diluted earnings per share *(in €)*	1-n	***1.82***	***2.65***	***3.44***
Number of shares as of December 31		61,198,877	69,130,658	77,945,108
Primary earnings per share *(in €)*	1-n	***1.90***	***2.73***	***3.41***

In 1999, consolidated net income before minority interests but after amortization of goodwill totaled € 288 million, representing 6.7% of operating revenue, versus € 222 million or 5.6% of operating revenue in 1998 and € 141 million or 4.6% of operating revenue in 1997.

Consolidated balance sheets as of December 31, 1997, 1998 and 1999

(in millions of euros)	Notes	1997	1998	1999
Assets				
Intangible assets	8	1,333	1,281	1,589
Property, plant and equipment	9	307	298	319
Investments	10	35	44	42
Total non-current assets		***1,675***	***1,623***	***1,950***
Accounts and notes receivable, net	11	809	941	1,063
Other receivables	12	97	106	162
Financial receivables and short-term investments	14	204	879	569
Cash	14	146	139	193
Total current assets		***1,256***	***2,065***	***1,987***
Total assets		***2,931***	***3,688***	***3,937***
Guarantees received from third parties	19	9	2	29
Liabilities and shareholders' equity				
Share capital		373	422	624
Additional paid-in capital		705	1,242	1,226
Retained earnings		329	408	761
Total shareholders' equity	13	***1,407***	***2,072***	***2,611***
Minority interests	13	158	176	27
Shareholders' equity, including minority interests	13	***1,565***	***2,248***	***2,638***
Long-term debt	14	476	192	143
Provisions and other long-term liabilities	15	75	86	95
Total long-term liabilities		***551***	***278***	***238***
Short-term debt	14	123	249	111
Accounts and notes payable, net	16	630	774	767
Other payables		62	139	183
Total current liabilities		***815***	***1,162***	***1,061***
Total liabilities and shareholders' equity		***2,931***	***3,688***	***3,937***
Commitments given to third parties	19	422	553	711
Net cash / (net debt)	14	***(249)***	***577***	***508***

Consolidated statements of cash flows
for the years ended December 31, 1997, 1998 and 1999

(in millions of euros)	1997	1998	1999
Operating activities			
Income of fully consolidated companies before tax	***253***	***409***	***516***
Adjustments to reconcile income of fully consolidated companies before tax to cash generated by operations:			
Depreciation and amortization	75	82	86
Provisions	13	6	(4)
Gains on disposals of fixed assets	(38)	(4)	(45)
Other	(32)	2	14
Cash generated by operations	***271***	***495***	***567***
Change in accounts and notes receivable, net	(70)	(156)	(74)
Change in accounts and notes payable, net	24	37	(49)
Change in other receivables and payables, net	41	35	(222)
Net movement in working capital	***(5)***	***(84)***	***(345)***
Net cash provided from operations	***266***	***411***	***222***
Investing activities			
Acquisitions of property, plant and equipment and intangible fixed assets	(94)	(131)	(144)
Disposals of property, plant and equipment and intangible fixed assets	15	32	24
	(79)	(99)	(120)
Acquisitions of investments	(78)	(16)	(1,231) (*)
Disposals of investments	167	3	77
	89	(13)	(1,154)
Net cash provided/(used) by investing activities	***10***	***(112)***	***(1,274)***
Equity financing activities			
Increase in share capital	20	585	1,036 (*)
Minority interests in increase in share capital of subsidiaries	3	7	12
Dividends paid	(33)	(53)	(86)
Net cash (used) / provided by equity financing activities	***(10)***	***539***	***962***
Net cash provided / (used) on a comparable group basis, before debt financing activities	***266***	***838***	***(90)***
Net cash / (debt) at beginning of year	***(461)***	***(249)***	***577***
Net change in borrowings	232	158	193
Net change in financial receivables, short-term investments and cash	34	680	(283)
Net cash provided / (used) by debt financing activities on a comparable group basis	***266***	***838***	***(90)***
Effect of exchange rate movements on net debt	(13)	(12)	6
Net cash / (debt) of companies acquired or sold during the year	(41)	-	15
Net cash / (debt) at end of year	***(249)***	***577***	***508***

(*) the acquisition of 37.5% of Cap Gemini NV share capital (€ 998 million) was financed by an equivalent increase in Cap Gemini SA share capital.

Consolidated statement of changes in shareholders' equity for the years ended December 31, 1997, 1998 and 1999

(in millions of euros)	Number of shares	Share Capital	Additional paid-in capital	Retained earnings	Share-holders' equity
As of January 1, 1997	***60,356,666***	***368***	***690***	***156***	***1,214***
Increase in share capital:					
- upon conversion of debentures	168	-	-	-	-
- upon exercise of options	842,043	5	15	-	20
Dividends paid	-	-	-	(19)	(19)
Translation adjustments	-	-	-	76	76
Net income for 1997	-	-	-	116	116
As of December 31, 1997	***61,198,877***	***373***	***705***	***329***	***1,407***
Increase in share capital:					
- upon exercise of options	1,108,040	7	18	-	25
- for cash	6,823,741	42	531	-	573
Share issuance costs	-	-	(12)	-	(12)
Dividends paid	-	-	-	(33)	(33)
Translation adjustments	-	-	-	(76)	(76)
Net income for 1998	-	-	-	188	188
As of December 31, 1998	***69,130,658***	***422***	***1,242***	***408***	***2,072***
Increase in share capital:					
- due to conversion of share capital into euros and increase of par value up to € 8	-	131	(131)	-	-
- upon exercise of options	1,510,449	12	26	-	38
- upon public tender offer for minority interests in Cap Gemini NV (see note 1-d)	7,304,001	59	944	-	1,003
Dividends paid	-	-	-	(58)	(58)
Goodwill associated with public tender offer for minority interests in Cap Gemini NV	-	-	(855)	-	(855)
Translation adjustments	-	-	-	145	145
Net income for 1999	-	-	-	266	266
As of December 31, 1999	***77,945,108***	***624***	***1,226***	***761***	***2,611***

Cap Gemini Group
Notes to the consolidated financial statements

1. Accounting policies

The consolidated financial statements have been prepared in accordance with French generally accepted accounting principles applicable at December 31, 1999 and with reference to the seventh European directive.

The main accounting policies applied by the Group are as follows:

a) Consolidation methods

- The consolidated financial statements include the accounts of Cap Gemini SA and its significant directly or indirectly fully-controlled subsidiaries. Prior to consolidation, the financial statements of subsidiaries are restated to comply with Group accounting policies. Minority interests are shown separately.
- Investments in companies which Cap Gemini SA directly or indirectly controls jointly with a limited number of other shareholders are accounted for by the method of proportional consolidation. This method consists of consolidating the income and expenses, assets and liabilities of jointly-controlled companies, line by line, based on the Group's percent interest in their capital. Information concerning jointly-controlled companies is provided in note 23.
- Investments in affiliated companies over whose management Cap Gemini SA exercises significant influence, without however exercising full or joint control, are accounted for by the equity method. This method consists of replacing the cost of the shares with an amount corresponding to the Group's equity in the underlying net assets and of recording in the income statement the Group's equity in net income.

Investments in some companies (mostly dormant) meeting the criteria mentioned above are not included in the consolidated financial statements, because their consolidation would not have a material effect on the Group's consolidated financial position or the results of its operations.

All other investments are stated at the lower of cost or fair value to the Group.

All intercompany transactions have been eliminated.

b) Use of estimates

The preparation of the financial statements involves the use of estimates and assumptions which may have an impact on the reported values of assets and liabilities at the year-end or of certain items of income and expense for the year. Estimates are based on economic data which are likely to vary over time and are subject to a limited degree of uncertainty.

c) Foreign currency translation

The 1997 and 1998 consolidated financial statements were prepared in French francs and then converted into euros. The 1999 consolidated financial statements are in euros.

The balance sheets of foreign subsidiaries are translated into euros at year-end rates of exchange with the exception of shareholders' equity accounts, which are kept at their historical values.

Statements of income of foreign subsidiaries are translated into euros at the annual weighted average rates of exchange.

Translation differences arising from the application of these different rates are directly allocated to retained earnings and have no impact on the statement of income.

Exchange differences arising on monetary items which form an integral part of the net investment in foreign subsidiaries are allocated to cumulative translation adjustment, in an amount net of tax.

The principle exchange rates used to convert foreign currency amounts into euros are as follows:

	Average rates for the year			Rates as of December 31		
	1997	**1998**	**1999**	**1997**	**1998**	**1999**
French franc	0.15	0.15	0.15245	0.15	0.15	0.15245
US dollar	0.89	0.90	0.93851	0.91	0.86	0.99542
Pound sterling	1.46	1.49	1.51849	1.51	1.42	1.60849
Deutsche Mark	0.51	0.51	0.51129	0.51	0.51	0.51129
Dutch guilder	0.46	0.45	0.45378	0.45	0.45	0.45378
Swedish krona	0.12	0.11	0.11355	0.12	0.11	0.11679

d) Intangible assets

Market share

When the acquisition of companies allows the Group to obtain a significant share of a specific market, part of the excess of purchase cost over the fair value of assets acquired is allocated to the market share acquired.

Such market share is valued as of the date of acquisition in relation to economic data with reference to activity and profitability indicators.

In view of its nature, acquired market share is not amortized. However, at each fiscal year end, it is reviewed in accordance with the same criteria used as of the date of acquisition and a provision is set up if there is any impairment in value.

Goodwill

Goodwill consists of the excess of cost over the Group's equity in the fair value of the underlying net assets as of the date of acquisition of companies consolidated or accounted for by the equity method, after allocation of purchase cost to identified tangible or intangible assets, such as market share. Goodwill is amortized over 40 years, with the exception of the goodwill created upon the acquisition of 37.5% of Cap Gemini NV share capital by exchange of shares. In accordance with French accounting standards applicable as of the transaction date (Article 248-3 of the Decree of February 17, 1986) and as expressed by the Commission des Opérations de Bourse (French Stock Exchange Commission), this goodwill was written off against the premium on the shares issued in exchange for the Cap Gemini NV shares.

Computer software

Computer software and user rights acquired on an unrestricted ownership basis, as well as software developed for in-house purposes, which have a positive, lasting and quantifiable effect on future results, are capitalized and amortized over three to five years. They are stated at the lower cost or fair value to the Group.

e) Property, plant and equipment

Property, plant and equipment are carried in the balance sheet at cost. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets concerned.

The most commonly adopted useful lives are the following:

Buildings	20 to 40 years
Fixtures and fittings	10 years
Computer equipment	3 to 5 years
Office furniture and equipment	5 to 10 years
Vehicles	5 years
Other equipment	5 years

f) Deferred taxation

Deferred taxes, resulting from timing differences in the recognition of revenue and expense items for tax and financial reporting purposes, are recorded in the statement of income and balance sheet under the liability method.

Under this method, deferred taxes are computed at the tax rate known as of the closing date. The impact of possible changes in tax rates on deferred taxes accounted for previously is included in the statement of income for the year in which these rate changes become effective.

A deferred tax asset is recognized in respect of tax losses that are expected to be utilized. Deferred tax assets recognized in prior years, less deferred tax liabilities, where appropriate, are written down when the related tax loss carry-forwards are not expected to be utilized.

g) Capital leases

A capital lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset. When a fixed asset is held under a capital lease, its value is restated as an asset and the present value at the beginning of the lease term of future minimum lease payments during the lease term is recorded as an obligation. The asset is depreciated over its useful life as per the Group's policy and future minimum lease payments are amortized over the lease term.

h) Revenue recognition on long-term contracts

- Revenue from **long-term fixed price contracts**, including systems development and integration contracts, is recognized under the percentage-of-completion method. Under this method, revenue is recognized as work on the contract progresses. Revenues from these contracts are included in trade accounts receivable in the balance sheet when invoiced to customers, and in accrued income when they are not yet invoiced. If necessary, a provision is made for forecast losses on completion.
- Revenues from **time and materials contracts** are recognized as services are rendered.
- "Accounts and notes receivable, net" corresponds primarily to trade accounts receivable less advances received from customers.

i) Marketable securities

Marketable securities are stated at the lower of their aggregate cost or market value. In the case of quoted securities, the market value corresponds to the quoted market price as of the balance sheet date.

j) Retirement benefits

Group employees are covered by defined benefit or defined contribution plans set up in accordance with the regulations in force in the countries in which the Group operates.

Pension costs under defined benefit plans are determined based on the discounted present value of future benefit payments. Estimates are based on regularly reviewed internal parameters and the interest rate on Government bonds or are performed by independent actuaries (see note 15).

Defined contribution plans are funded by contributions paid by employees and Group companies to the organizations responsible for managing the plans.

k) Credit risks

Short and medium-term assets theoretically giving rise to a potential concentration of credit risks consist of short-term investments and accounts and notes receivable. Short-term investments mainly comprise marketable securities. They are made with recognized financial institutions and the Group therefore considers that the related credit risk is not material. Concerning accounts and notes receivable, Group clients are not concentrated within any single geographic area or business sector.

The businesses of Group clients may be affected by changes in the economic environment, with a resulting impact on the amounts receivable from these companies. The Group considers that no single client, business segment or geographic area represents a material credit risk.

l) Financial instruments

Financial instruments are used to hedge certain risks arising in the normal course of business. All hedging positions relate to existing assets or liabilities and/or business or financial transactions.

Hedging contracts are set up with leading financial institutions and the Group therefore considers that the related counterparty risk is not material. All currency and interest rate positions are taken using instruments quoted on organized markets or over-the-counter, for which the related counterparty risks are minimal. Gains and losses on hedging instruments are recognized on a symmetrical basis with the loss or gain on the hedged items.

The fair value of financial instruments is estimated based on market prices or data supplied by the banks.

m) Statement of income

Income and expenses are analyzed in the consolidated statement of income based on cost accounting principles, as follows:

- Operating expenses are broken down between:
  – cost of services rendered, and
  – general, administrative and selling expenses.

The main components of operating expense are payroll costs and travel expenses (see note 4).

- Net interest income/(expense) corresponds to interest income from short-term investments less interest on long- and short-term debt.
- Other revenues and expenses include primarily:
  – exchange differences,
  – gains and losses on asset disposals,
  – provisions for impairment in value and dividends received from non-consolidated companies,
  – non-recurring charges (restructuring costs, etc.).

n) Earnings per share

Net earnings per common share are calculated as follows:

- diluted earnings per share: on the basis of the weighted average number of shares outstanding during the year, plus the number of potential dilutive shares related to options granted to employees of the Group (note 13-b) calculated based on the average share price for the year. Consolidated net income is restated to take account of interest expenses after tax on the convertible debentures.
- primary earnings per share: on the basis of the number of shares outstanding as of the year-end.

o) Net cash/(net debt)

Net cash/(net debt) comprises financial receivables, short-term investments and cash less short- and long-term debt.

