CAPGEMINI CONSOLIDATED FINANCIAL STATEMENTS

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STATUTORY AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2008

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

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

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying consolidated financial statements of Cap Gemini S.A.,
- the justification of our assessments,
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes verifying, on a test basis or by other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the consolidated Group as at December 31, 2008, and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- Note 1-F to the consolidated financial statements sets out the methods used to account for revenues and costs related to long-term contracts. As part of our assessments, we ensured that the above-mentioned accounting rules and principles were properly applied and verified that the information provided in the note above was appropriate. We also obtained assurance that the estimates used were reasonable.
- Net intangible assets carried in the consolidated balance sheet include €2,726 million in unamortized goodwill. The approach adopted by the Group as well as the accounting principles and methods applied to determine the value in use of these assets are described in notes 1-I and 10 to the consolidated financial statements. As part of our assessments, we verified whether the approach applied was correct and that the assumptions used and resulting valuations were consistent overall.
- Deferred tax assets amounting to €863 million are recorded in the consolidated balance sheet. Note 12 to the consolidated financial statements describes the methods used to calculate the value of these assets. As part of our assessments, we verified the overall consistency of the information and assumptions used to perform these calculations.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

In accordance with the law, we have also verified the specific information given in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The Statutory Auditors

Neuilly-sur-Seine, February 11, 2009

PricewaterhouseCoopers Audit

Serge Villepelet Edouard Sattler

Paris La Défense, February 11, 2009

KPMG Audit

Division of KPMG S.A.

Jean-Luc Decornoy
Partner

Jacques Pierre
Partner

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

in millions of euros	*Notes*	2006		2007		2008	
		Amount	**%**	**Amount**	**%**	**Amount**	**%**
Revenues	3	**7,700**	**100**	**8,703**	**100**	**8,710**	**100**
Cost of services rendered	4	5,920	76.9	6,518	74.9	6,478	74.4
Selling expenses	4	508	6.6	607	7.0	632	7.3
General and administrative expenses	4	825	10.7	938	10.7	856	9.8
Operating margin		**447**	**5.8**	**640**	**7.4**	**744**	**8.5**
Other operating income and expense	5	(113)	(1.5)	(147)	(1.7)	(158)	1.8
Operating profit		**334**	**4.3**	**493**	**5.7**	**586**	**6.7**
Finance costs, net	6	(10)	(0.1)	(4)	-	2	-
Other financial income and expense	7	(18)	(0.2)	(3)	-	(21)	(0.2)
Finance expense, net		**(28)**	**(0.3)**	**(7)**	**(0.1)**	**(19)**	**(0.2)**
Income tax expense	8	(13)	(0.2)	(48)	(0.6)	(116)	(1.3)
Share in profit of equity-accounted companies		-	-	2	-	-	-
Profit for the year		**293**	**3.8**	**440**	**5.1**	**451**	**5.2**
Attributable to:							
Equity holders of the parent		293	3.8	440	5.1	451	5.2
Minority interests		-	-	-	-	-	-

	Note	2006	2007	2008
Weighted average number of ordinary shares		**132,782,723**	**144,744,128**	**143,424,188**
Basic earnings per share (in euros)	9	2.21	3.04	3.14
Weighted average number of ordinary shares (diluted)		**147,241,326**	**159,292,070**	**156,466,779**
Diluted earnings per share (in euros)	9	2.07	2.84	2.97

CONSOLIDATED BALANCE SHEETS

AT DECEMBER 31, 2006, 2007 AND 2008

in millions of euros	*Notes*	December 31, 2006	December 31, 2007	December 31, 2008
ASSETS				
Goodwill	10	1,849	2,577	2,726
Intangible assets	10	122	171	140
Property, plant and equipment	11	375	442	422
Total fixed assets		**2,346**	**3,190**	**3,288**
Deferred taxes	12	888	907	863
Other non-current assets	13	295	96	91
TOTAL NON-CURRENT ASSETS		**3,529**	**4,193**	**4,242**
Accounts and notes receivable	14	2,063	2,318	2,396
Other receivables and income taxes	15	214	374	223
Short-term investments	16	2,460	1,594	1,290
Cash at bank	16	442	648	578
TOTAL CURRENT ASSETS		**5,179**	**4,934**	**4,487**
TOTAL ASSETS		**8,708**	**9,127**	**8,729**

in millions of euros	*Notes*	December 31, 2006	December 31, 2007	December 31, 2008
EQUITY AND LIABILITIES				
Share capital		1,153	1,164	1,167
Additional paid-in capital		2,659	2,682	2,689
Retained earnings and other reserves		(408)	(435)	(368)
Profit for the year		293	440	451
Capital and reserves attributable to equity holders of the parent		**3,697**	**3,851**	**3,939**
Minority interests		-	-	-
TOTAL EQUITY		**3,697**	**3,851**	**3,939**
Long-term financial debt	16	1,160	1,059	987
Deferred taxes	12	118	138	138
Provisions for pensions and other post-employment benefits	17	591	621	503
Non-current provisions	18	74	57	45
Other non-current liabilities	19	122	146	112
TOTAL NON-CURRENT LIABILITIES		**2,065**	**2,021**	**1,785**
Short-term financial debt and bank overdrafts	16	107	277	47
Accounts and notes payable	20	2,019	2,120	2,096
Advances from customers and billed in advance	14	683	743	639
Current provisions	18	24	28	20
Other payables and income taxes	21	113	87	203
TOTAL CURRENT LIABILITIES		**2,946**	**3,255**	**3,005**
TOTAL EQUITY AND LIABILITIES		**8,708**	**9,127**	**8,729**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

in millions of euros	*Notes*	2006	2007	2008
Profit for the year		**293**	**440**	**451**
Impairment of goodwill	10	-	-	24
Depreciation, amortization and write-downs of fixed assets	10-11	167	192	213
Net additions to provisions and other net non-cash items (excluding current assets)		97	(27)	(62)
Gains and losses on disposals of assets		6	5	3
Expense relating to stock options and share grants	5	17	22	22
Finance costs, net	6	10	4	(2)
Income tax expense	8	13	48	116
Unrealized gains and losses on changes in fair value and other		8	1	(17)
Cash flows from operations before finance costs, net and income tax (A)		**611**	**685**	**748**
Income tax paid (B)		(31)	(79)	(94)
Change in accounts and notes receivable, advances from customers and billed in advance		(181)	(159)	(153)
Change in accounts and notes payable		59	70	12
Change in other receivables/payables		120	(20)	35
Change in operating working capital (C)		**(2)**	**(109)**	**(106)**
NET CASH FROM/(USED IN) OPERATING ACTIVITIES (D=A+B+C)		**578**	**497**	**548**
Acquisitions of property, plant and equipment and intangible assets	10-11	(101)	(149)	(134)
Proceeds from disposals of property, plant and equipment and intangible assets		27	5	20
		(74)	**(144)**	**(114)**
Acquisitions of consolidated companies		(33)	(900)	(274)
Cash and cash equivalents of companies acquired		6	72	7
Net proceeds/payments on disposals/acquisitions of non-consolidated companies		(136)	1	-
Net proceeds/payments relating to other investing activities		19	(10)	(16)
Dividends received from equity-accounted companies		-	-	1
		(144)	**(837)**	**(282)**
NET CASH FROM/(USED IN) INVESTING ACTIVITIES (E)		**(218)**	**(981)**	**(396)**
Increase in share capital		517	34	10
Dividends paid		(66)	(101)	(143)
Net proceeds/payments relating to treasury stock transactions		2	1	(75)
Increase in financial debt	16	45	37	37
Repayments of financial debt	16	(108)	(132)	(130)
Finance costs, net	6	(10)	(4)	2
NET CASH FROM/(USED IN) FINANCING ACTIVITIES (F)		**380**	**(165)**	**(299)**
CHANGE IN CASH AND CASH EQUIVALENTS (G=D+E+F)		**740**	**(649)**	**(147)**
Effect of exchange rate movements on cash and cash equivalents (H) (1)		(15)	(75)	(185)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (I) (1)	**16**	**2,136**	**2,861**	**2,137**
CASH AND CASH EQUIVALENTS AT END OF YEAR (G+H+I) (1)	**16**	**2,861**	**2,137**	**1,805**

(1) To provide a more meaningful presentation of financial information, derivative instruments relating to cash and cash equivalents have been reclassified with the underlying (see Note 16 – Net cash and cash equivalents).

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

in millions of euros	Number of shares	Share capital	Additional paid-in capital	Treasury stock (1)	Consolidated retained earnings and other reserves	Translation reserves	Total equity (2)
AT JANUARY 1, 2006	**131,581,978**	**1,053**	**2,229**	**(18)**	**(530)**	**16**	**2,750**
Increase in share capital upon exercise of options (3)	790,393	7	12	-	-	-	19
Dividends paid out for 2005	-	-	-	-	(66)	-	(66)
Issue of 312,127 shares in connection with the Transiciel earn-out mechanism	312,127	2	9	-	-	-	11
Reversal of provisions for the Transiciel earn-out mechanism	-	-	-	-	(11)	-	(11)
Issue of 11,397,310 new shares in connection with the increase in share capital of December 6, 2006	11,397,310	91	407	-	-	-	498
Disposal of 84,779 treasury shares returned to the Company	-	-	2	-	1	-	3
Adjustment to the number and value of treasury shares held under the share buyback program (4)	-	-	-	(1)	2	-	1
Remeasurement and elimination of shares attributed or attributable to employees of the Capgemini Group (3)	-	-	-	6	(3)	-	3
Valuation of stock options (3)	-	-	-	-	15	-	15
Income and expense recognized directly in equity	-	-	-	-	198	(17)	181
Profit for the year	-	-	-	-	293	-	293
AT DECEMBER 31, 2006	**144,081,808**	**1,153**	**2,659**	**(13)**	**(101)**	**(1)**	**3,697**
Increase in share capital upon exercise of options (3)	1,343,701	11	23	-	-	-	34
"OCEANE 2005" bonds converted into shares	1	-	-	-	-	-	-
Valuation of stock options (3)	-	-	-	-	19	-	19
Dividends paid out for 2006	-	-	-	-	(101)	-	(101)
Adjustment to the number and value of treasury shares held under the share buyback program (4)	-	-	-	(1)	-	-	(1)
Remeasurement and elimination of shares attributed or attributable to employees of the Capgemini Group (3)	-	-	-	4	(1)	-	3
Income and expense recognized directly in equity	-	-	-	-	(69)	(171)	(240)
Profit for the year	-	-	-	-	440	-	440
AT DECEMBER 31, 2007	**145,425,510**	**1,164**	**2,682**	**(10)**	**187**	**(172)**	**3,851**
Increase in share capital upon exercise of options (3)	419,428	3	7	-	-	-	10
Valuation of stock options (3)	-	-	-	-	20	-	20
Dividends paid out for 2007	-	-	-	-	(143)	-	(143)
Adjustment to the number and value of treasury shares held under the share buyback program (4)	-	-	-	(73)	(2)	-	(75)
Remeasurement and elimination of shares attributed or attributable to employees of the Capgemini Group (3)	-	-	-	(1)	3	-	2
Income and expense recognized directly in equity	-		-	-	(72)	(105)	(177)
Profit for the year	-	-	-	-	451	-	451
AT DECEMBER 31, 2008	**145,844,938**	**1,167**	**2,689**	**(84)**	**444**	**(277)**	**3,939**

(1) See Note 1.K) – Treasury stock.
(2) There were no minority interests at December 31, 2006, 2007 or 2008 (see Note 2 – Changes in Group structure and Note 29 – List of the main consolidated companies by country).
(3) The method for recognizing and measuring stock options is described in Note 9.A) – Stock option plans.
(4) See Note 9.B) – Share buyback program.