The fair value of short-term investments is close to their book value, with the exception of certain investments held in 1998 and 1999 which are valued based on their guaranteed minimum yield (see note 14-b).

p) Consolidated statement of cash flows

The consolidated statement of cash flows details cash provided and used by operating, investing and equity financing activities. Cash flows from debt financing activities are analyzed in note 14 “Net cash/(net debt)”.

q) Segment information

The Group operates primarily in Europe and the United States, where it is engaged in management consulting, design, installation and operation of corporate information and communication systems.

The Group manages its operations based on geographic areas, business segments and service lines. A complete performance assessment is only produced for geographic areas, which alone constitute profit centers. Operating revenue, main assets and employees by geographic area are analyzed in Notes 3, 21 and 22, respectively.

2. Changes in Group structure in 1997, 1998 and 1999

a) 1997

The three main changes in the scope of consolidation in 1997 were as follows:

- On August 8, 1997, the Cap Gemini Group sold its 19.6% interest in debis SystemHaus and its subsidiaries. The companies were accounted for by the equity method up to June 30, 1997.
- On January 1, 1997, Cap Gemini increased its 49% interest in the Bossard Group to 100%. Accordingly, the Bossard Group was fully consolidated from that date.
- On January 11, 1997, Cap Gemini acquired 51% of Portugal’s Geslogica, now renamed Cap Gemini Portugal. On March 31, 2000 the Group exercised its option to acquire the remaining 49%. The company has been fully consolidated since its acquisition.

b) 1998

The main changes in the scope of consolidation in 1998 were as follows:

- In the United States the Group took a 2.9% stake in Hagler-Bailly, a management consulting firm specialized in the utilities industry (see note 10-b). A 50/50 joint-venture was created in the United States by Cap Gemini and Hagler-Bailly in order to deploy a common service offer in the utilities market. The joint-venture, named Cap Gemini Hagler-Bailly, has been consolidated by the proportional method based on Cap Gemini’s 50% interest.
- In Benelux, the Group acquired Bortiboll BV, a Dutch company specialized in electronic commerce and took over the business of Association d’Informatique Hennuyere Machelen, a Belgian outsourcing company. Both of these companies were fully consolidated as from October 1, 1998.
- In France, the Group sold its 49% interest in IFOP Participations. In 1997, this company was accounted for by the equity method.

c) 1999

The main changes in the scope of consolidation in 1999 were as follows:

- In the United States the Group acquired Beechwood, a company specialized in IT services for telecom operators in April 1999. Immediately after its acquisition, Beechwood was merged into Cap Gemini America. Beechwood had revenue of USD 56 million in 1998.
- In Benelux, on August 31, 1999, Cap Gemini SA completed a public tender offer for the minority interests in its subsidiary Cap Gemini NV, thereby increasing its interest in the subsidiary from 56.4% to 93.9%. Cap Gemini SA issued 7,304,001 common shares for an amount of € 1,003 million (€ 998 million after allocation of issuance costs). The new shares were attributed on the basis of 4 Cap Gemini SA shares for 9 Cap Gemini NV shares. The acquisition became effective on July 1, 1999. Cap Gemini NV also acquired the remaining 50% of the capital of Twinac Software and Twinsoft Belgium. Both companies, along with Twinsoft UK, were formerly jointly owned by Cap Gemini and Compaq. On May 1, 1999, the

Group also acquired the company Academish Computer Centre Utrecht.

• In the United Kingdom, training services were divested, as well as the 50% interests in Twinsoft UK.

d) Pro forma accounts

If the public tender offer for minority interests in Cap Gemini NV had taken place on January 1, 1997, only minority interests, decreased to 6,1 %, in net income, and the net income accordingly, would have been modified in the Group income statement for 1997, 1998 and 1999.

(in millions of euros)	1997	1998	1999
Operating revenue	3,076	3,955	4,310
Operating income	250	406	469
Net income	138	217	282
Net margin	4.5%	5.5%	6.5%

3. Operating revenue

Operating revenue by geographic area can be analyzed as follows:

(in millions of euros)	1997		1998		1999	
	Amount	%	Amount	%	Amount	%
United States	492	16	560	14	547	13
United Kingdom	632	21	935	24	953	22
Nordic Countries	401	13	479	12	482	11
Benelux	528	17	664	17	775	18
France	716	23	942	24	1,128	26
Other countries	307	10	375	9	425	10
Total	***3,076***	***100***	***3,955***	***100***	***4,310***	***100***

4. Operating expenses

Operating expenses consist primarily of payroll costs and travel expenses, as follows:

(in millions of euros)	1997	1998	1999
Payroll costs	1,846	2,264	2,581
Travel expenses	184	231	253
Total	***2,030***	***2,495***	***2,834***
As a % of total operating expenses	72%	70%	74%
As a % of total operating revenue	66%	63%	66%

The net increase in the number of employees recruited in 1999 totaled 1,285 persons (7,247 employees in 1998 and 5,144 in 1997).

5. Net interest income/(expense)

Net interest income / (expense) can be analyzed as follows:

(in millions of euros)	1997	1998	1999
Interest income from short-term investments	8	22	27
Interest on debt	(40)	(26)	(21)
Other	3	2	2
Total	***(29)***	***(2)***	***8***

6. Other revenues and expenses, net

Other revenues and expenses can be analyzed as follows:

(in millions of euros)	1997	1998	1999
Gains on disposals of shares and businesses	35	1	43
Gains on disposals of property, plant and equipment	3	3	2
Net foreign exchange gains/(losses)	5	(2)	6
Restructuring and integration costs	(10)	(1)	(14)
Provision for contingencies	(2)	-	-
Other, net	1	4	2
Total	***32***	***5***	***39***

Gains on disposals of shares and business activities in 1997 reflect the sale of the 19.6% stake in debis SystemHaus and of non-strategic interests acquired at the time of acquisition of the Bossard Group. Gains in 1998 relate to the sale of further non-strategic subsidiaries of the Bossard Group. Gains in 1999 mainly relate to the sale of training services in the United Kingdom.

Restructuring costs amounted to € 14 million in 1999, € 1 million in 1998 and € 10 million in 1997. In 1999, these costs relate primarily to the reorganization of the German software publishing business and to the integration of management consulting and IT services in the United States. The 1998 and 1997 costs mainly concern the reorganization in the Baltic states consulting business and the integration of the Bossard Group.

7. Provision for income taxes

a) Effect of income tax on net income

The provision for income taxes can be analyzed as follows:

(in millions of euros)	1997	1998	1999
Current income tax expense	(93)	(150)	(215)
Deferred income tax benefit / (charge)	5	(5)	16
Total	***(88)***	***(155)***	***(199)***

In 1997, 1998 and 1999, several subsidiaries were subject to tax audits. Some of the tax reassessments have been disputed by the companies concerned.

The reduction in the French tax rate in 1999 had the effect of reducing the provision for income taxes by € 3 million. The increase in the French tax rate in 1997 had the effect of increasing the provision for income taxes by € 2 million in 1998 and € 8 million in 1997.

b) Effective rate of income tax

In 1999, the average effective tax rate was 38.7% (1998: 38.0%; 1997: 34.6%).

Cap Gemini operates in countries with different tax regimes and the effective rate of income tax therefore varies from one year to another, based on changes in each country's contribution to consolidated earnings. The difference between the French standard rate of income tax and the effective tax rate of the Group can be analyzed as follows:

(in %)	1997	1998	1999
Standard tax rate in France	***41.7***	***41.7***	***40.0***
Impact (%) of:			
Utilization of tax loss carry-forwards	(2.6)	(0.7)	(0.2)
Net deferred tax assets corresponding to tax loss carry-forwards	2.3	2.4	2.0
Difference in tax rates between countries	(4.5)	(6.0)	(4.7)
Income taxed at reduced rates	(3.5)	-	-
Permanent differences	1.2	0.6	1.6
Effective rate of income tax	***34.6*** (*)	***38.0***	***38.7***

(*) excluding the impact of the sale of debis SystemHaus, the effective rate of income tax in December 1997 would have been 39.5%.

8. Intangible assets

Changes in intangible assets can be analyzed as follows:

(in millions of euros)	Market share	Goodwill	Other intangible assets	TOTAL
Gross value				
As of January 1, 1997	***589***	***874***	***31***	***1,494***
Translation adjustments	38	46	-	84
Acquisitions	-	3	6	9
Disposals	-	(97)	(4)	(101)
Changes in Group structure	-	56	1	57
As of December 31, 1997	***627***	***882***	***34***	***1,543***
Translation adjustments	(29)	(26)	(1)	(56)
Acquisitions	-	2	24	26
Disposals	-	(1)	(3)	(4)
Changes in Group structure	-	5	26	31
As of December 31, 1998	***598***	***862***	***80***	***1,540***
Translation adjustments	66	56	7	129
Acquisitions	-	2	44	46
Disposals	-	(11)	(16)	(27)
Changes in Group structure	172	35	2	209
As of December 31, 1999	***836***	***944***	***117***	***1,897***
Accumulated amortization				
As of January 1, 1997	***-***	***(152)***	***(21)***	***(173)***
Translation adjustments	-	(9)	-	(9)
Acquisitions	-	(29)	(4)	(33)
Disposals	-	-	4	4
Changes in Group structure	-	2	(1)	1
As of December 31, 1997	***-***	***(188)***	***(22)***	***(210)***
Translation adjustments	-	7	1	8
Acquisitions	-	(30)	(8)	(38)
Disposals	-	-	2	2
Changes in Group structure	-	1	(22)	(21)
As of December 31, 1998	***-***	***(210)***	***(49)***	***(259)***
Translation adjustments	-	(15)	(3)	(18)
Acquisitions	-	(28)	(17)	(45)
Disposals	-	4	13	17
Changes in Group structure	-	(1)	(2)	(3)
As of December 31, 1999	***-***	***(250)***	***(58)***	***(308)***
Net value				
As of January 1, 1997	589	722	10	1,321
As of December 31, 1997	627	694	12	1,333
As of December 31, 1998	598	652	31	1,281
As of December 31, 1999	***836***	***694***	***59***	***1,589***

Market share is valued according to the method described in note 1-d and represents part of the excess of purchase cost over the fair value of the net assets of Hoskyns in the United Kingdom (€ 410 million), Volmac in the Netherlands (€ 176 million), Programator in Sweden (€ 68 million) and Beechwood in the United States of America (€ 182 million) as of the date of acquisition.

The change in the gross value of goodwill in 1997 primarily reflects the goodwill recognized on full consolidation of the Bossard Group with effect from January 1, 1997 (€ 56 million) less goodwill written off on deconsolidation of debis SystemHaus as of July 1, 1997 (€ 97 million).

The change in the gross value of goodwill in 1999 primarily reflects the following :

– the goodwill recognized on full consolidation of Beechwood (€ 7 million), Twinac Software (€ 12 million), Twinsoft Belgium (€ 3 million) and Academish Computer Centre Utrecht (€ 2 million)
– the divestiture of training services in the United Kingdom (€ 8 million reduction)
– the acquisition of minority interests in Cap Gemini NV after the closing of the public tender offer (€ 8 million)

Other intangible assets are mainly purchased software and other licenses.

The goodwill created by the public tender offer in July and August 1999 for the 37.5% interest in Cap Gemini NV amounts to € 855 million and has been retained off against share premium. In theory, the related 1999 amortization over 40 years would have been € 11 million and then, the net value would have been € 844 million as of December 31, 1999.

9. Property, plant and equipment

Changes in property, plant and equipment in 1997, 1998 and 1999 can be analyzed as follows:

(in millions of euros)	Land, buildings, fixtures and fittings	Computer equipment	Other	TOTAL
Gross value				
As of January 1, 1997	***196***	***195***	***57***	***448***
Translation adjustments	5	13	2	20
Acquisitions	20	53	13	86
Disposals	(11)	(16)	(6)	(33)
Changes in Group structure	66	(6)	7	67
As of December 31, 1997	***276***	***239***	***73***	***588***
Translation adjustments	(5)	(9)	(3)	(17)
Acquisitions	29	53	23	105
Disposals	(8)	(49)	(11)	(68)
Changes in Group structure	3	(25)	(1)	(23)
As of December 31, 1998	***295***	***209***	***81***	***585***
Translation adjustments	11	15	5	31
Acquisitions	41	32	25	98
Disposals	(15)	(26)	(9)	(50)
Changes in Group structure	(4)	(21)	-	(25)
As of December 31, 1999	***328***	***209***	***102***	***639***
Accumulated amortization				
As of January 1, 1997	***(55)***	***(121)***	***(38)***	***(214)***
Translation adjustments	(2)	(7)	(1)	(10)
Acquisitions	(17)	(45)	(8)	(70)
Disposals	4	13	4	21
Changes in Group structure	(11)	5	(2)	(8)
As of December 31, 1997	***(81)***	***(155)***	***(45)***	***(281)***
Translation adjustments	2	7	1	10
Acquisitions	(19)	(45)	(9)	(73)
Disposals	5	27	8	40
Changes in Group structure	(3)	19	1	17
As of December 31, 1998	***(96)***	***(147)***	***(44)***	***(287)***
Translation adjustments	(5)	(11)	(2)	(18)
Acquisitions	(23)	(34)	(12)	(69)
Disposals	6	19	4	29
Changes in Group structure	6	20	(1)	25
As of December 31, 1999	***(112)***	***(153)***	***(55)***	***(320)***
Net value				
As of January 1, 1997	141	74	19	234
As of December 31, 1997	195	84	28	307
As of December 31, 1998	199	62	37	298
As of December 31, 1999	***216***	***56***	***47***	***319***

The gross value of leased assets represented € 125 million in 1999 (1998: € 130 million; 1997: € 144 million). Accumulated depreciation for those assets was € 46 million in 1999 (1998: € 42 million; 1997: € 35 million).

The increase in “land, buildings, fixtures and fittings” in 1997 primarily reflects the full consolidation of SNC Rouget de l'Isle, a Bossard Group subsidiary, which is acquiring Bossard's head office building under a capital lease.

10. Investments

Investments can be analyzed as follows:

As of December 31 (in millions of euros)	**1997**	**1998**	**1999**
Investments accounted for by the equity method	10	8	5
Shares in non-consolidated companies	20	30	30
Deposits and other long-term investments	5	6	7
Total	***35***	***44***	***42***

a) Investments accounted for by the equity method

The main changes in investments accounted for by the equity method were as follow :

(in millions of euros)	**1997**	**1998**	**1999**
As of January 1	***54***	***10***	***8***
Equity in net results of affiliates	5	(2)	(1)
Increase in share capital	8	-	-
Changes in Group structure and other	(57)	-	(2)
As of December 31	***10***	***8***	***5***

Investments accounted for by the equity method can be analyzed as follows:

(in millions of euros)	**% interest**	**Operating Revenue**	**Share of net results included in CG Group accounts**	**Equity in net assets as of December 31**
1997				
Apis	34	25	-	9
Other (a)	-	-	5	1
Total 1997	**-**	**-**	***5***	***10***
1998				
Apis	34	24	(2)	7
Other (b)	-	-	-	1
Total 1998	**-**	**-**	***(2)***	***8***
1999				
Apis	34	27	(1)	5
Total 1999	**-**	**-**	***(1)***	***5***

(a) Corresponds primarily to the € 5 million contribution of debis SystemHaus, which was deconsolidated with effect from July 1, 1997.
(b) Corresponds to Group equity in the net assets of various companies representing non-material amounts.

In 1999, in the United Kingdom, the Group divested its 50 % interest in the company Twinsoft UK, which was sold to Compaq.

b) Shares in non-consolidated companies

This item corresponds primarily to shares in Hagler-Bailly in 1999, shares in CISI and Hagler-Bailly in 1998 and shares in CISI in 1997.

Shares in CISI were sold to CS Communication & Systems in January 1999 at their net book value of € 18 million. Additional shares in the company Hagler Bailly were acquired for € 15 million. The Group's interest in this company was 14.5% as of December 31, 1999. Hagler-Bailly reported total sales of € 124 million for the first nine months of 1999 and total shareholders' equity of € 85 million as of September 30, 1999.

c) Deposits and other long-term investments

The fair value of deposits and other long-term investments is not materially different from their book value.

11. Accounts and notes receivable, net

As of December 31 (in millions of euros)	**1997**	**1998**	**1999**
Trade accounts and notes receivable, net	735	873	995
Other accounts and notes receivable	74	68	68
Total	***809***	***941***	***1,063***

a) Trade accounts and notes receivable, net

As of December 31 (in millions of euros)	**1997**	**1998**	**1999**
Trade accounts receivable	764	895	926
Work-in-progress	233	252	323
Provisions for doubtful accounts	(18)	(15)	(20)
Advances received from customers	(244)	(259)	(234)
Total	***735***	***873***	***995***
In number of days of total operating revenue	87	81	84

b) Other accounts and notes receivable

As of December 31 (in millions of euros)	**1997**	**1998**	**1999**
Inventories (net of provisions)	4	2	2
Employees and social security	9	9	7
Prepaid and recoverable taxes	21	27	20
Other	40	30	39
Total	***74***	***68***	***68***

12. Other receivables

As of December 31 (in millions of euros)	**1997**	**1998**	**1999**
Income tax prepayments	26	26	69
Deferred tax assets (net)	23	25	29
Other	48	55	64
Total	***97***	***106***	***162***

Income tax prepayments include an amount of € 9 million for 1997, corresponding to the carry-back of tax losses by French subsidiaries included in the tax group.

13. Shareholders' equity

a) Share capital, additional paid-in capital, retained earnings

These items, together with the related number of shares outstanding, are dealt with in the consolidated statement of changes in shareholders' equity.

Consolidated retained earnings represent the sum of Cap Gemini SA's retained earnings, the Group's equity in the post-acquisition retained earnings of subsidiaries, together with cumulative translation adjustments, and can be analyzed as follows:

As of December 31 (in millions of euros)	**1997**	**1998**	**1999**
Retained earnings of Cap Gemini SA	279	329	485
Retained earnings of subsidiaries (*)	53	155	208
Cumulative translation adjustments	(3)	(76)	68
Total	***329***	***408***	***761***

(*) net of dividends paid to Cap Gemini SA

b) Stock option plans

The Board of Directors was authorized by the January 24, 1990 and June 3, 1993 annual Shareholders' Meetings, and the Directoire by the annual Shareholders' Meeting of May 24, 1996 to set up one or several employee stock option plans over a five-year period from January 1, 1990, July 1, 1993 and July 1, 1996 respectively.

Details of the three stock option plans are summarized in the table below:

		1990 Plan	**1993 Plan**	**1996 Plan**
Date of Shareholders' Meeting		January 24, 1990	June 3, 1993	May 24, 1996
Beginning of exercise period		January 1, 1990	July 1, 1993	July 1, 1996
Exercise period		6 years	6 years	6 years
Exercise price as a % of the average quoted market price for the 20 trading days preceding the date of grant		90 %	95 %	80 %
Exercise price per share in €	. Low	20.64	18.65	22.79
	. High	44.8	28.61	121.81
Number of shares subscribed as of December 31, 1999 (*)		1,362,573	1,889,493	420,252
Potential number of shares to be created on exercise of options outstanding as of December 31, 1999		-	1,845,977	4,192,861 (*)
Of which options held by three of the four Directoire members and two of the six members of Supervisory Board		-	165,109	35,450

(*) i.e. 95,577 shares at a price of € 22.79, 956,779 shares at a price of € 29.31, 694,187 shares at a price of € 39.52, 848,718 shares at a price of € 56.98, 677,600 shares at a price of € 87.96, 7,500 shares at a price of € 103.36, 15,000 shares at a price of € 121.81, 253,000 shares at a price of € 114 and 644,500 shares at a price of € 118.

In the event of an authorized tender offer to acquire the Company's shares and other securities giving access to the Company's capital or voting rights, all outstanding stock options would become immediately exercisable.

c) Minority interests

Minority interests, corresponding to third parties' equity in the net assets of Cap Gemini subsidiaries, can be analyzed as follows:

(in millions of euros)	1997	1998	1999
As of January 1	***148***	***158***	***176***
Minority interests in increase in share capital of subsidiaries	4	5	12
Minority interests in net income of subsidiaries	25	34	22
Purchase of Cap Gemini NV minority interests	-	-	(156)
Minority interests in cumulative translation adjustments and other	(4)	(1)	1
Dividends paid by subsidiaries to minority shareholders	(15)	(20)	(28)
As of December 31	***158***	***176***	***27***

In 1998, minority interests primarily represented shares owned by the public (approximately 44%) in Cap Gemini NV, which was quoted on the Amsterdam Stock Exchange.

In 1999, following the public tender offer for the remaining Cap Gemini NV shares, minority interests in this subsidiary were reduced to approximately 6 %.

14. Net cash /(net debt)

The Group's net cash/(net debt) is analyzed below. Short-term debt comprises the current portion of long-term debt and amounts originally due within one year.

As of December 31 (in millions of euros)	1997	1998	1999
Long-term debt	(476)	(192)	(143)
Short-term debt	(123)	(249)	(111)
Total debt	***(599)***	***(441)***	***(254)***
Financial receivables and short-term investments	204	879	569
Cash	146	139	193
Net cash / (net debt)	***(249)***	***577***	***508***

The change in the various components of net cash/(net debt) can be analyzed as follows:

(in millions of euros)	Debt	Financial receivables and short-term investments	Cash	Net cash / (net debt)
As of January 1, 1997	***(751)***	***211***	***79***	***(461)***
Translation adjustments	(27)	12	2	(13)
Movements for the period	232	(23)	57	266
Changes in Group structure	(53)	4	8	(41)
As of December 31, 1997	***(599)***	***204***	***146***	***(249)***
Translation adjustments	-	(6)	(6)	(12)
Movements for the period	158	682	(2)	838
Changes in Group structure	-	(1)	1	-
As of December 31, 1998	***(441)***	***879***	***139***	***577***
Translation adjustments	(10)	8	8	6
Movements for the period	193	(319)	36	(90)
Changes in Group structure	4	1	10	15
As of December 31, 1999	***(254)***	***569***	***193***	***508***

a) Debt

• Change in debt

(in millions of euros)	1997	1998	1999
As of January 1	***751***	***599***	***441***
Translation adjustments	27	-	10
Repayments	(288)	(177)	(233)
New borrowings	56	19	40
Changes in Group structure	53	-	(4)
As of December 31	***599***	***441***	***254***

• Analysis of debt

As of December 31 (in millions of euros)	1997	1998	1999
Debenture loan (1994)	152	152	-
Bank borrowings	80	69	104
Drawdowns against lines of credit and borrowings covered by lines of credit	242	127	62
Obligations under capital leases	99	77	75
Short-term debt and accrued interest	12	1	2
Bank overdrafts	14	15	11
Total	***599***	***441***	***254***

• Fair value of borrowings

The fair value of short-term debt and obligations under capital leases is close to their book value.

• Debenture loan (1994)

In December 1994, Cap Gemini issued a debenture loan of € 152 million (FF 995 million), represented by 199,000 5-year debentures with a par value of € 762 (FF 5,000) and an interest rate of 8.6%. Debentures were repaid in full on December 19, 1999.

• Bank borrowings

This item corresponds primarily to various foreign currency loans totaling € 43 million as of December 31, 1999 (1998: € 34 million), taken out mainly to finance the acquisition of companies in Europe and the United States.

• Drawdowns against lines of credit and other borrowings covered by lines of credit

In 1997, the Company obtained a € 412 million multi-currency line of credit from a banking syndicate which expires on December 27, 2001. The line of credit amounted to € 350 million as of December 31, 1999.

The main characteristics of this line of credit are as follows:

– Term: 5 years, repayable in 2 installments of 15% in 1999 and 2000 and one installment of 70% in 2001
– Interest : Pibor (1-3-6-month)
– Commitment fee: 0.22%
– Facility fee: 0.22%

The facility is used mainly to back up commercial paper (€ 62 million) with an average term of one month that has been issued to take advantage of interest rate spreads.

This line of credit has been classified as long-term debt, in view of the Group's intention to make regular draw-downs over the life of the facility.

• Obligations under capital leases

Obligations under capital leases as of December 31, 1999 relate primarily to the financing of leasehold improvements to the Cap Gemini Université building and the Gemini Consulting France head office, and of IT equipment acquired by Cap Gemini UK for its outsourcing business.

The main characteristics of the leases are as follows:

(in millions of euros)	Maturity	Rate	Obligation as of Dec. 31, 1997	Obligation as of Dec. 31, 1998	Obligation as of Dec. 31, 1999
Cap Gemini University	March 2012	3-month Pibor + 0.7%	37	36	36
Gemini Consulting France head office	July 2006	3-month Pibor + 0.6%	36	31	26
Cap Gemini UK	Sept. 2001 to December 2003	Fixed rates (6.1% to 9.58%)	26	10	13
Total			***99***	***77***	***75***

• Interest rates

During 1999, the average interest rate on Group debt was 4.2% (1998: 4.3% and 1997: 4.6%).

• Maturities of debt

Maturities of debt are as follows:

As of December 31 (in millions of euros)	1997		1998		1999	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
y + 1	123	21	249	56	111	44
y + 2	209	35	46	10	84	33
y + 3	61	10	95	22	14	6
y + 4	154	26	7	2	6	2
y + 5	7	1	6	1	6	2
y + 6 and subsequent years	45	7	38	9	33	13
Total	***599***	***100***	***441***	***100***	***254***	***100***

• Breakdown by currency

The breakdown of debt by currency is as follows:

As of December 31 (in millions of euros)	1997		1998		1999	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
French franc	479	80	377	85	66	26
Pound sterling	26	4	12	3	13	5
US Dollar	23	4	-	-	63	25
Deutsche Mark	21	4	18	4	10	4
Dutch Guilder	7	1	-	-	-	-
Euro	-	-	-	-	92	36
Other currencies	43	7	34	8	10	4
Total	***599***	***100***	***441***	***100***	***254***	***100***

• Collateral

As of December 31, 1999, borrowings were secured by collateral totaling € 75 million (1998: € 78 million; 1997: € 100 million).

b) Financial receivables and short-term investments

As of December 31 (in millions of euros)	1997	1998	1999
Financial receivables	5	3	1
Short-term deposits and marketable securities	199	876	568
Total	***204***	***879***	***569***

Financial receivables mainly represent the proceeds receivable from the disposal of shares in non-consolidated companies. The fair value of financial receivables is not materially different from their book value.

15. Provisions and other long-term liabilities

As of December 31 (in millions of euros)	1997	1998	1999
Long-term provisions for deferred taxes (net)	7	11	-
Employee profit-sharing reserve	9	18	45
Provisions for retirement benefit obligations	33	35	39
Provisions for contingencies and charges	26	22	11
Total	***75***	***86***	***95***

Provisions for contingencies and charges comprise provisions for restructuring and integration as well as various provisions for other contingencies and charges.

16. Accounts and notes payable, net

As of December 31 (in millions of euros)	1997	1998	1999
Trade accounts payable, net	171	200	198
Accrued personnel costs	287	369	362
Accrued taxes	138	156	169
Other	34	49	38
Total	***630***	***774***	***767***

17. Financial instruments

As of December 31, 1999, there were no interest rate hedges. As of December 31, 1998 and 1997, interest rate hedges were as follows:

- several 5-year contracts were set up in December 1994 whereby fixed interest rates averaging 7.63% on an amount of € 152 million were swapped for variable rates based on 3- or 6-month Pibor
- the Group also swapped variable interest rates (3-month Pibor) for fixed interest rates or other variable interest rates on the following positions:
  – interest rate swap on a nominal amount of € 30 million at December 31, 1998 (1997: € 30 million),
  – futures contracts on nominal amounts totaling € 61 million at December 31, 1998 (1997: € 46 million).
- no interest rate swaps for periods of one month were outstanding at December 31, 1998 in connection with the management of the Group commercial paper program (1997: € 27 million).

As of the 1999 year-end, forward purchases/sales of foreign currencies amounted to € 10 million and covered receivables and debts denominated in US dollars, euros and Singapore dollars. As of the 1998 year-end, forward purchases/sales of foreign currencies amounted to € 44 million and covered receivables and debts denominated in pounds sterling, Swiss francs, Deutsche marks and US dollars. As of the 1997 year-end, forward purchases/sales of foreign currencies amounted to € 17 million and covered receivables and debts denominated in US dollars, pounds sterling and Deutsche marks.

18. Deferred taxes

a) Changes in deferred taxes

Deferred tax assets and liabilities can be analyzed as follows:

As of December 31 (in millions of euros)	1997	1998	1999
Tax loss carry-forwards	10	17	-
Provisions for vacation pay	8	10	10
Other	18	21	34
Provisions against deferred tax assets	(6)	(16)	(7)
Total deferred tax assets (short-term)	30	32	37
Tax loss carry-forwards	79	68	122
Other	(6)	9	9
Provisions against deferred tax assets	(15)	(24)	(45)
Total deferred tax assets (long-term)	58	53	86
Total deferred tax assets	***88***	***85***	***123***
Revaluation of work-in-progress	(3)	(3)	(2)
Provisions	(1)	(1)	-
Other	(3)	(3)	(8)
Total deferred tax liabilities (short-term)	(7)	(7)	(10)
Restated amortization of goodwill in the United States	(43)	(44)	(57)
Capitalization and Amortization	(11)	(7)	(8)
Provisions	(11)	(5)	(9)
Other	-	(9)	(10)
Total deferred tax liabilities (long-term)	(65)	(65)	(84)
Total deferred tax liabilities	***(72)***	***(72)***	***(94)***

b) Tax losses

(in millions of euros)	1997	1998	1999
Tax loss carry-forwards temporarily available	174	165	235
Tax loss carry-forwards available without time limit	62	70	81
Total tax loss carry-forwards	***236***	***235***	***316***
Related potential tax saving	89	85	118
of which recognized deferred tax asset	58	53	77

The expiration dates of available tax loss carry-forwards as of December 31, 1997, 1998 and 1999 were as follows:

As of December 31 (in millions of euros)	1997		1998		1999	
	Amount	%	Amount	%	Amount	%
y + 1	3	1	9	4	2	1
y + 2	5	2	2	1	5	2
y + 3	6	2	3	1	5	2
y + 4	7	3	5	2	14	4
y + 5 and subsequent years	153	66	146	62	209	65
without time limit	62	26	70	30	81	26
Total	***236***	***100***	***235***	***100***	***316***	***100***

19. Guarantees received from and commitments given to third parties

As of December 31 (in millions of euros)	1997	1998	1999
Guarantees received from third parties:			
- on contracts	7	1	1
- other	2	1	28
Total	***9***	***2***	***29***

As of December 31, 1999, guarantees received mainly included € 26 million to be received by Cap Gemini AB from a Swedish pension fund (SPP).