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE

FOR THE YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

in millions of euros	2006	2007	2008
Profit for the year	**293**	**440**	**451**
Actuarial gains and losses related to provisions for pensions and other post-employment benefits (1)	150	(84)	(56)
Deferred taxes recognized in equity (2)	43	15	17
Translation adjustments	(17)	(171)	(105)
Other (3)	5	-	(33)
Income and expense recognized directly in equity	**181**	**(240)**	**(177)**
Total recognized income and expense	**474**	**200**	**274**

(1) See Note 17 – Provisions for pensions and other post-employment benefits. Actuarial gains and losses related to provisions for pensions and other post-employment benefits in the table above are based on the average exchange rate for each corresponding accounting period.
(2) Deferred taxes mainly relate to actuarial gains and losses arising on provisions for pensions (1) and to currency hedging contracts (3) recognized in equity. Deferred tax assets for 2006 include the deferred tax asset recognized in the United Kingdom in an amount of €52 million. This concerns items recognized directly in equity between 2004 and 2006 in respect of provisions for pensions and other post-employment benefits.
(3) "Other" relates mainly to currency hedging contracts designated as hedges for accounting purposes (see Note 22 – Financial risk management).

NOTE 1 – ACCOUNTING POLICIES

Pursuant to European Commission Regulation No.1606/2002 of July 19, 2002, the 2008 consolidated financial statements have been prepared in accordance with the international accounting standards issued by the International Accounting Standards Board (IASB). These international accounting standards comprise the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the related interpretations endorsed by the European Union at December 31, 2008 and published in the Official Journal of the European Union.

The Group also takes account of the positions adopted by Syntec Informatique – an organization representing major consulting and computer services companies in France – regarding the application of IFRSs.

The Group has not opted for early application of certain standards and interpretations issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Union at December 31, 2008. This essentially concerns IFRS 8 – "Operating segments". Early adoption of this standard in 2008 would not have substantially altered the presentation of segment information.

The Group has not opted for early application of certain standards and interpretations issued by the IASB or IFRIC but not yet endorsed by the European Union at December 31, 2008. This concerns mainly the revised IAS 1 – "Presentation of Financial Statements". Early adoption of this revised standard in 2008 would not have had a material impact on the presentation of the consolidated financial statements for 2008, due mainly to the Group's adoption of the amended version of IAS 19 in 2006 resulting in the inclusion of a consolidated statement of recognized income and expense.

The 2008 consolidated financial statements and accompanying notes were approved by the Board of Directors of Cap Gemini S.A. (hereafter, the Company) on February 11, 2009.

The principal accounting policies applied in the preparation of the consolidated financial statements are described below:

A) Consolidation methods

The accounts of companies directly or indirectly controlled by Cap Gemini S.A. are fully consolidated. Cap Gemini S.A. is deemed to exercise control over an entity when it has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Investments in companies which Cap Gemini S.A. directly or indirectly controls jointly with a limited number of other shareholders are accounted for by the method of proportionate consolidation. This method consists of consolidating the income and expenses, assets and liabilities of jointly-controlled companies on a line-by-line basis, based on the Group's percentage interest in their capital.

Investments in associated companies over whose management Cap Gemini S.A. directly or indirectly exercises significant influence, without however exercising full or joint control, are accounted for by the equity method. This method consists of replacing the cost of the shares with an amount corresponding to the Group's share in net assets under "Other non-current assets" and recording in the income statement the Group's share in net income.

Details of the scope of consolidation are provided in Note 29 – List of the main consolidated companies by country.

All consolidated companies prepared their accounts at December 31, 2008 in accordance with the accounting policies and methods applied by the Group.

Intragroup transactions are eliminated on consolidation, as well as intercompany profits.

The Group does not control any special purpose entities that have not been consolidated.

B) Use of estimates

The preparation of financial statements involves the use of estimates and assumptions which may have an impact on the reported values of assets and liabilities at the balance sheet date or on certain items of income and expense for the year. Estimates are based on economic data and assumptions which are likely to vary over time and are subject to a degree of uncertainty. They mainly concern revenue recognition on fixed-price contracts accounted for on a percentage-of-completion basis, recognition of deferred tax assets, measurement of the recoverable amount of assets, pensions and other post-employment benefit obligations, the fair value of derivatives, and current and non-current provisions.

C) Foreign currency translation

The consolidated financial statements presented in this report have been prepared in euros.

Balance sheets of subsidiaries denominated in foreign currencies are translated into euros at year-end rates of exchange with the exception of equity accounts, which are carried at their historical values. Income statements denominated in foreign currencies are translated into euros at the average rates of exchange for the year. However, for certain material transactions, it may be relevant to use a specific rate of exchange. Differences arising from the translation at different rates are recognized directly in equity under "Translation reserves" and have no impact on profit.

Exchange differences arising on monetary items which form an integral part of the net investment in foreign subsidiaries are recognized in equity under "Translation reserves" for their net-of-tax amount.

Exchange differences on receivables and payables denominated in a foreign currency are recorded within operating income or expense or financial income or expense, depending on the type of transaction concerned.

The exchange rates used to translate the financial statements of the Group's main subsidiaries into euros are as follows:

	Average exchange rates			Year-end exchange rates		
	2006	2007	2008	2006	2007	2008
US dollar	0.79710	0.73072	0.68361	0.75930	0.68064	0.70077
Pound sterling	1.46681	1.46177	1.25885	1.48920	1.36091	1.02192
Canadian dollar	0.70258	0.68154	0.64214	0.65441	0.69498	0.57445
Swedish krona	0.10808	0.10809	0.10418	0.11061	0.10584	0.09108
Australian dollar	0.60016	0.61179	0.57736	0.59913	0.59769	0.48555
Norwegian krona	0.12434	0.12476	0.12196	0.12139	0.12541	0.10055
Indian rupee	0.01760	0.01767	0.01573	0.01716	0.01733	0.01446
Polish zloty	0.25682	0.26447	0.28543	0.26103	0.27766	0.24155

D) Statement of income

Income and expenses are presented in the consolidated statement of income by function to reflect the specific nature of the Group's business more accurately. Under the line item presenting revenues, operating expenses are broken down into cost of services rendered (corresponding to costs incurred for the execution of client projects), selling expenses, and general and administrative expenses.

These three captions together represent ordinary operating expenses which are deducted from revenues to obtain operating margin, one of the main Group business performance indicators.

Operating profit is obtained by deducting other operating income and expense from operating margin. Other operating income and expense includes the charge resulting from the deferred recognition of the fair value of shares and stock options granted to employees, and non-recurring revenues and expenses, notably impairment of goodwill, capital gains or losses on disposals of consolidated companies or businesses, restructuring costs incurred under a detailed formal plan approved by the Group's management – the main features of which have been announced to those affected by it, the cost of integrating companies recently acquired by the Group, and the effects of curtailments and settlements relating to defined benefit pension plans.

Profit for the year is subsequently obtained by taking into account the following items:

- finance costs, net, which includes interest on borrowings calculated based on the effective interest rate, less income from cash and cash equivalents;
- other financial income and expense, which primarily corresponds to the impact of remeasuring financial instruments at fair value when these relate to items of a financial nature, disposal gains and losses and the impairment of investments in non-consolidated companies, net interest costs on defined benefit pension plans, exchange gains and losses on financial items, and other financial income and expense on miscellaneous financial assets and liabilities calculated using the effective interest method;
- current and deferred income tax expense;
- share in profit of equity-accounted companies.

E) Earnings per share

Earnings per share are measured as follows:

- basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury stock. The weighted average number of ordinary shares outstanding is adjusted by the number of ordinary shares bought back or issued during the period and is calculated by reference to the date of redemption or issue of shares during the year ;
- diluted earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding as used to calculate basic earnings per share, both items being adjusted, where appropriate, for the effects of all potential dilutive financial instruments corresponding to (i) stock options and (ii) bonds convertible/exchangeable into new or existing Cap Gemini shares.

F) Recognition of revenues and the cost of services rendered

The method for recognizing revenues and costs depends on the nature of the services rendered:

A. Time and materials contracts

Revenues and costs relating to time and materials contracts are recognized as services are rendered.

B. Long-term fixed-price contracts

Revenues from long-term fixed-price contracts, including systems development and integration contracts, are recognized under the "percentage-of-completion" method.
Costs related to long-term fixed price contracts are recognized as they are incurred.

C. Outsourcing contracts

Revenues from outsourcing agreements are recognized over the life of the contract as the services are rendered. When the services are made up of different components which are not separately identifiable, the related revenues are recognized on a straight-line basis over the life of the contract.

The related costs are recognized as they are incurred. However, a portion of costs incurred in the initial phase of outsourcing contracts (transition and/or transformation costs) may be deferred when they are specific to a given contract, relate to future activity on the contract and/or will generate future economic benefits, and are recoverable. These costs are allocated to work-in-progress and any reimbursement by the client is recorded as a deduction of the costs incurred.

When the projected cost of the contract exceeds contract revenues, an expense is recognized for the amount of the difference.

Revenues receivable from these contracts are recognized in assets under "Accounts and notes receivable" when invoiced to customers or "Accrued income" when they are not yet invoiced. Advances from customers and billed in advance are included in current liabilities.