As of December 31 (in millions of euros)	1997	1998	1999
Commitments given to third parties:			
- on contracts	17	54	28
- on non-cancelable leases (buildings and equipment)	367	459	613
- on borrowings	30	22	54
- other	8	18	16
Total	***422***	***553***	***711***

To permit comparison with 1998 figures, certain 1997 off-balance sheet items have been modified.

As of December 31, 1999, the Group's commitments under non-cancelable leases were as follows:

(in millions of euros)	**Lease obligations**
y + 1	159
y + 2	132
y + 3	86
y + 4	49
y + 5	32
y + 6 and subsequent years	155
Total	***613***

20. Exceptional events and litigation

Apart from the matters discussed in note 24, the Group is not aware of any exceptional events, claims or litigation that are likely to have or have had, in the recent past, a material impact on the business, financial position, results of operations, assets and liabilities or outlook of the Company or the Group, which are not reflected in the accounts or discussed in the notes to the consolidated financial statements.

21. Number of employees

The average number of employees by geographic area can be analyzed as follows:

Average number of employees	**1997**		**1998**		**1999**	
	Employees	**%**	**Employees**	**%**	**Employees**	**%**
United States	3,567	13	3,869	11	4,080	10
United Kingdom	5,077	18	7,065	20	8,145	21
Nordic Countries	3,399	12	3,939	11	4,348	11
Benelux	5,451	19	6,475	19	7,397	19
France	7,490	27	9,146	26	10,853	28
Other countries	3,075	11	4,112	13	4,387	11
Total	***28,059***	***100***	***34,606***	***100***	***39,210***	***100***

At year-end, employees by geographic area can be analyzed as follows:

As of December 31	1997		1998		1999	
	Employees	%	Employees	%	Employees	%
United States	3,827	12	3,938	10	3,626	9
United Kingdom	5,915	19	8,406	22	8,078	20
Nordic Countries	3,636	12	4,353	11	4,368	11
Benelux	5,888	19	7,047	18	7,635	19
France	8,350	27	10,299	27	11,315	29
Other countries	3,478	11	4,298	12	4,604	12
Total	***31,094***	***100***	***38,341***	***100***	***39,626***	***100***

22. Geographic segment information

For 1999, operating revenue, trade accounts receivable and notes receivable, net and fixed assets can be analyzed as follows by geographic area:

(in millions of euros)	Operating Revenue	%	Trade accounts and notes receivable, net	%	Fixed assets	%
United States	547	13	110	11	397	20
United Kingdom	953	22	172	17	659	34
Nordic Countries	482	11	80	8	134	7
Benelux	775	18	164	16	309	16
France	1,128	26	323	32	327	17
Other countries	425	10	146	16	124	6
Total	***4,310***	***100***	***995***	***100***	***1,950***	***100***

23. Joint-ventures

The Group holds a 50% interest in Cap Gemini Hagler-Bailly, a joint venture set up in the United States in the second half of 1998 to provide IT services to the utilities sector. Cap Gemini Hagler-Bailly is not material in relation to the Group as a whole.

24. Subsequent events

- On February 29, 2000 Cap Gemini and Ernst & Young reached an agreement on the terms and conditions for combining their consulting and IT services. Pursuant to the agreement, subject to the vote of Ernst & Young partners as well as the approval of the Cap Gemini Shareholders Meeting, Cap Gemini will acquire the Ernst & Young Consulting businesses. Depending on the countries where Ernst & Young and Cap Gemini will reach a final agreement, the business acquired will represent approximately 18,000 people and € 3.5 billion of 1999 revenues. The acquisition will be achieved through a capital contribution of Ernst & Young Consulting activities paid by Cap Gemini new shares (a maximum of 43.5 million) and cash for € 375 million .
- On March 7, 2000 Cap Gemini and Cisco Systems, worldwide leader in networking for Internet, decided to join forces in a new company owned that will be 95,1 % by Cap Gemini and 4,9 % by Cisco Systems. Cap Gemini will contribute 4,600 people to the new company. At the same time Cisco Systems will invest € 170 million in the new company and € 700 million in the capital of Cap Gemini SA through a restricted share issue.

25. List of the consolidated companies by country (107)

	Country	% interest	Consolidation method
Cap Gemini Deutschland GmbH	Germany	100%	FC
Cap Gemini GmbH	Germany	100%	FC
TDI GmbH	Germany	100%	FC
Program Standard Computersystem GmbH	Germany	100%	FC
Program Standard Leasing GmbH	Germany	100%	FC
Cap Gemini Services GmbH	Germany	100%	FC
Cap Gemini Tools Deutschland GmbH	Germany	94%	FC
Gemini Consulting GmbH	Germany	100%	FC
Cap Gemini Austria GmbH	Austria	100%	FC
Gemini Consulting GmbH	Austria	100%	FC
Cap Gemini Belgium NV/SA	Belgium	94%	FC
Cap Gemini Information Systems Mgt (Belgium) NV/SA	Belgium	94%	FC
Volmac Software Groep Belgium NV	Belgium	94%	FC
Gitek Software NV	Belgium	94%	FC
Twinsoft NV/SA	Belgium	94%	FC
Gemini Consulting NV/SA	Belgium	100%	FC
Bossard Consultants Belgium NV/SA	Belgium	100%	FC
Cap Gemini Danmark AS	Denmark	100%	FC
Cap Gemini Espana SA	Spain	100%	FC
Cap Gemini Espana Holding SL	Spain	100%	FC
Gemini Consulting Iberia SA	Spain	100%	FC
Cap Gemini America Inc	United States	100%	FC
Cap Gemini America Transmillenium Inc	United States	100%	FC
Cap Gemini Hagler Bailly LLC	United States	50%	PROP
Cap Gemini Oy, SF	Finland	100%	FC
Cap Programator FM Plavelut Oy, SF	Finland	100%	FC
Cap SAM Consulting Oy	Finland	60%	PROP
Gemini Consulting Oy	Finland	100%	FC
Cap Gemini SA	France	Parent company	
Cap Gemini Service SA	France	100%	FC
Cap Gemini Université SA	France	100%	FC
Cap Gemini Gouvieux SA	France	100%	FC
SARL Immobilière Les Fontaines	France	100%	FC
SCI Béhoust	France	100%	FC
SCI Paris Etoile	France	100%	FC
Cap Gemini France SA	France	100%	FC
APIS SA	France	34%	EQ
Cap Gemini Telecom SA	France	100%	FC
Cap Gemini Telecom France SA	France	100%	FC
Gemini Consulting SA	France	100%	FC

(FC) Fully Consolidated (EQ) Accounted for by the equity method (PROP) Proportional consolidation

	Country	% interest	Consolidation method
Cap Gemini Sogeti Holdings Ltd	United Kingdom	100%	FC
Cap Gemini UK Plc	United Kingdom	100%	FC
Hoskyns Group Plc	United Kingdom	100%	FC
Hoskyns Systems Ltd	United Kingdom	100%	FC
Hoskyns Ltd	United Kingdom	100%	FC
The Instruction Set Ltd	United Kingdom	100%	FC
Volmac UK Ltd	United Kingdom	94%	FC
Gemini Consulting Holding Ltd	United Kingdom	100%	FC
Gemini Consulting Ltd	United Kingdom	100%	FC
Gemini Systems Solutions Ltd	United Kingdom	100%	FC
Cap Gemini Hong-Kong	Hong-Kong	100%	FC
Cap Gemini Hungary Kft	Hungary	100%	FC
Cap Gemini Group Ltd	Ireland	100%	FC
Cap Gemini Ireland Ltd	Ireland	100%	FC
Cap Gemini Technology Ltd	Ireland	100%	FC
Cap Gemini Application Products Ltd	Ireland	100%	FC
Hoskyns Ireland Ltd	Ireland	100%	FC
Cap Gemini Italia Spa	Italy	100%	FC
Gemini Management Consulting Spa	Italy	100%	FC
Gemini Consulting SIA (Latvia)	Latvia	100%	FC
Cap Gemini Luxembourg SA	Luxembourg	94%	FC
Cap Gemini Malaysia	Malaysia	100%	FC
Cap Gemini Norge A/S	Norway	100%	FC
C/Computas Grad Losn A/S	Norway	100%	FC
Gemini Consulting A/S	Norway	100%	FC
GBA Volmac BV	Netherlands	100%	FC
Cap Gemini Europe BV	Netherlands	100%	FC
Cap Gemini Benelux BV	Netherlands	100%	FC
Cap Gemini Nederland BV	Netherlands	94%	FC
CGS/WSG Partnership CV	Netherlands	100%	FC
Cap Gemini NV	Netherlands	94%	FC
Cap Gemini Information Systems Management BV	Netherlands	94%	FC
Volmac II BV	Netherlands	94%	FC
Bortiboll Holding BV	Netherlands	94%	FC
Bortiboll Communications BV	Netherlands	94%	FC
Bolesian BV	Netherlands	94%	FC
Iquip Informatica BV	Netherlands	94%	FC
BIT-IC BV	Netherlands	94%	FC
Gimbrère & Dohmen Software BV	Netherlands	94%	FC
Cap Gemini Optiebeheer BV	Netherlands	94%	FC
Twinac Software BV	Netherlands	94%	FC
EC Gate BV	Netherlands	28%	EQ
Entity Holding BV	Netherlands	9%	EQ
Cap Gemini Assurantien BV	Netherlands	94%	FC
Cap Gemini Interim Management BV	Netherlands	94%	FC
Cap Gemini Marketing & Management BV	Netherlands	94%	FC
Cap Gemini Sourcing BV	Netherlands	94%	FC
Sacol BV	Netherlands	94%	FC
Gemini Consulting BV	Netherlands	100%	FC

(FC) Fully Consolidated (EQ) Accounted for by the equity method (PROP) Proportional consolidation

	Country	% interest	Consolidation method
Gemini Consulting SP ZOO	Poland	100%	FC
Cap Gemini Portugal SA	Portugal	51%	FC
Gemini Consulting SA	Portugal	100%	FC
Bossard Consultants Romania srl	Romania	100%	FC
Gemini Consulting St Petersburg	Russia	100%	FC
Cap Gemini Asia PTE Ltd	Singapore	100%	FC
Cap Gemini Singapore PTE Ltd	Singapore	100%	FC
Cap Gemini AB	Sweden	100%	FC
Cap Gemini Sverige AB	Sweden	100%	FC
Cap Programator AB	Sweden	100%	FC
Crawmator AB	Sweden	50%	EQ
Nutidsfabriken AB	Sweden	100%	FC
Cap Gemini Logic Industri AB	Sweden	100%	FC
Accept Data Kap. AB	Sweden	100%	FC
Cap Volmac Sweden AB	Sweden	94%	FC
Gemini Consulting AB	Sweden	100%	FC
Cap Gemini Suisse SA	Switzerland	100%	FC
Gemini Consulting AG	Switzerland	100%	FC

(FC) Fully Consolidated (EQ) Accounted for by the equity method (PROP) Proportional consolidation

Summarized financial statements of Cap Gemini SA

The full financial statements, including the notes, may be obtained from the Company on request. The Statutory Auditors' Reports presented below relate to the full financial statements.

Statutory Auditors' General Report

To the shareholders of Cap Gemini SA,

In accordance with the terms of our appointment at the Annual Shareholders' Meeting, we hereby submit our report for the year ended December 31, 1999, on:

– our examination of the financial statements of Cap Gemini done in euros, as attached to this report;
– the specific procedures and information required by law.

These financial statements are the responsibility of the Directoire. Our responsibility is to express an opinion on these financial statements based on our audits.

1. Opinion on the financial statements

We conducted our audit in accordance with professional standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly the results of operations for the year ended December 31, 1999. and the financial position and assets of the Company at that date.

2. Specific procedures and information

We have also performed the specific procedures required by law, in accordance with professional standards.

We are satisfied that the information given in the Report of the Directoire and the documents sent to shareholders on the financial position and financial statements is fairly stated and agrees with the financial statements.

Pursuant to the provisions of Articles 356 and 356-3 of the French Companies Act of July 24, 1966, we have verified that all information concerning acquisitions of shareholdings and controlling interests and the identity of shareholders is given in the Report of the Directoire.

Paris, March 16, 2000

The Statutory Auditors
Members of the Regional Company of Paris

CONSTANTIN ASSOCIES
Jean-François Serval - Laurent Lévesque

COOPERS & LYBRAND AUDIT
Member of PricewaterhouseCoopers
Bernard Rascle

Statutory Auditors' Special Report

To the shareholders of Cap Gemini SA,

As statutory auditors of your company we present our report on regulated agreements.

In accordance with article 145 of the July 24, 1966 Act, we have been informed of agreements previously authorised by your Supervisory Board.

Our role is not to discover the possible existence of undisclosed agreements. Our role is to advise you of the main terms and conditions of the agreements communicated to us, based on information provided to us, and not to judge their soundness or usefulness. Article 117 of the March 23, 1967 decree states that the shareholders must judge the worthiness of the agreements when approving them.

We have carried out our work in accordance with professional standards, which require due diligence in verifying the conformity of the information provided with the sources from which they derive.

In June 1999, your Supervisory Board authorised Cap Gemini SA to launch a take over bid on all the shares of its subsidiary Cap Gemini NV that were not yet held , on the basis of an exchange ratio of four Cap Gemini SA shares for nine Cap Gemini NV shares.

When the offer was closed on 31st August, 7,304,001 ordinary shares of Cap Gemini SA were created totalling an amount of 1,003 million Euros.

Messrs Jalabert, Hermelin, Hessler, Unwin are Directors of both companies.

Paris, March 16, 2000

The Statutory Auditors
Members of the Regional Company of Paris

CONSTANTIN ASSOCIES

Jean-François Serval - Laurent Lévesque

COOPERS & LYBRAND AUDIT
Member of PricewaterhouseCoopers
Bernard Rascle

Summarized statements of income for the years ended December 31, 1997, 1998 and 1999

(in millions of euros)	1997	1998	1999
Operating revenue	66	100	108
Operating expenses	(18)	(28)	(26)
Operating income	***48***	***72***	***82***
Interest income / (expense), net	(34)	55	100
Other income and expenses, net	92	1	1
Income tax	(16)	(25)	(34)
net income	***90***	***103***	***149***

Summarized balance sheets as of December 31, 1997, 1998 and 1999

(in millions of euros)	1997	1998	1999
Assets			
Non-current assets	1,980	1,831	2,910
Current assets	123	684	528
Other assets	9	7	1
Total assets	***2,112***	***2,522***	***3,439***
Liabilities and shareholders' equity			
Shareholders' equity	1,355	2,012	3,138
Provisions	6	6	-
Long and short-term debt	659	378	62
Other liabilities	92	126	239
Total liabilities and shareholders' equity	***2,112***	***2,522***	***3,439***

Subsidiaries and investments

(in millions of euros)	Share capital	Other shareholders equity (including net income/ (loss for the year) (*)	% interest	Number of shares owned	Book value of shares		Loans and advances granted by the Company	Guarantees given	1999 revenue	Dividends received
					Gross	Net				
Subsidiaries										
Cap Gemini America Inc	-	426	100.00	370	370	370	-	25	565	-
CGS Holdings Ltd	627	694	100.00	453,513,903	571	571	-	-	-	19
Cap Gemini AB	1	189	100.00	10,000	150	150	-	9	474	18
Cap Gemini NV	5	273	38.25	16,556,552	1,012	1,012	-	-	776	-
Cap Gemini Europe BV	90	106	100.00	194,101	253	253	-	-	-	32
Cap Gemini Telecom SA	92	96	100.00	6,001,800	92	92	-	-	13	1
Cap Gemini France SA	27	94	100.00	1,794,060	72	72	-	-	873	23
Cap Gemini Italia Spa	84	17	95.00	722,000	92	11	5	6	57	-
Cap Gemini Asia PTE Ltd	26	23	100.00	44,000,000	25	25	-	-	-	-
Cap Gemini Suisse	3	4	100.00	5,331	8	8	-	-	27	-
Cap Gemini Service SA	8	8	100.00	499,994	37	8	-	-	75	-
SCI Paris Etoile	-	2	100.00	10,000	48	31	-	-	3	-
Immobilière Les Fontaines	-	-	100.00	500	-	-	14	-	-	-
Cap Gemini Portugal	-	-	50.60	55,660,000	2	2	-	-	22	-
Cap Gemini Espana Holding S.L.	11	32	100.00	1,230,475	47	37	1	-	-	-
Gemini Consulting Holding Ltd	-	11	100.00	1,083	23	23	-	-	-	-
Gemini Consulting SA	43	62	100.00	6,685,960	109	109	-	-	192	3
Cap Gemini Deutschland GmbH	18	100	72.00	1	59	59	6	-	-	-
TDI GmbH	3	37	11.70	1	10	10	-	-	-	-
Gemini Consulting AS	3	7	100.00	19,100	3	3	-	-	-	-
Gemini Management Consulting Spa	1	1	100.00	1,000,000	5	5	-	-	13	-
Gemini Consulting AB	-	4	100.00	10,000	6	6	-	-	-	-
Gemini Consulting Austria	-	1	100.00	1	1	1	-	-	4	-
Other (France)	-	-	nm	nm	1	1	-	35	-	-
Other	-	-	nm	nm	3	3	-	-	-	-
Investments										
Hagler Bailly	-	-	11.88	2,125,268	15	15	-	-	-	-
Other	-	-	nm	nm	-	-	-	-	-	-

nm : not meaningful
(*) Excluding share capital and before appropriation of income for the year.
The net income of subsidiaries and investments is not provided because disclosure would be prejudicial to the Company's commercial and financial strategy.
Cap Gemini is at the head of the French tax group made up of 7 companies. The impact of tax consolidation in 1999 is a benefit of € 648 milliers

Changes in shareholders' equity

(in millions of euros)	1998	Net income appropriation 1998	Other changes	1999
Share capital	422	-	202	624
Additional paid-in-capital	1,242	-	833	2 075
Legal reserve	37	5	-	42
Untaxed reserves	42	-	-	42
Other reserves	165	6	-	171
Retained earnings (*)	1	34	-	35
Dividends paid	-	58	(58)	-
Net income	103	(103)	149	149
Total	***2,012***	***-***	***1,126***	***3 138***

(*) Amount available for distribution after payment of the "précompte" withholding tax.

Five-year financial summary

(in millions of euros)	1995	1996	1997	1998	1999
I - Share capital at year-end					
Share capital	324	368	373	422	624
Number of common shares outstanding	53,073,228	60,356,666	61,198,877	69,130,658	77,945,108
Maximum number of future shares to be created					
– through conversion of debentures	78,700	78,671	-	-	-
– through exercise of equity warrants	4,409,497	-	-	-	-
II - Operations and results of the current year					
Operating revenue	52	62	67	100	108
Operating revenue and financial revenue	103	135	156	230	257
Income before taxes, amortization and provisions	16	53	144	147	165
Income tax	(2)	7	16	25	34
Net income / (loss)	(11)	29	90	103	149
Distributed income	-	18	33	58	(*) 78
III - Earnings per share (in €)					
(par value per share : € 8)					
Earning after taxes, but before amortization and provisions	0.34	0.76	2.08	1.77	1.68
Net earnings / (loss)	(0.21)	0.48	1.47	1.49	1.91
Dividend per share, net	-	0.30	0.53	0.84	(*) 1.00
IV - Employee data					
Average number of employees during the year	-	-	-	-	-
Total payroll	-	-	-	-	-
Total benefits	-	-	-	-	-

(*) After approval by the Ordinary and Extraordinary Shareholders' Meeting of May 23, 2000.

Report of the Statutory Auditors on the granting of stock options and the issuance of shares to employees

To the shareholders of Cap Gemini SA,

In our capacity as Statutory Auditors of Cap Gemini and pursuant to the provisions of Article 208-1 of the Companies Act of July 24, 1966 and Article 174-19 of the decree, as well as to Articles 443-1 et seq. of the Labor Code and Article 186-3 of the Companies Act of July 24, 1966, we hereby present our report on the granting of stock options and the issuance of shares to employees of the Company and its subsidiaries.

We have examined the propose method for setting the option exercise price and the share subscription price and performed all the procedures that we considered necessary, in accordance with professional standards.

We have no comments to make concerning the proposed method

Paris, April 6, 2000

The Statutory Auditors
Members of the Regional Company of Paris

CONSTANTIN ASSOCIES	COOPERS & LYBRAND AUDIT Member of PricewaterhouseCoopers
Jean-François Serval - Laurent Lévesque	Bernard Rascle

Report of the Statutory Auditors on the canceling of shares bought back

To the shareholders of Cap Gemini SA,

In our capacity as Statutory Auditors of Cap Gemini and pursuant to the provisions of Article L 217-2, paragraph 4 of the French Companies Act of July 24, 1996, we hereby present our report on the canceling of shares bought back.

We have reviewed the proposed capital reduction and performed all the procedures that we considered necessary in accordance with professional standards.

This transaction is connected with the proposed acquisition by the Company of up to 10% of its own shares, in accordance with Article 217-2 of the Companies Act of July 24, 1996, under an eighteen month authorization to be given at the Annual Shareholders' Meeting.

In connection with the authorization to buy back shares, the Directoire (or Board of Directors) would be given full powers to cancel the shares acquired, provided that the aggregate number of shares cancelled in any given period of 24 months does not exceed 10% of the Company's capital. These powers would be exercisable for a period of five years.

We have no comment to make on the reasons or terms of the proposed capital reduction, the implementation of which depends on the Annual Shareholders' Meeting approving the buy back of the Company's shares.

Paris, April 6, 2000

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Special report of the Statutory Auditors on the issuance of shares and share equivalents with delegation of powers

To the shareholders of Cap Gemini SA,

In our capacity as Statutory Auditors of Cap Gemini SA and pursuant to the provisions of Articles 194-1, 195, 339-1, 339-5 and 186 of the Companies Act of July 24, 1996, we hereby present our report on:

- the issues of shares and other securities convertible, redeemable or otherwise exercisable for new Cap Gemini shares, and

- the restricted share issues

submitted to shareholders for approval

a) Issues of securities convertible, redeemable or otherwise exercisable for new Cap Gemini shares

These operations are described in the table attached to this report.

If shareholders approve the related resolutions, the Directoire or the Board of Directors will be authorized to issue such securities in France or abroad, for a maximum nominal value of € 3 billion (€ 400 million for equity warrants and shares with equity warrants attached). The authorizations will be valid for the periods prescribed by law for each category of securities concerned.

The aggregate par value of the shares issued directly or indirectly, on conversion, redemption or exercise of share equivalents may not exceed € 400 million. As provided for in the twenty-third resolution, this amount of € 400 million is included in the € 1.5 billion limit set in the thirteenth resolution submitted to the Extraordinary Shareholders' Meeting .

Under the terms of the resolutions, the Directoire will be authorized to establish the terms and conditions of these issues.

The Directoire is also asking shareholders to waive their pre-emptive rights to subscribe for shares issued directly under the fifteenth, seventeenth, nineteenth and twenty-first resolutions and indirectly, on conversion, redemption or exercise of share equivalents, under the fifteenth, sixteenth, nineteenth, and twentieth resolutions.

b) Restricted share issues

The thirteenth resolution submitted to the Extraordinary Shareholders' Meeting concerns an authorization to be given to the Directoire (or the Board of Directors) to increase the capital of the Company up to a maximum of € 1.5 billion, in particular, by issuing new shares at par or at a premium, to be paid up in cash or by capitalizing debt.

If shareholders approve this resolution, the Directoire (or the Board of Directors) will be authorized to carry out one or several share issues for cash, without pre-emptive subscription rights, up to the maximum authorized in the thirteenth resolution. This authorization will be valid for a period of five years.

The fourteenth resolution concerns an authorization to be given to the Directoire (or the Board of Directors) to establish the terms and conditions of this/these operation(s) and the waiver of shareholders' pre-emptive subscription rights.

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We have examined the proposals to issue shares and share equivalents and performed all the procedures that we considered necessary, in accordance with professional standards.

Subject to further examination of the terms and conditions of these issues, we have no matters to bring to shareholders' attention regarding the determination of the issue price of new shares, conversion bases, exercise price(s) of subscription rights or the amount(s) concerned, as presented in the Report of the Directoire.

As the issue price of new shares, conversion bases, exercise price(s) of the subscription rights, and the issue price for each issue are to be determined by the Directoire when the operations are carried out, we are not in a position to comment on the final terms and conditions under which these issues will be conducted, nor, in consequence, on the proposed waiver of shareholders' pre-emptive rights to subscribe for the issues concerned, the principle of which is in keeping with the nature of the proposed operations.

In accordance with article 155-2 of the decree of March 23, 1967, we will issue a supplementary report at the time of each such issue conducted by the Directoire or Board of Directors.

Paris, April 6, 2000

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Appendix to the special report of the Statutory Auditors on the issue of shares and share equivalents with delegation of powers

Description of securities covered by the proposed authorizations

Resolution N°	Type of issue	Waiver of pre-emptive subscription rights		authorization valid for
		share equivalents	share	
15	Convertible bonds	Yes	Yes	2 years
16	Idem	No	Yes	2 years
17	Bonds with equity warrants	Yes	Automatic	2 years
18	Idem	No	Automatic	2 years
19	Equity warrants	Yes	Yes	1 year *
20	Idem	No	Yes	1 year *
21	Securities convertible, exchangeable, redeemable or otherwise exercisable for newly-created shares at a fixed date or at any time	Yes	Automatic	Maximum period allowed by law
22	Idem	No	Automatic	Maximum period allowed by law

*Shares subscribable upon exercise of equity warrants must be issued within five years of the issue of the warrants.

Report of the Statutory Auditors on the issuance of shares without pre-emptive subscription of rights

To the shareholders of Cap Gemini SA,

In our capacity as Statutory Auditors of Cap Gemini and pursuant to the provisions of Article L 186 of the French Companies Act of July 24, 1996, we hereby present our report on the issuance of shares with an aggregate par value of € 20,782,112 to Cisco Systems, Inc., which shareholders will be asked to approve.

We have reviewed the information furnished in the report of the Directoire regarding the reasons for the proposed waiver of shareholders' pre-emptive subscription rights and on the choice of factors used to calculate the issue price and we have also checked the figures included in the report, by performing all the procedures we considered necessary in accordance with professional standards.

In our opinion, the data taken from the Company's financial statements and given in the report of the Directoire are fairly stated.

We have no comments to make concerning the reasons given for proposing the waiver of shareholders' pre-emptive subscription and the choice of factors used to calculate the issue price.

Similarly, we have no comments on the presentation of the impact of the issue on the situation of shareholders, determined on the basis of net assets.

Paris, April 6, 2000

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Resolutions presented by the Directoire to the Ordinary and Extraordinary Shareholders' Meeting of May 23, 2000

All the resolutions were adopted, without any further amendments other than those made and approved by the Directoire prior to the Meeting. These amendments concerned the fifth resolution (maximum price at which shares may be purchased reduced to € 350 and minimum price at which shares may be sold reduced to € 150) and the sixth and seventh resolutions, which were changed to reflect the final substance of the equity interests contributed by Ernst & Young and the number of shares issued in payment therefor.

I – Resolutions presented at the ordinary shareholders' meeting

First resolution

Approval of the 1999 financial statement

After hearing the following:

- the report of the Directoire on the business and position of the Company for the year ended December 31, 1999 and the financial statements for the year,
- the report of the Supervisory Board, and
- the general report of the Statutory Auditors on their audit of the financial statements,

The General Shareholders' Meeting hereby approves the financial statements for the year ended December 31, 1999, comprising the balance sheet, statement of income and notes, as presented, as well as the transactions reflected in these financial statements or summarized in these reports.

The General Shareholders' Meeting notes that the consolidated financial statements for the year ended December 31, 1999 have been submitted to it and that the report of the Directoire on the management of the Group is included in the Report of the Directoire.

The General Shareholders' Meeting therefore gives discharge to the Directoire for its management during the year.

Second resolution

Agreements involving directors

After hearing the Statutory Auditors' special report, the General Shareholders' Meeting notes and approves the agreement governed by Article 143 of the French Companies Act of July 24, 1966 referred to therein.