G) Goodwill and intangible assets

A. Goodwill

Business combinations are accounted for using the purchase method. Under this method, the identifiable assets, liabilities and contingent liabilities of the acquiree are recognized at their fair values at the acquisition date and may be adjusted after completion of the provisional accounting at the latest within 12 months of the combination.

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the assets, liabilities and contingent liabilities of the acquiree. When the cost of a business combination is less than the fair value of the assets acquired and liabilities assumed, the difference is recognized immediately in the statement of income.

Goodwill is not amortized but tested for impairment at least annually, or more frequently when events or changes in circumstances indicate that it may be impaired.

B. Intangible assets

Computer software and user rights acquired on an unrestricted ownership basis, as well as software developed for internal use which has a positive, lasting and quantifiable effect on future results, are capitalized and amortized over three to five years.
The capitalized costs of software developed for internal use represent costs that directly relate to its production, i.e., the salary costs of the staff who developed the software concerned.

H) Property, plant and equipment

The carrying amount of property, plant and equipment corresponds to the historical cost of these items, less accumulated depreciation and impairment. No items of property, plant and equipment have been revalued. Buildings owned by the Group are measured based on the components approach.

Subsequent expenditure (costs of replacing and/or bringing assets into compliance) are capitalized and depreciated over the remaining useful lives of the assets concerned. Ongoing maintenance costs are expensed as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets concerned. It is calculated based on acquisition cost less any residual value.

Property, plant and equipment are depreciated over the following estimated useful lives:

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

Residual values and estimated useful lives are reviewed at each balance sheet date.

The sale of property, plant and equipment gives rise to disposal gains and losses corresponding to the difference between the selling price and carrying amount of the asset concerned.

I) Impairment of goodwill, intangible assets, and property, plant and equipment

Intangible assets and property, plant and equipment are tested for impairment when there is an indication at the balance sheet date that their recoverable amount may be less than their carrying amount. Goodwill is tested for impairment at least once a year.
The impairment test consists of assessing the value in use of each asset or group of assets generating cash flows that are separate from the cash flows generated by other assets or groups of assets (cash-generating units – CGUs). The CGUs identified by the Group represent geographic areas as well as Sogeti's Local Professional Services business.
The assessment is notably performed using the discounted cash flows method and the recoverable amount of each CGU is calculated based on various parameters used in the budget procedure and

three-year strategic plan generally extrapolated over a period of five years, including growth and profitability rates considered reasonable. Standard discount rates (based on the weighted average cost of capital) and standard long-term growth rates for the period beyond five years are applied to all valuations of CGUs. These rates are determined based on analyses of the business segments in which the Group operates. When the recoverable amount of a CGU is less than its carrying amount, the impairment loss is deducted from goodwill to the extent possible and charged to operating profit under "Other operating income and expense".

J) Leases

Contracts and agreements entered into by the Group are analyzed to determine if they are, or contain, leases.

Leases that do not transfer to the Group substantially all the risks and rewards incidental to ownership are classified as operating leases, and give rise to lease payments expensed as incurred over the lease term.
However, when the Group assumes substantially all of the risks and rewards incidental to ownership, the lease is classified as a finance lease and is recognized as an asset at the lower of the fair value of the leased asset and the present value of future minimum lease payments, with the related obligation recorded in liabilities within financial debt. The asset is depreciated over the period during which it is expected to be used by the Group and the obligation is amortized over the lease term. Deferred tax is recognized as appropriate.

K) Treasury stock

Cap Gemini S.A. shares held by the Company or by any consolidated companies are shown as a deduction from equity, at cost. Any proceeds from sales of treasury stock are taken directly to equity, net of the tax effect, so that the gain or loss on the sale has no impact on profit for the period.

L) Deferred taxes

Deferred taxes are recorded to take into account temporary differences between the carrying amounts of certain assets and liabilities and their tax basis.

Deferred tax is recognized in profit or loss for the period when the related transaction or other event is recognized in profit or loss, except to the extent that the tax arises from a transaction or event which is charged or credited directly to equity, in which case the related deferred tax is also recognized directly in equity (see the consolidated statement of recognized income and expense).

Deferred taxes are accounted for using the balance sheet liability method and are measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Adjustments to deferred taxes for changes in tax rates (or tax laws) previously recognized in the statement of income or in equity are recognized in the statement of income or in equity, respectively, for the period in which these changes become effective.

Deferred tax assets are recognized when it is probable that taxable profits will be available against which the recognized deferred tax asset can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date. This amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of that deferred tax asset to be utilized. Any such reduction is reversed when it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset if, and only if, the subsidiaries have a legally enforceable right to set off current tax assets against current tax liabilities, and when the deferred taxes relate to income taxes levied simultaneously by the same taxation authority.

M) Financial instruments

Financial instruments consist of:
- financial assets, which include certain other non-current assets, accounts receivable, certain other receivables, cash at bank and short-term investments;
- financial liabilities, which include long- and short-term financial debt and bank overdrafts, certain accounts payable, and certain other payables and non-current liabilities.

Financial instruments are recognized at inception and on subsequent dates in accordance with the methods described below. These methods draw on the following interest rate definitions:
- the coupon interest rate or coupon, which is the nominal interest rate on borrowings;
- the effective interest rate, which is the rate that exactly discounts the estimated cash flows through the expected life of the instrument, or, where appropriate, a shorter period to the net carrying amount of the financial asset or liability at initial recognition. The effective interest rate takes into account all fees paid or received, transaction costs, and, where applicable, premiums to be paid and received. This rate is also designated as the notional interest rate, and the corresponding financial expense, the notional financial expense;
- the market interest rate, which reflects the effective interest rate recalculated at the measurement date based on current market parameters.

Financial instruments (assets and liabilities) are initially recognized in the balance sheet at their fair value.

The subsequent measurement of financial assets and liabilities is based on either their fair value or amortized cost depending on their classification in the balance sheet. Financial assets measured at amortized cost are subject to tests to assess their recoverable amount as soon as there are indicators of a loss in value, and at least at each balance sheet date. Any loss in value is recognized in the statement of income.

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Amortized cost corresponds to the initial carrying amount (net of transaction costs), plus interest calculated using the effective interest rate, less cash outflows (coupon interest payments and repayments of principal, and redemption premiums where applicable). Accrued interest (income and expense) is not recorded on the basis of the financial instrument's nominal interest rate, but on the basis of its effective interest rate.

Financial instruments (assets and liabilities) are derecognized when the related risks and rewards of ownership have been transferred, and when the Group no longer exercises control over the instruments.

a. Recognition and measurement of financial assets

Financial assets classified under "Other non-current assets" include:

(i) shares in non-consolidated companies. The Group holds shares in certain companies over whose management it does not exercise significant influence or control. These shares mainly represent long-term investments supporting strategic alliances with the companies concerned;

(ii) *aides à la construction* (building aid program) loans in France, security deposits and guarantees, and other long-term loans;

(iii) at December 31, 2006 and 2007, receivables due from the French Treasury resulting from an election to carry back tax losses (see below section b. – Recognition and measurement of financial liabilities);

(iv) receivables which are expected to be settled beyond the normal operating cycle of the business to which they relate;

(v) non-current derivative instruments.

These other non-current assets are carried at amortized cost, with the exception of:

- Shares in non-consolidated companies, which are recognized at fair value if they are classified as available for sale. For listed shares, fair value corresponds to the share price. If the fair value cannot be determined reliably, the shares are recognized at cost.
  Shares in non-consolidated companies are recorded as follows:
  - any change in the fair value of shares in non-consolidated companies after initial recognition is recorded through equity until disposal or impairment;
  - in the event of an objective indication of a decrease in fair value (in particular, a significant or prolonged decline in the asset's value), an impairment loss is recognized in profit or loss;
  - when the impact of a change in fair value has previously been recognized in equity and there is objective evidence that the shares are impaired, or in the event of their disposal, the impairment loss or impact of derecognition of the shares is dealt with through financial income and expense, and offset where appropriate by writing back the amount recorded in equity.
- Non-current derivative instruments, which are recognized at fair value (see below section c. – Derivative instruments).

Accounts and notes receivable

Accounts and notes receivable correspond to the fair value of the expected consideration to be received. Where payment is deferred beyond the usual periods applied by the Group, and this has a material impact on the fair value measurement, the future payments concerned are discounted.

Short-term investments and cash at bank

These items are carried in assets at their fair value at the balance sheet date. The effects of changes in fair value are recognized in finance expense, net.

b. Recognition and measurement of financial liabilities

Financial debt

Financial debt mainly consists of bond debt, loans granted by credit institutions, obligations under finance leases, and at end-2006 and 2007, liabilities recognized in respect of amounts receivable under the option to carry back tax losses (see section a. Recognition and measurement of financial assets (iii)).

All financial debt is initially recognized at fair value in the balance sheet, and subsequently measured at amortized cost up to maturity.

Fair value corresponds to the present value of future cash outflows discounted at the market interest rate, minus transaction costs and any issue premiums.

Regarding convertible bonds, the difference between the nominal amount of the bonds and the fair value of the liability component as calculated above is recorded under equity.

In each subsequent period, the interest expense recorded in the statement of income corresponds to the theoretical interest charge calculated by applying the effective interest rate to the carrying amount of the loan. The effective interest rate is calculated when the loan is taken out and corresponds to the rate that exactly discounts estimated future cash payments through the expected life of the loan to the initial fair value of the liability component of the loan.

The difference between interest expense thus calculated and the nominal amount of interest is recorded in financial expense, with the corresponding adjustment posted to liabilities.

Other financial liabilities

With the exception of derivative instruments carried at fair value (see below section c. – Derivative instruments), other financial liabilities consist primarily of accounts and notes payable measured at amortized cost in accordance with the principles set out above.

c. Derivative instruments

Derivative instruments comprise mainly forward foreign exchange contracts and interest rate swaps.

Derivative instruments are initially recognized at fair value. Except as described below in the case of instruments designated as cash flow hedges, changes in the fair value of derivative instruments, estimated based on market rates or data provided by the bank counterparties, are recognized in profit or loss at the balance sheet date.

When cash flow hedges are eligible for hedge accounting, changes in the fair value of the hedging instruments are recognized firstly in equity and subsequently taken to operating profit when the hedged item itself affects profit or loss.

N) Net cash and cash equivalents

Cash and cash equivalents consist of short-term investments and cash at bank less bank overdrafts, and also include the fair value of hedging instruments relating to these items.

Net cash and cash equivalents comprise cash as defined above, less short- and long-term financial debt. Net cash and cash equivalents also take into account the impact of hedging instruments when these relate to financial debt.

O) Pensions and other post-employment benefits

Defined contribution plans

Defined contribution plans are funded by contributions paid by employees and Group companies to the organizations responsible for managing the plans. The Group's obligations are limited to the payment of such contributions which are expensed as incurred. The Group's obligation under these plans is recorded in "Accounts and notes payable". Defined contribution plans are operated in most European countries (France, the United Kingdom, the Netherlands, Germany and Central Europe, Nordic countries, Italy and Spain), in the United States and in the Asia-Pacific region.

Defined benefit pension plans

Defined benefit pension plans consist of either:

- unfunded plans, where benefits are paid directly by the Group and the related obligation is covered by a provision corresponding to the present value of future benefit payments. Estimates are based on regularly reviewed internal and external parameters. These unfunded plans correspond mainly to retirement gratuities and healthcare assistance;
- funded plans, where the benefit obligation is covered by external funds. Group contributions to these external funds are made in accordance with the specific regulations in force in each country.

Obligations under these plans are generally determined by independent actuaries using the projected unit credit method. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each of these units is valued separately in order to obtain the amount of the Group's final obligation.

The resulting obligation is discounted by reference to market yields on high quality corporate bonds, of a currency and term consistent with the currency and term of the post-employment benefit obligation.

For funded plans, only the estimated deficit is covered by a provision.

Current and past service costs – corresponding to an increase in the obligation – are recorded within operating expense, respectively on an as-incurred basis in the period and over the residual vesting period of the rights concerned.

Gains or losses on the curtailment or settlement of defined benefit pension plans are recognized in "Other operating income and expense".

The impact of discounting pension benefit obligations as well as the expected return on plan assets is recorded in "Other financial income and expense".

Actuarial gains and losses correspond to the effect of changes in actuarial assumptions and experience adjustments (i.e., differences between projected actuarial assumptions and actual data) on the amount of the defined benefit obligation or the value of plan assets. They are recognized in full within equity in the year in which they arise.

P) Stock options

Stock options have been granted to certain Group employees entitling them to purchase Cap Gemini S.A. shares over a period of five years, at an exercise price set when the options are granted.

Stock options are measured at fair value, corresponding to the value of the benefit granted to the employee on the grant date. The amount is recognized in "Other operating income and expense" in the statement of income on a straight-line basis over the option vesting period, with a corresponding adjustment to equity.

The fair value of stock options is calculated using the Black and Scholes option pricing model which incorporates assumptions concerning the option exercise price and option life, the share price at the date of grant, implicit share price volatility, and the risk-free interest rate. The expense recognized also takes into account staff attrition rates for eligible employee categories. These assumptions are reviewed each year.

Q) Provisions

A provision is recognized in the balance sheet at year-end if, and only if, (i) the Group has a present obligation (legal or constructive)

as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. Provisions are discounted when the impact of the time value of money is material.

R) Consolidated statement of cash flows

The consolidated statement of cash flows analyzes the year-on-year change in cash flows from operating, investing and financing activities.

Foreign currency cash flows are converted into euros at the average exchange rate for the year. Exchange gains or losses resulting from the conversion of cash flows relating to foreign currency assets and liabilities at the year-end exchange rate are shown in “Effect of exchange rate movements on cash and cash equivalents” in the statement of cash flows. Consequently, the amounts shown in the balance sheet are not representative of movements in cash flows.

S) Segment information

The Group analyzes its business activities by geographic area, business segment and client business line. Geographic entities constitute profit centers for which comprehensive performance measurements exist, including the components of working capital and operating cash flows. The primary reporting segment corresponds to the geographic areas hosting the Group’s operations. The secondary reporting format corresponds to the Group’s business segments.
Costs relating to operations and incurred by Group holding companies on behalf of geographic areas and business lines are allocated to the segments concerned either directly or on the basis of an allocation key. Items that have not been allocated correspond to headquarters’ expenses.
Inter-segment transactions are carried out on an arm’s length basis.

T) Exchange gains and losses on intragroup transactions

The results and financial position of a foreign subsidiary are included in the Group’s consolidated financial statements using normal consolidation procedures, such as the elimination of intragroup balances and intragroup transactions. However, an intragroup short- or long-term monetary asset (or liability) cannot be eliminated against the corresponding intragroup liability (or asset) without showing the results of currency fluctuations in the consolidated financial statements. This is because the monetary item represents a commitment to convert one currency into another and exposes the Group to a gain or loss through currency fluctuations. Accordingly, in the consolidated financial statements, these exchange differences continue to be recognized in profit or loss or are classified in equity if the underlying forms an integral part of the net investment in the foreign operation.

NOTE 2 – **Changes in Group structure**

A) 2006 and 2007

The main changes in Group structure in 2006 and 2007 were as follows:
On September 30, 2006, the Group acquired 100% of the capital of German group FuE, which had around 250 employees at that date.
On October 11, 2006, the Group purchased 51% of Unilever Shared Services Limited (renamed Capgemini Business Services India Ltd.), a subsidiary of Hindustan Lever Limited (Unilever group). The purchase agreement includes a call/put option for Capgemini/Hindustan Lever Limited on the remaining 49% of Cap Gemini Business Services India Ltd. This India-based company was an administrative, financial and control service center for Unilever, and employed almost 600 people at the acquisition date. Capgemini Business Services India Ltd. is fully consolidated.
On February 8, 2007, the Group acquired 100% of Kanbay International Inc. (“Kanbay”) pursuant to the terms of the agreement dated October 26, 2006. This followed its end-2006 purchase of a 14.7% stake in Kanbay for a total of USD 170 million. In 2007, the Group acquired the remaining 85.3% of Kanbay’s capital for a total amount of USD 1,090 million. In January 2007, Kanbay had a worldwide headcount of approximately 6,900.
On March 1, 2007, the Group purchased 100% of the capital of US company Software Architects Inc., which had more than 500 employees at the acquisition date.

B) 2008

The main changes in Group structure in 2008 were as follows:

- On May 2, 2008, the Group acquired from the Unilever group 100% of the share capital of Chile-based Asesorias Latin America Shared Services Ltda. (renamed Capgemini Business Services Chile) and Brazil-based ARD-Prestaçao de Serviçios Administrativos Lda. (renamed Capgemini Business Services Brazil). Previous to the acquisition, the companies were administrative and financial service centers for Unilever in South America.
  The total cost of the acquisition amounts to €22 million.
  At the acquisition date, the two companies had almost 400 employees (175 in Chile and 225 in Brazil). Both companies are fully consolidated.

At December 31, 2008, the provisional allocation of the acquisition price can be summarized as follows:

in millions of euros	
Net assets acquired (1)	3
Amortizable intangible assets, net of deferred tax liabilities	3
Goodwill	16
TOTAL ACQUISITION PRICE	**22**

(1) Of which €2 million in cash and cash equivalents.

The contribution of these companies to the Group's revenues for 2008 is €9 million (estimated at €14 million had the acquisition taken place on January 1, 2008).

- On December 1, 2008, the Group completed its acquisition of Getronics Pinkroccade Business Application Services B.V. ("BAS B.V.") further to an initial agreement entered into on July 25, 2008 with Getronics PinkRoccade ("GPR") for the acquisition of its subsidiary. This division brings together GPR's applications services activities (applications development, maintenance and management) in the Netherlands.
  The total cost of the transaction amounts to €249 million, including €6 million in fees directly attributable to the acquisition.
  BAS B.V. had around 2,200 employees at the acquisition date and is fully consolidated.

At December 31, 2008, the provisional allocation of the acquisition price can be summarized as follows:

in millions of euros	
Net assets acquired	3
Amortizable intangible assets	25
Goodwill	221
TOTAL ACQUISITION PRICE	**249**

As BAS B.V. was acquired at the end of the year, its contribution to the Group's revenues and profit for 2008 was not material (estimated at €309 million and €16 million, respectively, had the acquisition taken place on January 1, 2008).

Net assets acquired break down as follows:

in millions of euros	
Property, plant and equipment and intangible assets	5
Accounts and notes receivable and payable	11
Provisions for pensions	(14)
Provisions	(3)
Cash and cash equivalents	4
TOTAL NET ASSETS ACQUIRED, EXCLUDING EXISTING GOODWILL	**3**

- The Group also acquired a number of other companies in 2008, in the United States, France, Ireland, the United Kingdom and the Czech Republic. The total cost of these transactions amounts to €28 million, including €1 million in fees directly attributable to the acquisitions.

The companies had around 290 employees at the acquisition date and are fully consolidated.

At December 31, 2008, the provisional allocation of the acquisition price can be summarized as follows:

in millions of euros	
Net assets acquired (1)	3
Amortizable intangible assets	1
Goodwill	24
TOTAL ACQUISITION PRICE	**28**

(1) Of which €1 million in cash and cash equivalents.

The contribution of these companies to the Group's revenues for 2008 was €10 million (estimated at €27 million had the acquisitions taken place on January 1, 2008).

- Moreover, in the Netherlands, as part of an outsourcing services agreement, Capgemini Outsourcing B.V. took over an IT division on February 1, 2008 through Maxeda IT Services B.V. (renamed Capgemini Retail Solutions B.V.). The cost of the net assets was allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of takeover.

NOTE 3 – REVENUES

Revenues break down as follows by geographic area:

	2006		2007		2008	
in millions of euros	Amount	%	Amount	%	Amount	%
North America	1,341	17	1,721	20	1,668	19
France and Morocco	1,816	23	1,971	23	2,077	24
United Kingdom and Ireland	2,126	28	2,230	26	1,922	22
Benelux	1,046	14	1,168	13	1,303	15
Nordic countries	441	6	539	6	578	7
Germany and Central Europe	514	7	558	6	592	7
Southern Europe and Latin America	339	4	390	5	449	5
Asia-Pacific	77	1	126	1	121	1
TOTAL	**7,700**	**100**	**8,703**	**100**	**8,710**	**100**

The year-on-year increase in revenues in 2008 is 5.0% on a like-for-like basis (constant Group structure and exchange rates) and 0.1% taking into account changes in Group structure and exchange rates.