Third resolution

Net income appropriation and dividend

The General Shareholders' Meeting approves the recommendations of the Directoire to appropriate distributable income for the year totaling € 183,660,480.02, corresponding to net income for the year of € 149,047,361.78 and retained earnings brought forward from the prior year of € 34,613,118.24, as follows:

- to the legal reserve (to raise the legal reserve to 10% of the new capital) ....€ 20,200,482.91
- to the payment of dividends corresponding to a dividend per share of € 1..€ 77,945,108.00
- to retained earnings...€ 85,514,889.11

- representing total appropriations of ....€ 183,660,480.02
  corresponding to the amount of distributable income

The dividend is therefore set at € 1 per share, payable on all of the 77,945,108 shares issued and outstanding at December 31, 1999. The dividend will give rise to an avoir fiscal tax credit of € 0.50 (50%) or € 0.40 (40%) per share, in accordance with the provisions of the 2000 Finance Act, and will be paid as from May 26, 2000.

Pursuant to Article 243 bis of the General Tax Code, the General Shareholders' Meeting notes that 1998 dividends totaled FRF 380,218,619 (€ 57,963,955), representing a dividend per share of FRF 5.50, giving rise to a tax credit of FRF 2.75 or FRF 2.475 – in accordance with the provisions of the 1999 Finance Act –, paid on 69,130,658 shares, that 1997 dividends totaled FRF 214,196,069.50 (€ 32,653,980), representing a dividend per share of FRF 3.50, giving rise to a tax credit of FRF 1.75, paid on 61,198,877 shares, and that 1996 dividends totaled FRF 120,713,332 (€ 18,402,629), representing a dividend per share of FRF 2, giving rise to a tax credit of FRF 1, paid on 60,356,666 shares.

Fourth resolution

Attendance fees

The General Shareholders' Meeting sets at € 120,000 the attendance fees awarded to the members of the Supervisory Board.

The General Shareholders' Meeting resolves that, in the case of adoption of the twenty-fifth resolution presented to this Meeting, concerning the return to a single-tier management structure with a Board of Directors, the attendance fees paid to the Supervisory Board for 2000 will be determined pro rata to the period between the beginning of the year and the date on which the Supervisory Board is replaced by a Board of Directors.

Fifth resolution

Authorization to buy back shares

The General Shareholders' Meeting, after hearing the reports of the Directoire and the Supervisory Board and reviewing the information memorandum approved by the Commission des Opérations de Bourse, authorizes the Directoire – or the Board of Directors if the return to a single-tier management structure is approved – to buy back the Company's shares on the open market. This authorization is given for a period of eighteen months. The related powers may be delegated by the Directoire – or the Board of Directors – in accordance with the provisions of Articles 217-2 et seq. of the Companies Act.

The purpose of this authorization is to allow the Company to:

- hold, exchange, sell, transfer or remit shares in payment, in particular in connection with external growth transactions
- award shares to employees on the terms and by the methods provided for by law, including in connection with stock option plans or company savings plans
- stabilize the Company's share price by purchasing and selling shares on the open market
- optimize the management of the Company's financial position and assets and liabilities
- cancel shares, subject to adoption of the twelfth resolution of the Extraordinary Shareholders' Meeting to be held immediately after this Annual Shareholders' Meeting.

The shares may be purchased, sold, exchanged or transferred by any method allowed under the applicable laws and regulations, including through the use of derivative instruments. The entire buyback program may be carried out by means of a block purchase or transfer of shares.

The share buybacks may be carried out at any time, except during the suspension periods specified in Commission des Opérations de Bourse Rule 90-04 (amended).

The General Shareholders' Meeting resolves that the maximum number of shares that may be acquired under this resolution may not exceed 10% of the Company's issued capital as of December 31, 1999, corresponding to 7,794,510 shares, and that the total funds invested in the share buybacks may not exceed € 2,728,078,500. However, the maximum number of shares will automatically be raised to 12,068,220 and the maximum investment will automatically be raised to € 4,223,877,000 in the case of adoption of the seventh resolution of the Extraordinary Shareholders' Meeting, providing for the issuance of shares following approval of the contributions to be made by the Ernst & Young Group.

The General Shareholders' Meeting sets the maximum purchase price of the shares at € 350 per share and the minimum sale price at € 150 per share. In the case of a bonus share issue paid up by capitalizing reserves, or a stock-split or reverse stock-split, the above prices per share will be adjusted based on the ratio between the number of shares issued and outstanding before and after the transaction.

Full powers are given to the Directoire or the Board of Directors, including the power of delegation, to use this authorization and to:

- place any and all buy and sell orders and enter into any and all agreements for the keeping of a register of share purchases and sales or for any other relevant purposes
- carry out any and all filing and other formalities and generally do whatever is necessary.

The Directoire or the Board of Directors will be required to report to each General Shareholders' Meeting on the transactions carried out during the year under this authorization.

II - Resolutions presented at the extraordinary shareholders' meeting

Sixth resolution

Capital contributions by Ernst & Young

The General Shareholders' Meeting, having considered:

- the report of the Directoire, to which the Document E registered with the Commission des Opérations de Bourse is attached
- the report prepared by René Ricol and Didier Kling, Capital Contributions Auditors appointed by the President of the Paris Commercial Court on December 15, 1999
- the private capital contribution agreements for all the countries concerned with the exception of Germany, for which the agreement was signed before a notary. Under the terms of these agreements between the contributing parties in the Ernst & Young Group and Cap Gemini, the equity interests listed below will be contributed to Cap Gemini in exchange for the number of Cap Gemini € 8 par value shares indicated:

Contributed equity interests	Value in euro	Number of Cap Gemini shares issued in exchange
Ernst & Young Consulting LLC (United States)	6,718,874,140	30,540,337
Ernst & Young Consultoría España S.L. (Spain)	79,067,780	359,399
511 340 NB INC. (Canada)	253,890,780	1,154,049
Ernst & Young Consulting GmbH (Germany)	512,434,340	2,329,247
EY UK Consulting (United Kingdom)	801,293,680	3,642,244
Ernst & Young Conseil S.A. (France)	258,233,580	1,173,789
E&Y Consulting S.A. (Belgium)	87,048,280	395,674
Ernst & Young Consulting Pty Ltd. (Australia)	139,035,380	631,979
Ernst & Young Consulting BV (Netherlands)	264,999,900	1,204,545
Ernst & Young Nordic Management Consulting AB (Sweden)	112,420,000	511,000
Ernst & Young Consulting Services AS (Norway)	27,060,000	123,000
S.A.M.I. Ernst & Young Managemeny Consulting Oy (Finland)	7,759,400	35,270
UB Holding Aktiengesellschaft (Austria)	35,018,060	159,173
Block 1 Consulting (Ireland)	15,765,640	71,662
Ernst & Young Management Consulting Services Spolka z.o.o. (Poland)	11,266,200	51,210
E&Y Consultores S.A. (Portugal)	13,829,200	62,860
Ernst & Young Consulting S.A. (Luxembourg)	1,100,000	5,000
Ernst & Young Management Consulting Ltd. (New Zealand)	35,563,880	161,654
Ernst & Young Management Consultants Ltd. (Hong Kong)	11,553,300	52,515
Ernst & Young FSI Pte Ltd. (Singapore) Ernst & Young Consultants Pte Ltd. (Singapore) Professional Outsourcing Pte Ltd. (Singapore) 1 part	15,950,000	72,500
Total	***9,402,163,540***	***42,737,107***

And noting that the assets and rights described in the said agreements have the legal characteristics required to evidence their existence and, consequently, to permit their contribution and subsequent inclusion in the assets of Cap Gemini,

Approves the value attributed to said contributions and accepts the contributions under the terms and conditions stipulated in the agreements.

Seventh resolution

Issuance of shares in exchange for the Ernst & Young Group contributions

By virtue of the adoption of the sixth resolution, the General Shareholders' Meeting notes that:

- the conditions precedent governing the contributions have been fulfilled
- the equity interests referred to in the sixth resolution are fully paid up
- a total of 42,737,107 fully paid-up shares with a par value of € 8 will be issued with dividend and voting rights as from January 1, 2000 – representing a capital increase of € 341,896,856 – and attributed to the contributing parties pro rata to their respective contributions.

In accordance with the law, these 42,737,107 Cap Gemini shares will be immediately transferable and will rank *pari passu* with existing shares following payment of the dividend for the year ended December 31, 1999.

The net difference of € 9,060,266,684 between the value of the contributed assets, i.e. € 9,402,163,540, and the aggregate par value of the Cap Gemini shares issued in payment therefor, i.e. € 341,896,856, will be credited to additional paid-in capital, to which all existing and new shareholders will have equivalent rights.

The General Shareholders' Meeting gives the broadest powers to the Directoire or the Board of Directors to:

- amend Article 6 of the bylaws dealing with capital stock, after placing on record the amount of the capital at March 31, 2000 taking into account the exercise of stock options and the additional capital resulting from the share issue decided hereabove;
- if appropriate, charge to the related premium all costs, expenses, taxes or fees paid in connection with said contributions.

Eighth resolution

Issuance of shares to Cisco Systems Inc.

The General Shareholders' Meeting, after hearing the report of the Directoire and the Statutory Auditors' special report, resolves – subject to adoption of the ninth resolution concerning the waiver of pre-emptive subscription rights – the principle of a € 20,782,112 capital increase through the issuance of 2,597,764 new € 8 par value shares at an issue price of € 270, including a premium of € 262 per share, to be paid up in full at the time of subscription in cash and/or by setting off the amount due against certain, liquid receivables from the Company that are payable on demand.

The premium will be credited to additional paid-in capital, to which all shareholders will have equivalent rights.

To this end, the General Shareholders' Meeting gives the broadest powers to the Directoire or the Board of Directors to carry out the share issue no later than December 31, 2000. If the shares have not been subscribed and the issue price has not been settled by that date, the decision approving the principle of a capital increase will be cancelled.

The new shares, which will be governed by all the provisions of the bylaws, will rank pari passu with existing shares and will carry the same rights as existing shares as from the date on which the capital increase is carried out.

Ninth resolution

Waiver of pre-emptive subscription rights

The General Shareholders' Meeting, after hearing the report of the Directoire and the Statutory Auditors' special report, resolves to waive the pre-emptive subscription right of existing shareholders in favor of Cisco Systems, Inc., a company governed by the laws of the United States of America which has its principal place of business at 170 W. Tasman Drive, San Jose, CA 95134, USA, which shall have the sole right to subscribe for the 2,597,764 new shares to be issued under the authorization to increase the capital given in the eighth resolution.

Tenth resolution

Amendment of the bylaws

The General Shareholders' Meeting resolves, subject to the condition precedent of the capital increase being completed, gives full powers to the Directoire or the Board of Directors to amend Article 6 of the bylaws to reflect the new capital.

Eleventh resolution

Powers to issue shares for cash

Full powers are given to the Directoire or the Board of Directors, and to the Chairman, to carry out the capital increase, receive subscriptions and the related payments, place on record any debts capitalized in payment for the new shares, and generally take all appropriate measures and carry out any and all necessary formalities to permit completion of the capital increase in accordance with the terms and conditions set forth in the report of the Directoire.

Twelfth resolution

Authorization to cancel shares bought back

The General Shareholders' Meeting, after hearing the reports of the Directoire and the Supervisory Board and the Statutory Auditors' special report, authorizes the Directoire or the Board of Directors to:

- cancel, on one or several occasions at its sole discretion, all or some of the Cap Gemini shares held by the Company, provided that the aggregate number of shares cancelled in any given period of 24 months does not exceed 10% of the Company's capital, and to reduce the capital accordingly;
- charge the difference between the purchase price of the cancelled shares and their par value to additional paid-in capital or any distributable reserves.

This authority, which is given for a period of five years from the date of this Meeting, may be delegated by the Directoire or the Board of Directors.

The General Shareholders' Meeting gives full powers to the Directoire or the Board of Directors to use this authorization, to amend the bylaws to reflect the new capital and to carry out all necessary formalities. These powers may also be delegated.

Thirteenth resolution

Authorization to issue shares

The General Shareholders' Meeting, after hearing the reports of the Directoire and the Supervisory Board, authorizes the Directoire or the Board of Directors to increase the Company's capital on one or several occasions, within an overall ceiling of € 1.5 billion, by:

- issuing new shares at par or at a premium, to be paid up in cash or by capitalizing debt, provided that existing shareholders are given a pre-emptive right to subscribe for the shares, pro rata to their existing holdings, as well as to any shares not taken up by other shareholders, also on a pro rata basis, or
- issuing bonus shares or raising the par value of existing shares, to be paid up by capitalizing all or part of the Company's additional paid-in capital, retained earnings, income, provisions or any other capitalizable items, or
- utilizing all or some of these methods, successively or simultaneously.

In accordance with the law, this authorization is given for a period of five years as from the date of this Meeting.

The General Shareholders' Meeting grants the Directoire or the Board of Directors full powers to carry out the share issue or issues within the above limits and to decide the timing of the issues, the subscription period and the terms and conditions of issue, subject to compliance with the law and the bylaws. Accordingly, the Directoire or the Board of Directors shall:

- set the number of new shares to be issued and their cum-dividend date or the amount by which the par value of existing shares is to be raised and, in the latter case, to set the effective date of such increase;
- in the case of shares issued for cash, decide the issue price, the dates, periods and conditions of exercise of existing shareholders' pre-emptive subscription rights, pro rata to their existing holdings and including any shares not taken up by other shareholders, allocate the balance of the capital increase if all the shares offered have not been subscribed, collect the subscriptions and subscription monies and, if appropriate, limit the amount of the capital increase to the subscriptions received provided that at least three quarters of the shares offered have been taken up.
- enter into any and all agreements with any banks or credit institutions in connection with the placement of the shares and take all necessary measures to permit the completion of the issue or issues;
- amend the bylaws to reflect the new capital after each share issue.

The Directoire or Board of Directors shall also decide and carry out all necessary transactions and formalities, directly or through a representative, and generally take all appropriate action to effect the capital increase or increases.

The authorizations given to the Directoire or the Board of Directors in this resolution replace those given in the eighth resolution of the General Shareholders' Meeting of April 22, 1999.

Fourteenth resolution

Authorization to issue shares without pre-emptive subscription rights

After hearing the reports of the Directoire and the Supervisory Board and the Statutory Auditors' special report compiled in accordance with the law, the Extraordinary Shareholders' Meeting,

(i) having noted the authorization given to the Directoire or the Board of Directors in the thirteenth resolution to increase the capital to a maximum of € 1.5 billion, including by issuing new shares at par or at a premium, to be paid up in cash or by capitalizing debt or by another method,

(ii) authorizes the Directoire or the Board of Directors to issue shares for cash, on one or several occasions, without pre-emptive subscription rights for existing shareholders, provided that the maximum authorized capital referred to in the thirteen resolution is not exceeded and that:

- with the exception of the special provisions concerning the issuance of new shares with pre-emptive subscription rights and the issuance of bonus shares or the raising of the par value of existing shares, to be paid up by capitalizing retained earnings, income, additional paid-in capital, provisions or any other capitalizable items, all the provisions of the thirteenth resolution also apply to this authorization.
- the Directoire or the Board of Directors may grant shareholders a non-transferable priority right to subscribe for the shares, prorata to their existing holdings, for a period and on terms to be decided by the Directoire or Board of Directors. Shareholders may also be offered a secondary priority right to subscribe for any shares not taken up by other sharesholders. Any shares not subscribed by shareholders exercising their priority right will be offered to the public.
- the amount received by the Company for each share issued pursuant to this resolution must be at least equal to the average of the opening prices quoted for Cap Gemini shares on the Paris Stock Exchange for any period of ten consecutive trading days chosen from among the twenty trading days preceding the date of issue of the shares
- the Directoire or the Board of Directors may use this authorization to issue shares in connection with any public exchange offer made by the Company in accordance with the provisions of Article 193-1 of the French Companies Act of July 24, 1966.

In accordance with the law, this authorization is given for a period of three years.

The authorizations given to the Directoire or the Board of Directors in this resolution replace those given in the ninth resolution of the General Shareholders' Meeting of April 22, 1999.

Fifteenth resolution

Public issue of convertible debentures without pre-emptive subscription rights

After hearing the reports of the Directoire and the Supervisory Board, and the Statutory Auditors' special report, compiled in accordance with the law, the General Shareholders' Meeting authorizes the Directoire or Board of Directors to issue debentures convertible into shares of the Company at any time or at fixed dates. The debentures may be issued on one or several occasions, in France or abroad, and may be denominated in euros or foreign currency, provided that the aggregate nominal value of the issue or issues does not exceed € 3 billion or the foreign currency equivalent.

The General Shareholders' Meeting resolves that the issue price of the debentures and the basis for their conversion into shares shall be determined in such a way that the amount received by the Company for each share will be at least equal to the average of the opening prices quoted for Cap Gemini shares on the Paris Stock Exchange for any period of ten consecutive trading days chosen from among the twenty trading days preceding the date of issue of the debentures.

For each and every issue carried out pursuant to this authorization, the Directoire or Board of Directors will be required to specify the method applied to set the price of the debentures.

The General Shareholders' Meeting resolves to cancel shareholders' pre-emptive rights to subscribe for:

- the convertible debentures to be issued pursuant to this resolution; and
- the shares to be issued on conversion of the debentures.

If the issue or issues take place in the French market, the Directoire or Board of Directors may grant existing shareholders a priority right to subscribe for the convertible debentures, during a period and on terms to be decided at the discretion of the Directoire or Board of Directors This priority right shall be non-transferable. Any debentures not subscribed by shareholders exercising their priority right will be placed on the market.

The General Shareholders' Meeting grants the Directoire or Board of Directors full powers to carry out the debenture issue or issues authorized above and to fix the terms and conditions of issue thereof, including:

- the amount and currency of each issue and the life of the debentures;
- the issue price of the debentures, their interest rate, which may be fixed or variable, the interest payment dates, the interest entitlement accrual date, the price and method of redemption, with or without a premium, and the conditions of early repayment depending on prevailing market conditions;

- the date or dates on which the debentures may be presented for conversion;
- the basis to be used to adjust the conversion parities if, while any debentures are still outstanding, the Company carries out any operations which, by law, can be effected only without prejudicing the rights of debenture-holders;
- place on record the number and par value of the shares issued on conversion of the debentures, carry out the formalities related to the corresponding capital increases and amend the bylaws accordingly, pursuant to the law;
- charge the capital increase costs against the related premiums; and
- generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue and servicing of the debentures, as well as for their conversion.

The present authorization is valid for two years.

Sixteenth resolution

Public issue of convertible debentures with pre-emptive subscription rights

After hearing the reports of the Directoire and the Supervisory Board, and the Statutory Auditors' special report, compiled in accordance with the law, the General Shareholders' Meeting authorizes the Directoire or Board of Directors to issue debentures convertible into shares of the Company at any time or at fixed dates, to be offered to existing shareholders on a pre-emptive basis, pro rata to their existing interest in the Company's capital, said pre-emptive right also applying to debentures not taken up by other shareholders. The debentures may be issued on one or several occasions, provided that the aggregate nominal value of the issue or issues does not exceed € 3 billion.

For each and every issue carried out pursuant to this authorization, the Directoire or Board of Directors will be required to specify the method applied to set the price of the debentures.

The General Shareholders' Meeting resolves to cancel shareholders' pre-emptive rights to subscribe for the shares to be issued on conversion of the debentures.

The General Shareholders' Meeting grants the Directoire or Board of Directors full powers to carry out the debenture issue or issues authorized above and to fix the terms and conditions of issue thereof, including:

- the amount of each issue and the life of the debentures;
- the issue price of the debentures, their interest rate, which may be fixed or variable, the interest payment dates, the interest entitlement accrual date, the price and method of redemption, with or without a premium, and the repayment conditions in relation to prevailing market conditions;
- the date or dates on which the debentures may be presented for conversion;
- the basis to be used to adjust the conversion parities if, while any debentures are still outstanding, the Company carries out any operations which, by law, can be effected only without prejudicing the rights of debenture-holders;
- place on record the number and par value of the shares issued on conversion of the debentures, carry out the formalities related to the corresponding capital increases and amend the bylaws accordingly, pursuant to the law;
- charge the capital increase costs against the related premiums; and
- generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue and servicing of the debentures, as well as for their conversion.

The present authorization is valid for two years.

Seventeenth resolution

Public issue of debentures with equity warrants, without pre-emptive subscription rights

After hearing the reports of the Directoire and the Supervisory Board, and the Statutory Auditors' special report, compiled in accordance with the law, the General Shareho0lders' Meeting authorizes the Directoire or Board of Directors to issue debentures with equity warrants at any time or at fixed dates. The debentures may be issued on one or several occasions, in France or abroad, and may be denominated in euros or foreign currency, provided that the aggregate nominal value of the issue or issues does not exceed € 3 billion or the foreign currency equivalent.

The aggregate par value of the shares to be subscribed by the holders of equity warrants may not exceed € 400 million, not including any adjustments that may be made.

The present authorization entails the waiver by shareholders, in favor of warrant-holders, of their pre-emptive right to subscribe for the shares to be issued on exercise of these warrants.

The General Shareholders' Meeting resolves that the issue price of the shares to be subscribed on exercise of the warrants shall be at least equal to the average of the opening prices quoted for Cap Gemini shares on the Paris Stock Exchange for any period of ten consecutive trading days chosen from among the twenty trading days preceding the date of issue of the debentures with equity warrants.

For each and every issue carried out pursuant to this authorization, the Directoire or Board of Directors will be required to specify the method applied to set the price of the debentures with equity warrants.

The General Shareholders' Meeting resolves to cancel shareholders' pre-emptive rights to subscribe for the debentures with equity warrants to be issued pursuant to this resolution.

If the issue or issues take place in the French market, the Directoire or Board of Directors may grant existing shareholders a priority right to subscribe for the debentures with equity warrants, during a period and on terms to be decided at the discretion of the Directoire or Board of Directors. Said priority right shall be non-transferable. Any debentures not subscribed by shareholders exercising their priority right will be placed on the market.

The General Shareholders' Meeting grants the Directoire or Board of Directors full powers to carry out the debenture issue or issues authorized above and to fix the terms and conditions of issue thereof, including:

- the amount and currency of each issue and the life of the debentures;
- the issue price of the debentures, their interest rate, which may be fixed or variable, the interest payment dates, the interest entitlement accrual date, the price and method of redemption, with or without a premium, and the repayment conditions in relation to prevailing market conditions;
- the number of equity warrants to be attached to each debenture;
- the terms and conditions of exercise of the rights attached to the equity warrants and, if appropriate, the buyback of the warrants by the Company;
- the periods during which the equity warrants may be exercised;
- the issue price of the shares to be issued on exercise of the warrants and the dividend entitlement accrual date thereof;
- the basis to be used to adjust the terms of exercise of the equity warrants if, while any warrants are still outstanding, the Company carries out any operations which, by law, can be effected only without prejudicing the rights of warrant-holders;
- place on record the number and par value of the shares issued on exercise of the warrants, carry out the formalities related to the corresponding capital increases and amend the bylaws accordingly, pursuant to the law;
- charge the capital increase costs against the related premiums; and
- generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue and servicing of the debentures, as well as for the exercise of the warrants.

The present authorization is valid for two years.

Eighteenth resolution

Public issue of debentures with equity warrants, with pre-emptive subscription rights

After hearing the reports of the Directoire and the Supervisory Board, and the Statutory Auditors' special report, compiled in accordance with the law, the General Shareholders' Meeting authorizes the Directoire or Board of Directors to issue debentures with equity warrants to be offered to existing shareholders on a pre-emptive basis, pro rata to their existing interest in the Company's capital, said pre-emptive right also applying to debentures not taken up by other shareholders. The debentures with equity warrants may be issued on one or several occasions, provided that the aggregate nominal value of the issue or issues does not exceed € 3 billion.

The aggregate par value of the shares to be subscribed by the holders of equity warrants may not exceed € 400 million, not including any adjustments that may be made.

The present authorization entails the waiver by shareholders, in favor of warrant-holders, of their pre-emptive right to subscribe for the shares to be issued on exercise of these warrants.

For each and every issue carried out pursuant to this authorization, the Directoire or Board of Directors will be required to specify the method applied to set the price of the debentures.

The General Shareholders' Meeting grants the Directoire or Board of Directors full powers to carry out the debenture issue or issues authorized above and to fix the terms and conditions of issue thereof, including:

- the amount of each issue and the life of the debentures;
- the issue price of the debentures, their interest rate, which may be fixed or variable, the interest payment dates, the interest entitlement accrual date, the price and method of redemption, with or without a premium, and the conditions of early repayment depending on prevailing market conditions;

- the number of equity warrants to be attached to each debenture;
- the terms and conditions of exercise of the equity warrants and, if appropriate, the buyback of the warrants by the Company;
- the periods during which the equity warrants may be exercised;
- the issue price of the shares to be issued on exercise of the warrants and the dividend entitlement accrual date thereof;
- the basis to be used to adjust the terms of exercise of the equity warrants if, while any warrants are still outstanding, the Company carries out any operations which, by law, can be effected only without prejudicing the rights of warrant-holders;
- place on record the number and par value of the shares issued on exercise of the warrants, carry out the formalities related to the corresponding capital increases and amend the bylaws accordingly, pursuant to the law;
- charge the capital increase costs against the related premiums; and
- generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue and service of the debentures, as well as for the exercise of the warrants.

The present authorization is valid for two years.

Nineteenth resolution

Public issue of equity warrants without pre-emptive subscription rights

After hearing the reports of the Directoire and the Supervisory Board, and the Statutory Auditors' special report, compiled in accordance with the law, the General Shareholders' Meeting authorizes the Directoire or Board of Directors to issue, on one or several occasions, equity warrants exercisable for shares and to increase the share capital by a maximum amount of € 400 million plus the par value of any shares to be issued in order to protect the rights of warrant-holders.

The General Shareholders' Meeting resolves that the issue price of the shares to be subscribed on exercise of the warrants shall be at least equal to the average of the opening prices quoted for Cap Gemini shares on the Paris Stock Exchange for any period of ten consecutive trading days chosen from among the twenty trading days preceding the date of issue of the equity warrants.

For each and every issue carried out pursuant to this authorization, the Directoire or Board of Directors will be required to specify the method applied to set the price of the equity warrants.

The General Shareholders' Meeting resolves to cancel shareholders' pre-emptive rights to subscribe for:

- the equity warrants to be issued pursuant to this resolution; and
- the shares to be issued on exercise of the warrants.

If the issue or issues take place in the French market, the Directoire or Board of Directors may grant existing shareholders a priority right to subscribe for the equity warrants, during a period and on terms to be decided at the discretion of the Directoire or Board of Directors . Said priority right shall be non-transferable. Any warrants not subscribed by shareholders exercising their priority right will be placed on the market.

The General Shareholders' Meeting grants the Directoire or Board of Directors full powers to carry out the equity warrant issue or issues authorized above and to fix the terms and conditions of issue thereof, including:

- the date or dates and terms of issue of the equity warrants and the number of warrants to be included in each issue;
- the number of warrants required to subscribe for one share;
- the periods during which the rights attached to the warrants may be exercised;
- the conditions under which the Company may buy back the equity warrants, at any time or within specified periods;
- the issue price of the shares to be issued on exercise of the warrants and the dividend entitlement accrual date thereof;
- the basis to be used to adjust the terms of exercise of the equity warrants if, while any warrants are still outstanding, the Company carries out any operations which, by law, can be effected only without prejudicing the rights of warrant-holders;
- place on record the number and par value of the shares issued on exercise of the warrants, carry out the formalities related to the corresponding capital increases and amend the bylaws accordingly, pursuant to the law;
- charge the capital increase costs against the related premiums; and
- generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue and exercise of the warrants.

The present authorization is valid for one year. The shares to be created on exercise of the warrants must be issued within five years of the date of issue of the warrants.

Twentieth resolution

Public issue of equity warrants with pre-emptive subscription rights

After hearing the reports of the Directoire and the Supervisory Board, and the Statutory Auditors' special report, compiled in accordance with the law, the General Shareholders' Meeting authorizes the Directoire or Board of Directors to issue, on one or several occasions, equity warrants exercisable for shares and to increase the share capital by a maximum amount of € 400 million, plus the par value of any shares to be issued in order to protect the rights of warrant-holders.

The equity warrants will be offered to existing shareholders on a pre-emptive basis, pro rata to their existing interest in the Company's capital, said pre-emptive right also applying to warrants not taken up by other shareholders.

For each and every issue carried out pursuant to this authorization, the Directoire or Board of Directors will be required to specify the method applied to set the price of the equity warrants.

The General Shareholders' Meeting resolves to cancel shareholders' pre-emptive rights to subscribe for the shares to be issued on exercise of the warrants.

The General Shareholders' Meeting grants the Directoire or Board of Directors full powers to carry out the equity warrant issue or issues authorized above and to fix the terms and conditions of issue thereof, including:

- the date or dates and terms of issue of the equity warrants and the number of warrants to be included in each issue;
- the number of warrants required to subscribe for one share;
- the periods during which the rights attached to the warrants may be exercised;
- the conditions under which the Company may buy back the equity warrants, at any time or within specified periods;
- the issue price of the shares to be issued on exercise of the warrants and the dividend entitlement accrual date thereof;
- the basis to be used to adjust the terms of exercise of the equity warrants if, while any warrants are still outstanding, the Company carries out any operations which, by law, can be effected only without prejudicing the rights of warrant-holders;
- place on record the number and par value of the shares issued on exercise of the warrants, carry out the formalities related to the corresponding capital increases and amend the bylaws accordingly, pursuant to the law;
- charge the capital increase costs against the related premiums; and
- generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue and exercise of the warrants.

The present authorization is valid for one year. The shares to be created on exercise of the warrants must be issued within five years of the date of issue of the warrants.