NOTE 4 – OPERATING EXPENSES BY NATURE

The analysis of operating expenses by nature is as follows:

	2006		2007		2008	
in millions of euros	Amount	% of revenues	Amount	% of revenues	Amount	% of revenues
Personnel costs	4,336	56.3	4,906	56.4	4,940	56.7
Travel expenses	340	4.4	393	4.5	389	4.5
	4,676	**60.7**	**5,299**	**60.9**	**5,329**	**61.2**
Purchases and sub-contracting expenses	2,068	26.9	2,268	26.0	2,138	24.6
Rent and local taxes	268	3.5	285	3.3	286	3.3
Depreciation, amortization and provisions	241	3.1	211	2.4	213	2.4
TOTAL	**7,253**	**94.2**	**8,063**	**92.6**	**7,966**	**91.5**

Personnel costs break down as follows:

in millions of euros	2006	2007	2008
Wages and salaries (1)	3,410	3,914	3,958
Payroll taxes (1)	837	896	931
Pension costs related to defined benefit pension plans and other post-employment benefit expenses (2)	89	96	51
TOTAL	**4,336**	**4,906**	**4,940**

(1) To provide a more meaningful presentation of financial information, these items have been reclassified from their initial classification in the previous published annual reports.
(2) See Note 17 – Provisions for pensions and other post-employment benefits.

The fall in pension costs in 2008 is chiefly due to the termination of the accrual of pensionable service for most members of the defined benefit section of the main Capgemini UK Plc pension plan, effective March 31, 2008 (see Note 17 – Provisions for pensions and other post-employment benefits). This closure also led to a non-recurring expense of €18 million recorded under “Other operating income and expense” (see Note 5 – Other operating income and expense). As an alternative, the individuals concerned were offered membership of the defined contribution section.

NOTE 5 – OTHER OPERATING INCOME AND EXPENSE

in millions of euros		2006	2007	2008
Restructuring costs	I	(94)	(90)	(103)
Integration costs relating to acquired companies	II	-	(27)	(7)
Expenses relating to stock options and share grants (1)		(17)	(22)	(22)
Impairment of goodwill	III	-	-	(18)
Other	IV	(2)	(8)	(8)
TOTAL		**(113)**	**(147)**	**(158)**

(1) These expenses are calculated as described in Note 9.A) – Stock option plans.

I. RESTRUCTURING COSTS

In 2006, this caption primarily related to restructuring costs incurred within the scope of the Margin Acceleration Program (MAP) for streamlining the Group’s outsourcing activities.

In 2007, this caption essentially consisted of restructuring costs incurred within the scope of the MAP, as well as €35 million in costs related to reducing the workforce assigned to the HM Revenue & Customs contract in the United Kingdom in line with the expected fall in business under the contract.

In 2008, restructuring costs related mainly to further measures taken to streamline the Group’s organizational structure within the scope of the I^3 plan. Restructuring costs by nature comprise:

- costs related to workforce reduction measures (€68 million), mainly in France, the Netherlands and Germany;
- expenses related to measures taken to streamline the Group’s real estate assets (€21 million), essentially in France;
- industrialization and migration costs incurred in connection with the implementation of rightshoring solutions (€14 million), mainly in the United Kingdom and United States.

II. INTEGRATION COSTS RELATING TO ACQUIRED COMPANIES

In 2007, the integration costs of acquisitions totaled €27 million and mainly concerned Kanbay (€25 million) which was purchased at the beginning of the period.
In 2008, these costs related mainly to the completion of Kanbay’s integration within the Group.

III. IMPAIRMENT OF GOODWILL

In 2008, impairment losses were taken on goodwill relating to a German subsidiary of the Sogeti group (see Note 10 – Goodwill and intangible assets).

IV. OTHER

Other operating income and expense mainly consists of:

- €18 million in expenses due to the closure as of March 31, 2008 of the accrual of pensionable service under the defined benefit section of Capgemini UK Plc's main pension plan (see Note 17 – Provisions for pensions and other post-employment benefits);
- €15 million in income following the transfer of responsibility for the defined benefit pension plan available to Canadian employees who joined the Group in the context of the outsourcing agreement signed with Hydro One in 2002. The approval for the transfer by the Financial Services Commission of Ontario (Canada) was obtained in March 2008 (see Note 17 – Provisions for pensions and other post-employment benefits);
- €5 million in net expenses reflecting accelerated amortization, impairment of assets and the discharge of the liabilities relating to the TXU (now EFH) outsourcing agreement signed in May 2004 for a period of 10 years, and the obligations arising as a result of the early termination of this agreement on December 19, 2008.

NOTE 6 – FINANCE COSTS, NET

Finance costs, net, can be analyzed as follows:

in millions of euros		2006	2007	2008
Gross finance costs	I	(67)	(70)	(66)
Income from cash and cash equivalents	II	57	66	68
FINANCE COSTS, NET		**(10)**	**(4)**	**2**

I. GROSS FINANCE COSTS

Gross finance costs can be broken down as follows:

in millions of euros	2006	2007	2008
Interest on convertible bonds	(43)	(44)	(46)
Other interest expense	(24)	(26)	(20)
TOTAL	**(67)**	**(70)**	**(66)**

Interest on convertible bonds relates to interest expense on the "OCEANE 2003" and "OCEANE 2005" bonds convertible/exchangeable into new or existing Cap Gemini shares, issued on June 24, 2003 and June 16, 2005, respectively. This includes €43 million in notional interest (of which €16 million relates to interest paid on bonds) and €3 million in interest due under the interest rate swap linked to the "OCEANE 2003" bonds.

In 2008, other interest expense mainly includes:

- €10 million in notional interest related to finance leases (mainly concerning France, the United Kingdom and Canada);
- €5 million in notional interest relating to the put option granted to TXU (now EFH) as described in Note 16 – Net cash and cash equivalents. This put option was cancelled following the early termination of the agreement on December 19, 2008;
- €3 million in notional interest related to the financial debt recognized following the reinstatement in the balance sheet of carry-back tax credits sold in 2003 and 2004. The tax credits were derecognized in the June 30, 2008 balance sheet, and account for most of the year-on-year change in this caption in 2008.

II. INCOME FROM CASH AND CASH EQUIVALENTS

The year-on-year increase in income from cash and cash equivalents in 2008 essentially results from higher returns on short-term investments, mainly in Cap Gemini S.A., despite lower levels of surplus cash (see Note 16 – Net cash and cash equivalents).

NOTE 7 – OTHER FINANCIAL INCOME AND EXPENSE

in millions of euros	2006	2007	2008
Interest rate hedging instruments at fair value (A)	1	2	6
Ineffective portion of currency hedging instruments classified as cash flow hedges	-	5	-
Currency hedging instruments at fair value (B)	3	1	14
Exchange gains on financial transactions (C)	4	25	63
Other (E)	5	2	3
TOTAL OTHER FINANCIAL INCOME	**13**	**35**	**86**
Interest rate hedging instruments at fair value (A')	(5)	-	(1)
Currency hedging instruments at fair value (B')	(4)	(17)	(62)
Exchange losses on financial transactions (C')	(7)	(7)	(14)
Expenses related to financial liabilities at amortized cost	(3)	(3)	(3)
Net interest cost on defined benefit pension plans (D) (1)	(9)	(6)	(19)
Other (E)	(3)	(5)	(8)
TOTAL OTHER FINANCIAL EXPENSES	**(31)**	**(38)**	**(107)**
TOTAL OTHER FINANCIAL INCOME AND EXPENSE	**(18)**	**(3)**	**(21)**

(1) See Note 17 – Provisions for pensions and other post-employment benefits.

This caption showed a negative balance of €21 million in 2008, breaking down as:

- Interest rate hedging instruments at fair value (A/A'): these consist of derivative instruments contracted to hedge interest rate risks on financial transactions. In 2008, these instruments generated net income of €5 million (see (A)-(A')), largely due to changes in the fair value of the interest rate swap relating to the "OCEANE 2003" bonds. Changes in the fair value of this swap – income of €6 million in 2008, compared with income of €1 million in 2007 and an expense of €5 million in 2006 (see (A')) – account for the bulk of year-on-year movements in the "Interest rate hedging instruments at fair value" line.
- Currency hedging instruments at fair value (B/B'): these consist of derivative instruments contracted to hedge currency risks on financial transactions. Currency hedges at fair value generated a net financial expense of €48 million in the year (see (B)-(B')), essentially due to changes in the fair value of a currency swap hedging an intragroup loan granted by Capgemini UK Plc. to Cap Gemini S.A. This expense, which results from the rise in the value of the euro against the pound sterling over 2008, was largely offset by a €47 million unrealized exchange gain on the said intragroup loan. This gain was included in "Exchange gains on financial transactions (C)" at year-end. Other exchange gains and losses on financial transactions (net gains of €2 million) stem primarily from the impact of fluctuations in exchange rates in 2008 on items of cash and cash equivalents carried at fair value.
- Net interest cost amounting to €19 million (€6 million in 2007) on defined benefit pension plans (D), mainly in the United Kingdom.
- Other items (E), primarily including an expense of €3 million concerning a debt owed to Hydro One that was recognized following the transfer of responsibility for the defined benefit pension plan for Canadian employees who joined the Group in the context of the outsourcing agreement signed with Hydro One in 2002. The approval for the transfer by the Financial Services Commission of Ontario (Canada) was obtained in March 2008 (see Note 17 – Provisions for pensions and other post-employment benefits).

The net change in other financial income and expense compared to 2007 is essentially attributable to:

- a €5 million increase in the fair value of the interest rate swap relating to the "OCEANE 2003" bonds ;
- a €5 million decrease in income from currency instruments classified as cash flow hedges as a result of the change in the accounting treatment of the effective portion during the period. In view of the nature of the hedging transactions, the full impact of changes in the fair value of these currency instruments designated as operating cash flow hedges is now recorded within operating profit. In 2007, a portion of these changes (corresponding to an income of €5 million) was recorded in finance expense, net;
- a €13 million increase in the interest cost of defined benefit pension plan liabilities, mainly in the United Kingdom due to the increase in the discount rate and the stability of expected returns on plan assets (see Note 17 – Provisions for pensions and other post-employment benefits).

NOTE 8 – INCOME TAX EXPENSE

Income tax expense can be analyzed as follows:

in millions of euros	2006	2007	2008
Current income taxes	(49)	(78)	(87)
Deferred taxes	36	30	(29)
TOTAL	**(13)**	**(48)**	**(116)**

Current income tax expense for 2008 includes:

- €69 million in income taxes on profits, notably in the Netherlands, Germany, Canada, the United Kingdom and India;
- €18 million in taxes not based on taxable income and other taxes, mainly related to North America and Italy.