Twenty-first resolution

Public issue of hybrid securities without pre-emptive subscription rights

After hearing the reports of the Directoire and the Supervisory Board, and the Statutory Auditors' special report, compiled in accordance with the law, the General Shareholders' Meeting authorizes the Directoire or Board of Directors to issue securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company, at any time or at fixed dates. The securities may be issued on one or several occasions, in France or abroad, and may be denominated in euros or foreign currency.

The securities that may be issued pursuant to this resolution shall include:

(i) - securities representing a portion of the Company's share capital combined with warrants entitling the holder to subscribe for shares in the Company; in this case, the aggregate par value of the securities to which said warrants are attached may not exceed € 400 million;

(ii) - securities other than convertible debentures, debentures with equity warrants or the securities referred to in (i) above; in this case, the aggregate face value of the securities issued may not exceed € 3 billion.

In all cases, the aggregate par value of the shares issued on exercise of the warrants referred to in (i) above, or on conversion, redemption, exchange or exercise of the securities referred to in (ii) above, or on presentation of a warrant or otherwise shall not exceed € 400 million, not including any potential adjustments.

The present authorization entails the waiver by the shareholders, in favor of the holders of any of the above securities, of their pre-emptive right to subscribe for the shares to be issued on conversion, redemption or exchange of the securities, exercise of a warrant or otherwise.

The amount received or likely to be received subsequently by the Company for each share issued or created by subscription, or on conversion, redemption or exchange of securities, exercise of a warrant or otherwise shall be at least equal to the average of the opening prices quoted for Cap Gemini shares on the Paris Stock Exchange for any period of ten consecutive trading days chosen from among the twenty trading days preceding the date of issue of the relevant securities.

For each and every issue carried out pursuant to this authorization, the Directoire or Board of Directors will be required to specify the method applied to set the price of the securities.

The General Shareholders' Meeting resolves to cancel shareholders' pre-emptive rights to subscribe for the securities to be issued pursuant to this resolution.

If the issue or issues take place in the French market, the Directoire or Board of Directors may grant existing shareholders a priority right to subscribe for securities, during a period and on terms to be decided at the discretion of the Directoire or Board of Directors. Said priority right shall be non-transferable. Any securities not subscribed by shareholders exercising their priority right will be placed on the market.

The General Shareholders' Meeting grants the Directoire or Board of Directors full powers to fix the dates and the amounts of the issues, determine the terms and conditions of issue and the form of the securities, to effect all necessary adjustments in accordance with the law and, generally, to take any and all appropriate measures and enter into any and all agreements to ensure the success of the proposed issues, all in accordance with the applicable regulations and laws.

In the case of an issue of securities entitling holders to a portion of share capital on exercise of a warrant, the Directoire or Board of Directors will have full powers to set the procedures by which the Company will be able to buy back the warrants, at any time or within specified periods.

The General Shareholders' Meeting grants the Directoire or Board of Directors full powers to make any amendments to the bylaws required by the use of the powers described above.

Issues covered by this authorization may be carried out by the Directoire or Board of Directors within the maximum period allowed by law.

Twenty-second resolution

Public issue of hybrid securities with pre-emptive subscription rights

After hearing the reports of the Directoire and the Supervisory Board and the Statutory Auditors' special report, compiled in accordance with the law, the General Shareholders' Meeting authorizes the Directoire or Board of Directors to issue securities convertible, redeemable, exchangeable or otherwise exercisable for new shares of the Company, at any time or at fixed dates. The securities may be issued on one or several occasions.

The securities will be offered to existing shareholders on a pre-emptive basis, pro rata to their existing interest in the Company's capital, said pre-emptive right also applying to securities not taken up by other shareholders.

The securities that may be issued pursuant to this resolution shall include:

(i) - securities representing a portion of the Company's share capital combined with warrants entitling the holder to subscribe for shares in the Company; in this case, the aggregate par value of the securities to which said warrants are attached may not exceed € 400 million;

(ii) - securities other than convertible debentures, debentures with equity warrants or the securities referred to in (i) above; in this case, the aggregate face value of the securities issued may not exceed € 3 billion.

In all cases, the aggregate par value of the shares issued on exercise of the warrants referred to in (i) above, or on conversion, redemption, exchange or exercise of the securities referred to in (ii) above, or on presentation of a warrant or otherwise shall not exceed € 400 million, not including any potential adjustments.

The present authorization entails the waiver by the shareholders, in favor of the holders of any of the above securities, of their pre-emptive right to subscribe for the shares to be issued on conversion, redemption or exchange of the securities, on exercise of a warrant or otherwise.

For each and every issue carried out pursuant to this authorization, the Directoire or Board of Directors will be required to specify the method applied to set the price of the securities.

The General Shareholders' Meeting grants the Directoire or Board of Directors full powers to fix the dates and the amounts of the issues, determine the terms and conditions of issue and the form of the securities, to effect all necessary adjustments in accordance with the law and, generally, to take any and all appropriate measures and enter into any and all agreements to ensure the success of the proposed issues, all in accordance with the applicable regulations and laws.

In the case of an issue of securities entitling holders to a portion of share capital on exercise of a warrant, the Directoire or Board of Directors will have full powers to set the procedures by which the Company will be able to buy back the warrants, at any time or within specified periods.

The General Shareholders' Meeting grants the Directoire or Board of Directors full powers to make any amendments to the bylaws required by the use of the powers described above.

Issues covered by this authorization may be carried out by the Directoire or Board of Directors within the maximum period allowed by law.

Twenty-third resolution

General ceiling on financial authorizations

The General Shareholders' Meeting resolves, subject to adoption of the thirteenth resolution, that the total amount of capital increases that may be carried out pursuant to the authorizations given in the fifteenth, sixteenth, seventeenth, eighteenth, nineteenth, twentieth, twenty-first and twenty-second resolutions above will be covered by the blanket authorization given to the Directoire or Board of Directors in the thirteen resolution of this Meeting to increase the capital to a maximum nominal amount of € 1.5 billion.

The authorizations given to the Directoire or Board of Directors in the fifteenth, sixteenth, seventeenth, eighteenth, nineteenth, twentieth, twenty-first and twenty-second resolutions above replace those given in the tenth, eleventh, twelfth, thirteenth, fourteenth, fifteenth, sixteenth and seventeenth resolutions of the General Shareholders' Meeting of April 22, 1999.

Twenty-fourth resolution

Employee share ownership

The General Shareholders' Meeting, after hearing the report of the Directoire and the Statutory Auditors' special report:

1. As provided for in Articles 208-1 to 208-8-1 of the Companies Act of July 24, 1966:

- authorizes the Directoire or the Board of Directors to grant stock options, on one or several occasions within the period of five years commencing on the date of this Meeting, to employees and officers of the Company and certain related French or foreign companies or intercompany partnerships within the meaning of Article 208-4 of the Companies Act of July 24, 1966. The options may be exercisable either for new shares issued for this purpose or for existing shares purchased by the Company and held in accordance with the applicable legal and regulatory provisions.
- notes that this authorization automatically entails the waiver, by shareholders, of their pre-emptive right to subscribe for any shares issued on exercise of the stock options.
- resolves that:

  - the exercise price of the options will be determined in accordance with the provisions of Articles 208-1 and 208-3 of the Companies Act
  - in the case of any corporate actions carried out by the Company that have a dilutive impact on the value of its shares, the number of shares that may be subscribed or purchased per option and the option exercise price will be adjusted, provided that the adjustment does not have the effect of reducing the exercise price to below the par value of the shares.

- gives full powers to the Directoire or the Board of Directors to set the terms and conditions of grant and exercise of the options, subject to compliance with the applicable laws and regulations and the stipulations of this resolution, and to:

  - draw up the list of grantees of the various types of options
  - set the option exercise price, the exercise period or periods, provided that the total life of the options does not exceed six years
  - if appropriate, stipulate that the shares acquired on exercise of the options must be held for a specified minimum period, not to exceed three years from the exercise date
  - if applicable, specify the periods during which the right to exercise the options will be suspended, in connection with certain corporate actions
  - place on record the capital increases resulting from the exercise of options, amend the bylaws accordingly and carry out any and all formalities, directly or through a duly authorized representative
  - generally, take all appropriate measures and do whatever is necessary.
  - instructs the Directoire or the Board of Directors to report to each General Shareholders' Meeting on the transactions carried out during the year under this authorization.

This authorization does not cancel the 5-year authorization to grant stock options given in the thirty-eighth resolution of the General Shareholders' Meeting of May 24, 1966.

2. As provided for in Articles L.443-1 et seq. of the Labor Code and Article 186-3 of the Companies Act of July 24, 1966:

- authorizes the Directoire or the Board of Directors to increase the capital on one or several occasions in the five-year period commencing on the date of this Meeting, by issuing shares to be offered for subscription, in cash, to eligible employees of the Company and related French and foreign companies within the meaning of Article 208-4 of the Companies Act of July 24, 1966. Eligible employees shall be employees who are members of the Cap Gemini Group company savings plan.

- resolves that the issue price of the new shares will be determined in accordance with the provisions of Article L.443-5 of the Labor Code.

- notes that these decisions automatically entail the waiver by shareholders of their pre-emptive right to subscribe for the shares to be offered to employees for subscription.

- gives full powers to the Directoire or the Board of Directors to:

  - draw up the list of companies whose employees will be entitled to subscribe for the shares
  - decide that the shares may be subscribed either directly or through a corporate mutual fund and allow employees a specified period of time to pay up their shares
  - fix the terms and conditions of membership of the company savings plan and draw up or amend the plan rules
  - set the opening and closing dates of the subscription period and the issue price of the shares
  - set the number of new shares to be issued
  - place on record the capital increases
  - carry out any and all transactions and formalities, directly or through a duly authorized representative
  - charge the share issuance costs against the related premiums and deduct from the premiums the amounts necessary to raise the legal reserve to one-tenth of the new capital after each issue
  - amend the Company's bylaws to reflect the new capital and generally, take all appropriate action and do whatever is necessary to comply with the applicable laws and regulations.

3. Resolves that, without affecting the impact of the adjustment referred to in (1.) above, the total number of options granted under the authorization given in (1.) and the total number of shares issued under the authorization given in (2.) may not result in a commitment for the Company to issue more than twelve million (12,000,000) new shares with a par value of € 8, subject to the condition precedent of the successful completion of the share issue dealt with in the seventh resolution of this Meeting. If this condition precedent is not fulfilled, the maximum number of shares that may be issued will be reduced to eight (8) million.

Twenty-fifth resolution

Approval of the return to a single-tier management structure with a Board of Directors, with the possible designation of non-voting directors

The General Shareholders' Meeting, after hearing the reports of the Directoire and the Supervisory Board, resolves to revert to a single-tier management structure with a Board of Directors, as defined by law.

The General Shareholders' Meeting therefore resolves to amend the shareholders' agreement to the extent required by this change and to:

- specify that no more than one third of directors and permanent representatives of corporate directors may be aged over seventy-five;

- specify that the Chairman and Chief Operating Officer may not remain in office beyond the first Annual Shareholders' Meeting held after they reach the age of seventy-five;

- allow for the possible designation of non-voting directors eligible to attend Board Meetings in a consultative capacity only, and only to that extent.

Accordingly, the General Shareholders' Meeting adopts the text of the new bylaws of the Company which will be attached to the minutes of this Meeting and signed by all officers of the Meeting.

Twenty-sixth resolution

Election of a director

The General Shareholders' Meeting elects Christian Blanc as director for a six-year term expiring at the close of the Ordinary Shareholders' Meeting to be called to approve the 2005 financial statements.

Twenty-seventh resolution

Election of a director

The General Shareholders' Meeting elects Paul Hermelin as director for a six-year term expiring at the close of the Ordinary Shareholders' Meeting to be called to approve the 2005 financial statements.

Twenty-eighth resolution

Election of a director

The General Shareholders' Meeting elects Pierre Hessler as director for a six-year term expiring at the close of the Ordinary Shareholders' Meeting to be called to approve the 2005 financial statements.

Twenty-ninth resolution

Election of a director

The General Shareholders' Meeting elects Michel Jalabert as director for a six-year term expiring at the close of the Ordinary Shareholders' Meeting to be called to approve the 2005 financial statements.

Thirtieth resolution

Election of a director

The General Shareholders' Meeting elects Serge Kampf as director for a six-year term expiring at the close of the Ordinary Shareholders' Meeting to be called to approve the 2005 financial statements.

Thirty-first resolution

Election of a director

The General Shareholders' Meeting elects Ruud van Ommeren as director for a six-year term expiring at the close of the Ordinary Shareholders' Meeting to be called to approve the 2005 financial statements.

Thirty-second resolution

Election of a director

The General Shareholders' Meeting elects Terrence R. Ozan as director for a six-year term expiring at the close of the Ordinary Shareholders' Meeting to be called to approve the 2005 financial statements.

Thirty-third resolution

Election of a director

The General Shareholders' Meeting elects Bruno Roger as director for a six-year term expiring at the close of the Ordinary Shareholders' Meeting to be called to approve the 2005 financial statements.

Thirty-fourth resolution

Election of a director

The General Shareholders' Meeting elects Ernest-Antoine Seillière as director for a six-year term expiring at the close of the Ordinary Shareholders' Meeting to be called to approve the 2005 financial statements.

Thirty-fifth resolution

Election of a director

The General Shareholders' Meeting elects Geoff Unwin as director for a six-year term expiring at the close of the Ordinary Shareholders' Meeting to be called to approve the 2005 financial statements.

Thirty-sixth resolution

Election of a director

The General Shareholders' Meeting elects Guy de Wouters as director for a six-year term expiring at the close of the Ordinary Shareholders' Meeting to be called to approve the 2005 financial statements.

Thirty-seventh resolution

Election of a "Censeur"

The General Shareholders' Meeting elects Chris van Breugel as "Censeur" for a six-year term expiring at the close of the ordinary Shareholders' Meeting to be called to approve the 2005 financial statements.

Thirty-eighth resolution

Election of a "Censeur"

The General Shareholders' Meeting elects Philip A. Laskawy as "Censeur" for a six-year term expiring at the close of the Ordinary Shareholders' Meeting to be called to approve the 2005 financial statements.

Thirty-ninth resolution

Attendance fees to be awarded to the Board of Directors

The General Shareholders' Meeting sets at € 500,000 the global maximum amount of annual attendance fees awarded to the members of the Board of Directors.

The attendance fees awarded for 2000 will be determined pro rata to the period between the date of election of the directors and the year-end. The annual attendance fees will be payable each year until a further decision of the Shareholders' Meeting on this matter.

Fortieth resolution

Powers to carry out formalities

The General Shareholders' Meeting authorizes the bearer of a copy or extract of the minutes of this meeting to execute all filing, publication and other formalities required under French law.

Unofficial translation from French

The English translation is for information purposes only ; in case of discrepancy, the French version shall prevail.

Cap Gemini/Finance Department
Execution: Gutenberg on line