Net deferred tax expense for 2008 primarily reflects:

- the utilization against 2008 taxable profits of tax loss carry-forwards previously recognized in the balance sheet for €69 million, mainly in France (€55 million) and Nordic countries (€9 million);
- the write-back of a provision for deferred tax assets recognized on tax loss carry-forwards arising in previous years in France (€45 million), in accordance with the model described in Note 12 – Deferred taxes;
- the recognition of €20 million in deferred tax income in the United Kingdom following adjustments concerning mainly deductible research and development costs relating to the period 2002 through 2007;
- the recognition of €25 million in net deferred tax expense related to temporary differences and changes in the tax rate, mainly in the United Kingdom and Germany.

The difference between the French standard rate of income tax and the effective tax rate of the Group can be analyzed as follows:

in millions of euros	2006	2007	2008
INCOME BEFORE TAX	**306**	**486**	**567**
STANDARD TAX RATE IN FRANCE (%)	**34.4**	**34.4**	**34.4**
Tax (expense)/income at the standard rate	**(105)**	**(168)**	**(195)**
Impact of:			
Deferred tax assets not recognized on temporary differences and tax loss carry-forwards arising in the period	(11)	5	8
Revaluation of deferred tax assets generated in France (1)	40	81	45
Net recognition of deferred tax assets on temporary differences and tax loss carry-forwards arising prior to January 1	53	19	42
Utilization of previously unrecognized tax loss carry-forwards	41	7	2
Difference in tax rates between countries	6	11	18
Permanent differences and other items	(37)	(3)	(36)
Tax (expense)/income at the effective rate	**(13)**	**(48)**	**(116)**
EFFECTIVE RATE OF INCOME TAX (%)	**4.2**	**9.8**	**20.5**

(1) Calculated based on the parameters set out in Note 12 – Deferred taxes.

During 2008 and in previous financial years, some Group companies underwent tax audits leading in some cases to tax reassessments. A number of these reassessments have been challenged and some litigation proceedings were in progress at the balance sheet date. Substantially no provisions have been set aside for these disputes in the consolidated financial statements.

NOTE 9 – Shareholders' equity

A) Stock option plans

At the May 23, 2000 and May 12, 2005 Annual General Meetings, the Board of Directors was given a five-year authorization in respect of the May 23, 2000 plan ("2000 Plan"), and a 38-month authorization in respect of the May 12, 2005 plan ("2005 Plan"), to grant stock options to certain Group employees on one or several occasions.

The main features of these plans and their bases of calculation are set out in the table below:

	2000 Plan	2005 Plan	Total
Date of shareholders' meeting	May 23, 2000	May 12, 2005	
Maximum number of shares to be issued on exercise of options	12,000,000	6,000,000	
Date options first granted under the plan	September 1, 2000	October 1, 2005	
Deadline for exercising stock options after their grant date (based on progressive tranches)	5 years	5 years	
Exercise price as a % of the average share price over the 20 stock market trading days preceding the grant date	100%	100%	
Exercise price (per share and in euros) of the various stock option grants:			
Low	21.00	30.00	
High	31.00	55.00	
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2007	4,518,003	5,773,170	**10,291,173**
Number of new stock options granted during the year	Plan expired	219,000	**219,000**
Number of options forfeited or canceled in 2008	910,458	483,650	**1,394,108**
Number of options exercised in 2008	389,218 (1)	30,210 (2)	**419,428**
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2008	3,218,327 (3)	5,478,310 (4)	**8,696,637**
Residual weighted average life (in years)	0.87	2.90	-

(1) Representing the exercise of 7,200 stock options granted at a price of €40; 20,268 stock options granted at €31; 260,300 stock options granted at €21; and 101,450 stock options granted at €27.
(2) Representing the exercise of 30,210 stock options granted at a price of €30.
(3) Representing 180,768 shares purchased at a price of €31; 2,078,359 shares at €21; and 959,200 shares at €27.
(4) Representing 1,430,510 shares purchased at a price of €30; 1,825,300 shares at €43; 215,500 shares at €55; 1,799,000 shares at €44; and 208,000 at €40.50.

The Group has no contractual or constructive obligations to purchase or settle the options in cash.
In the event of a notice of authorization of a tender offer or public exchange offer for some or all of the Company's shares published by Euronext, option holders would be entitled, if they so wish, to exercise all of their remaining unexercised options immediately.

Fair value of options granted and impact on the financial statements

Based on the calculation parameters used to determine fair value under the Black & Scholes option pricing model (described in the table below) and on revised beneficiary turnover assumptions, the expense to be recorded in "Other operating income and expense" amounts to €20 million. The total expense to be amortized between 2009 and 2012 in respect of the eight option grants presented hereafter is €17 million.

Summary	2000 Plan			2005 Plan				
Grant dates	April 1, 2004	October 1, 2004	April 1, 2005	October 1, 2005	October 1, 2006	April 1, 2007	October 1, 2007	June 1, 2008
Number of shares initially granted	566,000	3,634,500	1,623,000	1,915,500	2,067,000	400,000	1,932,500	219,000
Exercise price (per share and in euros) of the various stock option grants	31	21	27	30	43	55	44	40.5
Share price at the grant date	31.19	19.09	27.06	32.59	41.84	57.00	42.98	43.37
Number of shares subscribed at December 31, 2008	72,944	727,839	229,799	92,590	1,100	-	-	-
Principal market conditions at the grant date:								
Volatility	38.1-38.8%	37.5-38.5%	32.4-33.8%	27.4-29.4%	32.4-35.9%	31.7-32.7%	34.8-35.7%	41.2-42.3%
Average length of the option exercise period (in years)	3.5-4.25	3-4.25	3-4.25	3-4.25	3-4.25	3-4.25	3-4.25	3-4.25
Risk-free interest rate	2.8-3%	3-3.3%	2.2-2.9%	2.3-2.7%	3.5-3.6%	4.1-4.2%	4.1%	4.3-4.4%
Expected dividend rate	1%	1%	1%	1%	1%	1.5%	1.5%	2.3%
Off-market conditions:								
Employee presence within the Group at the exercise date	yes	yes	yes	yes	yes	yes	yes	yes
Other	yes (1)	no	no	no	no	no	no	no
Pricing model used to calculate stock option fair values	Black & Scholes model							
Range of fair values in euros	9.2-10.3	4.5-5.7	6.2-7.8	7.6-9.4	10.7-11.7	14.5-17.1	10.6-12.6	13.5-15.3
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2008	180,768	2,078,359	959,200	1,430,510	1,825,300	215,500	1,799,000	208,000

(1) The final number of stock options was based on the percentage of target adjusted gross operating profit achieved by Sogeti.

Share grants made in connection with agreements signed on the May 2000 acquisition of Ernst & Young's consulting business

These agreements included an employee-retention scheme applicable over a maximum five-year period for the key employees of Ernst & Young's consulting business who joined the Group. This scheme was based on the gradual vesting of shares granted to the sellers of Ernst & Young's consulting business. If a person covered by this scheme left the Group, he or she could be required to return a portion of the shares received in May 2000. The agreements also provided that ownership of a portion of the shares returned would automatically be transferred to Cap Gemini S.A. (to be subsequently canceled or sold), with the balance to be held within the local entities to which employees having left the Group were attached (trusts and bank accounts) as part of the employee-retention scheme, in order to be subsequently reallocated to other employees in the countries concerned. As certain shares were sold, in accordance with the provisions of the agreements cash amounts were also paid to these entities before the ownership of the shares fully vested in the beneficiaries concerned who subsequently left the Group. These cash amounts corresponded to the disposal gain on the shares returned, which could, where appropriate, be granted to employees in the countries concerned in the form of exceptional remuneration.

The reallocations of Cap Gemini S.A. shares under this scheme are subject to gradual vesting rules covering a similar period as that applicable to the stock options granted by Cap Gemini S.A.

In 2008, the above-mentioned entities granted 7,500 Cap Gemini S.A. shares to their respective employees (primarily in North America). The related expense for 2008 amounts to €2.2 million and is recorded in "Other operating income and expense". The total expense to be amortized between 2009 and 2012 amounts to €2.9 million.

B) Share buyback program

The liquidity agreement was described in a prospectus published on March 22, 2007. At December 31, 2008, 377,000 shares were held under the share buyback program.

Cap Gemini S.A. also holds 2,000,000 treasury shares (representing 1.4% of share capital at December 31, 2008), acquired through CA Cheuvreux between January 17 and January 25, 2008 at an average

price of €34.48. These share buybacks relate to equity instruments issued by the Company and are aimed in particular at neutralizing part of the dilutive effect of employee share-based incentive instruments.

At December 31, 2008, the value of these treasury shares held under the share buyback program is recognized as a deduction from consolidated equity in a total amount of €84 million, representing a change of €74 million for the period.

C) Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing profit or loss for the year by the weighted average number of ordinary shares outstanding during the period, excluding treasury stock. The weighted average number of ordinary shares is adjusted by the number of ordinary shares bought back or issued during the year.

	2006	2007	2008
Profit for the year *(in millions of euros)*	293	440	451
Weighted average number of ordinary shares	132,782,723	144,744,128	143,424,188
BASIC EARNINGS PER SHARE *(in euros)*	**2.21**	**3.04**	**3.14**

The year-on-year fall in the average number of shares between 2007 and 2008 chiefly reflects the Group's purchase of 2,000,000 of its own shares at the beginning of 2008 in connection with equity instruments issued by the Company. The decrease was only partly offset by shares issued upon the exercise of stock options held by employees.

Diluted earnings per share

Diluted earnings per share are calculated by assuming conversion into ordinary shares of all dilutive instruments outstanding at the balance sheet date.

The average share price in 2008 was €34.86.

At December 31, 2008, instruments considered dilutive for the purpose of calculating diluted earnings per share include:

- employee stock options, which are considered to be potentially dilutive when the average price of ordinary shares during the period exceeds the exercise price of the options including fair value;
- the June 16, 2005 convertible/exchangeable bonds ("OCEANE 2005"), as the €13 million interest expense recorded (net of taxes) on the bonds is lower than basic earnings per share (see Note 16 – Net cash and cash equivalents).

	2006	2007	2008
Profit for the year *(in millions of euros)*	**293**	**440**	**451**
Interest expense on "OCEANE 2005" bonds (net of taxes)	12	13	13
Diluted profit for the year *(in millions of euros)*	**305**	**453**	**464**
Weighted average number of ordinary shares (diluted)			
Weighted average number of ordinary shares	132,782,723	144,744,128	143,424,188
Adjusted for:			
- "OCEANE 2003" convertible/exchangeable bonds (1)	-	-	-
- "OCEANE 2005" convertible/exchangeable bonds (weighted average)	11,810,810	11,810,809	11,810,809
- employee stock options	2,647,793	2,737,133	1,231,782
Weighted average number of ordinary shares (diluted)	**147,241,326**	**159,292,070**	**156,466,779**
DILUTED EARNINGS PER SHARE *(in euros)*	**2.07**	**2.84**	**2.97**

(1) The June 24, 2003 convertible/exchangeable bond issue ("OCEANE 2003") is not considered dilutive at December 31, 2006, 2007 or 2008 – even though the respective interest expense recognized on the bonds net of taxes (€14 million in 2006 and 2007 and €15 million in 2008) is less than basic earnings per share (see Note 16 – Net cash and cash equivalents). This is because in June 2005 the Group acquired a call option on an equivalent number of shares to those underlying the "OCEANE 2003" bond issue (approximately 9 million shares), designed to neutralize in full the potential dilutive impact of the bonds. Accordingly, neither profit for the year nor the weighted average number of shares have been restated for the net-of-tax interest expense and the number of "OCEANE 2003" convertible/exchangeable bonds. For information purposes, had the "OCEANE 2003" convertible/exchangeable bond issue been considered dilutive for the calculation of diluted earnings per share, the weighted average number of ordinary shares would have been 165,486,386 at December 31, 2008 (156,260,933 at December 31, 2006 and 168,311,677 at December 31, 2007), while diluted earnings per share would have totaled €2.89 in 2008 (€2.04 in 2006 and €2.78 in 2007).

NOTE 10 – GOODWILL AND INTANGIBLE ASSETS

Changes in goodwill and intangible assets can be analyzed as follows by type of asset:

in millions of euros	Goodwill	Software	Internally generated intangible assets	Other intangible assets	Total
GROSS VALUE					
AT JANUARY 1, 2006	**1,827**	**185**	**41**	**141**	**2,194**
Translation adjustments	(13)	(3)	-	(9)	(25)
Acquisitions/Increase	-	13	9	8	30
Disposals/Decrease	-	(59)	(1)	(15)	(75)
Changes in Group structure	56	-	-	6	62
Other movements	-	(16)	12	1	(3)
AT DECEMBER 31, 2006	**1,870**	**120**	**61**	**132**	**2,183**
Translation adjustments	(149)	(7)	-	(16)	(172)
Acquisitions/Increase	-	24	2	13	39
Disposals/Decrease	-	(19)	-	-	(19)
Changes in Group structure	878	8	-	74	960
Other movements	-	4	1	(2)	3
AT DECEMBER 31, 2007	**2,599**	**130**	**64**	**201**	**2,994**
Translation adjustments	(89)	(15)	-	(2)	(106)
Acquisitions/Increase	-	19	-	13	32
Disposals/Decrease	-	(5)	(1)	(4)	(10)
Changes in Group structure	261	1	-	32	294
Other movements	-	(1)	10	(15)	(6)
AT DECEMBER 31, 2008	**2,771**	**129**	**73**	**225**	**3,198**
o/w finance leases				8	*8*
ACCUMULATED AMORTIZATION					
AT JANUARY 1, 2006		**141**	**35**	**38**	**214**
Translation adjustments		(3)	-	(2)	(5)
Additions		13	6	18	37
Disposals		(56)	(1)	(8)	(65)
Changes in Group structure		-	-	-	-
Other movements		-	-	-	-
AT DECEMBER 31, 2006		**95**	**40**	**46**	**181**
Translation adjustments		(5)	-	(4)	(9)
Additions		18	5	31	54
Disposals		(17)	-	-	(17)
Changes in Group structure		4	-	-	4
Other movements		2	-	(1)	1
AT DECEMBER 31, 2007		**97**	**45**	**72**	**214**
Translation adjustments		(12)	-	(2)	(14)
Additions		19	5	62	86
Disposals		(4)	-	(3)	(7)
Changes in Group structure		-	-	-	-
Other movements		1	-	(2)	(1)
AT DECEMBER 31, 2008		**101**	**50**	**127**	**278**
o/w finance leases				6	*6*
IMPAIRMENT					
AT JANUARY 1, 2006	**18**	**11**	**-**	**-**	**29**
Translation adjustments	-	-	-	-	-
Additions	3	-	(2)	1	2
Changes in Group structure	-	-	-	-	-
Other movements	-	(7)	7	-	-
AT DECEMBER 31, 2006	**21**	**4**	**5**	**1**	**31**
Translation adjustments	(1)	-	-	-	(1)
Additions	2	-	-	-	2
Changes in Group structure	-	-	-	-	-
Other movements	-	-	-	-	-
AT DECEMBER 31, 2007	**22**	**4**	**5**	**1**	**32**
Translation adjustments	(2)	-	-	-	(2)
Additions	24	-	2	-	26
Changes in Group structure	-	-	-	-	-
Other movements	1	(3)	-	-	(2)
AT DECEMBER 31, 2008	**45**	**1**	**7**	**1**	**54**
NET					
AT DECEMBER 31, 2006	**1,849**	**21**	**16**	**85**	**1,971**
AT DECEMBER 31, 2007	**2,577**	**29**	**14**	**128**	**2,748**
AT DECEMBER 31, 2008	**2,726**	**27**	**16**	**97**	**2,866**
o/w finance leases				2	2

Goodwill

- The carrying amount of goodwill per cash-generating unit (geographic areas and Sogeti's "Local Professional Services" business) breaks down as follows:

in millions of euros	December 31, 2006			December 31, 2007			December 31, 2008		
	Gross value	Impair-ment	Carrying amount	Gross value	Impair-ment	Carrying amount	Gross value	Impair-ment	Carrying amount
North America	199	-	199	454	-	454	466	(6)	460
United Kingdom	483	(6)	477	525	(7)	518	424	(7)	417
Benelux	319	(12)	307	394	(12)	382	617	(12)	605
France	136	(1)	135	291	(1)	290	296	(1)	295
Other geographic areas (1)	228	(2)	226	339	(2)	337	357	(1)	356
Sogeti	505	-	505	596	-	596	611	(18)	593
TOTAL	**1,870**	**(21)**	**1,849**	**2,599**	**(22)**	**2,577**	**2,771**	**(45)**	**2,726**

(1) Other geographic areas comprises Germany and Central Europe (€178 million), Nordic countries (€126 million), Southern Europe and Latin America and Asia-Pacific

Analysis of changes in goodwill over the period

The increase in the net value of goodwill in 2008 primarily reflects:

- acquisitions carried out in the year, as described in Note 2 – Changes in Group structure:
  - BAS B.V. in the Netherlands (€221 million);
  - various acquisitions in other regions (€40 million), mainly Capgemini Business Services Chile and Capgemini Business Services Brazil;
- translation losses of €87 million resulting from the sharp appreciation of the euro against the pound sterling in 2008;
- impairment losses taken on goodwill, amounting to €18 million in Germany (Sogeti group subsidiary) and €6 million in the United States due to the early termination of the agreement with TXU, now EFH (see Note 5 – Other operating income and expense).

Measurement of the recoverable amount of goodwill at December 31, 2008

Goodwill was tested for impairment at December 31, 2008 in line with the Group procedure for verifying the value of such assets. Based primarily on the discounted cash flows method, this procedure consists of assessing the recoverable amount of each cash-generating unit (CGU) within the Group.

The main assumptions used to value cash-generating units are as follows:

- basis for CGU valuation: value in use;
- number of years over which cash flows are estimated and extrapolated indefinitely: mainly five years;
- long-term growth rate: 2.5% (3% in 2007);
- discount rate: 10.0% for North America and 10.6% for other cash-generating units (respectively 10.2% and 10.1% in 2007).

The long-term growth and discount rates are based on the average of a representative sample of projections by financial analysts who use these indicators to value the Group. The sample of projections by financial analysts used to calculate the long-term growth and discount rates changed between 2007 and 2008. This change did not have a material impact on the resulting calculations.

Except for the impairment losses disclosed above, no writedowns were taken at December 31, 2008 as a result of these impairment tests. Based on an analysis of the calculation's sensitivity to changes in the key parameters (operating margin, discount rate and long-term growth rate), there was no probable scenario where the CGU's recoverable amount would fall below its carrying amount.

Intangible assets

Acquisitions during the year for €32 million essentially concern software acquired (€19 million) within the scope of client projects or for internal use, mainly in the United Kingdom, the Netherlands, France and India.

The increase in the amortization charge for intangible assets is mainly attributable to the accelerated amortization (€36 million) of assets linked to the agreement with TXU (now EFH), due to its early termination.

The acquisition cost of these intangible assets reported in the balance sheet is different from the figure provided in the cash flow statement (€30 million in 2008), as it excludes acquisitions of assets held under finance leases (€2 million in 2008).

NOTE 11 – **Property, plant and equipment**

Changes in property, plant and equipment can be analyzed as follows by type of asset:

in millions of euros	Land, buildings, fixtures and fittings	Computer equipment	Other property, plant and equipment	Total
GROSS VALUE				
AT JANUARY 1, 2006	**428**	**439**	**116**	**983**
Translation adjustments	(2)	(5)	(1)	**(8)**
Acquisitions/Increase	18	100	13	**131**
Disposals/Decrease	(41)	(145)	(5)	**(191)**
Changes in Group structure	1	-	-	**1**
Other movements	3	(9)	(4)	**(10)**
AT DECEMBER 31, 2006	**407**	**380**	**119**	**906**
Translation adjustments	(16)	(15)	(2)	**(33)**
Acquisitions/Increase	35	111	23	**169**
Disposals/Decrease	(35)	(63)	(9)	**(107)**
Changes in Group structure	49	24	4	**77**
Other movements	7	(4)	(3)	**-**
AT DECEMBER 31, 2007	**447**	**433**	**132**	**1,012**
Translation adjustments	(27)	(34)	(9)	**(70)**
Acquisitions/Increase	42	87	16	**145**
Disposals/Decrease	(27)	(84)	(7)	**(118)**
Changes in Group structure	5	1	-	**6**
Other movements	(10)	(10)	(3)	**(23)**
AT DECEMBER 31, 2008	**430**	**393**	**129**	**952**
o/w finance leases	*108*	*132*	*5*	***245***
ACCUMULATED DEPRECIATION				
AT JANUARY 1, 2006	**195**	**297**	**89**	**581**
Translation adjustments	(1)	(2)	(1)	**(4)**
Additions	36	86	9	**131**
Disposals	(28)	(136)	(5)	**(169)**
Changes in Group structure	-	-	-	**-**
Other movements	(10)	-	(1)	**(11)**
AT DECEMBER 31, 2006	**192**	**245**	**91**	**528**
Translation adjustments	(9)	(10)	-	**(19)**
Additions	37	91	10	**138**
Disposals	(31)	(59)	(8)	**(98)**
Changes in Group structure	6	11	1	**18**
Other movements	3	(2)	(1)	**-**
AT DECEMBER 31, 2007	**198**	**276**	**93**	**567**
Translation adjustments	(17)	(21)	(6)	**(44)**
Additions	34	82	9	**125**
Disposals	(25)	(68)	(5)	**(98)**
Changes in Group structure	1	-	-	**1**
Other movements	(16)	(8)	-	**(24)**
AT DECEMBER 31, 2008	**175**	**261**	**91**	**527**
o/w finance leases	*24*	*76*	*5*	***105***
IMPAIRMENT				
AT DECEMBER 31, 2006	**3**	**-**	**-**	**3**
AT DECEMBER 31, 2007	**3**	**-**	**-**	**3**
AT DECEMBER 31, 2008	**3**	**-**	**-**	**3**
NET				
AT DECEMBER 31, 2006	**212**	**135**	**28**	**375**
AT DECEMBER 31, 2007	**246**	**157**	**39**	**442**
AT DECEMBER 31, 2008	**252**	**132**	**38**	**422**
o/w finance leases	*84*	*56*	*-*	***140***

Acquisitions during the year for €145 million essentially concern (i) the renewal of computer equipment in North America, France, the United Kingdom and Germany; (ii) the expansion of Outsourcing Services in the Netherlands; (iii) the renovation of existing premises in the United Kingdom and (iv) the increase in office space in India.

The acquisition cost of this property, plant and equipment reported in the balance sheet is different from the figure provided in the cash flow statement (€104 million in 2008), as it excludes acquisitions of assets held under finance leases (€41 million in 2008).

NOTE 12 – **DEFERRED TAXES**

I. RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

A) Analysis by recovery date

At December 31 *(in millions of euros)*	2006	2007	**2008**
Deferred tax assets:			
Deferred tax assets recoverable in more than one year	761	791	739
Deferred tax assets recoverable within one year	127	116	124
TOTAL DEFERRED TAX ASSETS	**888**	**907**	**863**
Deferred tax liabilities:			
Deferred tax liabilities payable in more than one year	108	128	123
Deferred tax liabilities within one year	10	10	15
TOTAL DEFERRED TAX LIABILITIES	**118**	**138**	**138**

B) Change in deferred tax assets and liabilities

in millions of euros	Deferred tax assets arising from tax loss carry-forwards	Deferred tax assets arising from the acquisition of Ernst & Young's consulting business	Deferred tax assets arising from temporary differences	**Total deferred tax assets**	**Total deferred tax liabilities**
AT JANUARY 1, 2006	**583**	**140**	**105**	**828**	**(121)**
Translation adjustments	-	(15)	(3)	(18)	5
Deferred taxes recognized in profit or loss	5	-	31	36	-
Deferred taxes recognized in equity	-	-	45	45	(2)
Other movements	(5)	-	2	(3)	-
AT DECEMBER 31, 2006	**583**	**125**	**180**	**888**	**(118)**
Changes in Group structure	-	-	1	1	(33)
Translation adjustments	-	(13)	(7)	(20)	6
Deferred taxes recognized in profit or loss	18	-	7	25	5
Deferred taxes recognized in equity	-	-	13	13	2
AT DECEMBER 31, 2007	**601**	**112**	**194**	**907**	**(138)**
Changes in Group structure	-	-	-	-	(1)
Translation adjustments	(6)	3	(28)	(31)	-
Deferred taxes recognized in profit or loss	(4)	-	(27)	(31)	2
Deferred taxes recognized in equity	-	-	18	18	(1)
AT DECEMBER 31, 2008	**591**	**115**	**157**	**863**	**(138)**

The deferred tax expense recognized in the statement of income amounted to €29 million (see Note 8 – Income tax expense).

Deferred tax income recognized in equity for €17 million chiefly relates to actuarial gains and losses arising on provisions for pensions and cash flow hedging instruments also carried in equity (see the consolidated statement of recognized income and expense).

Deferred tax assets arising from tax loss carry-forwards in France

In 2002, Cap Gemini S.A. recognized a €2.8 billion net short-term capital loss for tax purposes, further to the reorganization of the Group's North American operations. Since December 31, 2003, the corresponding tax loss may be carried forward indefinitely against future taxable profit generated in France.

At each balance sheet date, this deferred tax asset is adjusted to reflect the estimated taxable profit of the Group's operations over the next 15 years. The calculation is based on growth and profitability assumptions considered reasonable, using the following visibility parameters:

- 100% utilization in the first five years ;
- as from the sixth year, a provision is set aside for probable recoveries based on a standard rate of 35%, which is increased by five points per year up to 70% in the fifteenth year and to 100% beyond the fifteenth year.

This calculation model is based on a progressive decline in visibility as regards the future realization of estimates.

At December 31, 2008, the deferred tax asset on tax loss carry-forwards was recognized in full in an amount of €535 million (€545 million at end-2007), representing a revaluation of €45 million and a utilization of €55 million during the period.

Other deferred tax assets recognized on tax loss carry-forwards

Deferred tax assets recognized on tax loss carry-forwards at Group level (excluding deferred tax assets recognized in France) total €56 million and relate to Germany and other Eastern European countries (€19 million); Sweden, Denmark and Norway (€17 million); the United Kingdom (€15 million); and other countries (€5 million).

Deferred tax assets arising from the acquisition of Ernst & Young's consulting business in North America

The difference between the price at which Ernst & Young's North American consulting business was purchased in 2000, and the tax base of the assets and liabilities acquired (€2,793 million at December 31, 2008) is amortized over 15 years for tax purposes, representing an income tax saving of around €1,090 million based on current tax rates. Over the last few fiscal years, some or all of these amortization charges have led to an increase in tax losses that may be carried forward over a period of 20 years.

The value of the related deferred tax assets is assessed based on estimated taxable profit of the Group's North American operations over the next five years, using growth and profitability rates considered reasonable. At December 31, 2007, the deferred tax asset amounted to USD 164 million. At December 31, 2008, after taking account of taxable profit (before the fiscal amortization of goodwill), and in view of the prevailing economic climate, it was considered preferable to maintain the amount of deferred tax assets recognized at USD 164 million (€115 million).

Accordingly, unrecognized deferred tax assets relating to the acquisition of Ernst & Young's consulting business amount to €975 million at December 31, 2008.

C) Analysis by type

Deferred tax assets recognized at December 31, 2008 can be analyzed as follows:

At December 31 *(in millions of euros)*	**2006**	**2007**	**2008**
Tax loss carry-forwards	583	601	591
Acquisition of Ernst & Young's consulting business	125	112	115
Temporary differences	180	194	157
TOTAL RECOGNIZED DEFERRED TAX ASSETS	**888**	**907**	**863**

Recognized deferred tax assets at December 31, 2008 can be analyzed as follows by type and expiry date:

At December 31 *(in millions of euros)*	**2006**	**2007**	**2008**
Tax loss carry-forwards	513	539	505
Acquisition of Ernst & Young's consulting business	125	112	115
Provisions for pensions and other post-employment benefits	92	100	87
Other	31	40	32
TOTAL DEFERRED TAX ASSETS RECOVERABLE IN MORE THAN ONE YEAR	**761**	**791**	**739**
Tax loss carry-forwards	70	62	86
Provisions for pensions and other post-employment benefits	10	16	11
Amortization adjustments	20	9	8
Other	27	29	19
TOTAL DEFERRED TAX ASSETS RECOVERABLE WITHIN ONE YEAR	**127**	**116**	**124**
TOTAL RECOGNIZED DEFERRED TAX ASSETS	**888**	**907**	**863**

Deferred tax liabilities at December 31, 2008 can be analyzed as follows by type and expiry date:

At December 31 *(in millions of euros)*	2006	2007	2008
Restatement of tax-deductible goodwill amortization	51	50	45
Restatement of amortization taken on customer relationships	-	23	25
Equity component of "OCEANE 2003" and "OCEANE 2005" convertible/exchangeable bonds	21	16	11
Restatement of finance leases	10	13	9
Provisions	10	13	26
Other	16	13	7
TOTAL DEFERRED TAX LIABILITIES PAYABLE IN MORE THAN ONE YEAR	**108**	**128**	**123**
Revaluation of work-in-progress	9	9	11
Other	1	1	4
TOTAL DEFERRED TAX LIABILITIES PAYABLE WITHIN ONE YEAR	**10**	**10**	**15**
TOTAL DEFERRED TAX LIABILITIES	**118**	**138**	**138**

II. UNRECOGNIZED DEFERRED TAX ASSETS

Unrecognized deferred tax assets can be analyzed as follows:

At December 31 *(in millions of euros)*	2006	2007	2008
Tax loss carry-forwards	437	369	267
Acquisition of Ernst & Young's consulting business	1,058	948	975
Temporary differences	188	183	138
TOTAL	**1,683**	**1,500**	**1,380**

At December 31, 2008, unrecognized deferred tax assets (€1,380 million) are essentially attributable to North America (€1,210 million). Of this amount, €148 million relates to deferred taxes on tax loss carry-forwards, €975 million to Ernst & Young's consulting business, and €87 million to deferred taxes on temporary differences.

At year-end, unrecognized deferred tax assets arising on tax loss carry-forwards (€267 million), excluding those relating to North America (€148 million), chiefly concern Spain for €39 million and Italy for €12 million.

At December 31, 2008, unrecognized deferred tax assets arising on temporary differences (€138 million) relate to:

- provisions for pensions and other post-employment benefits (€45 million), essentially in the United Kingdom;
- differences in the methods used for capitalizing and depreciating/amortizing fixed assets in the statutory company accounts and consolidated accounts (€9 million);
- provisions (€10 million), restructuring operations (€9 million) and other miscellaneous items (€65 million).

III. EXPIRY DATES OF TAX LOSS CARRY-FORWARDS

The taxable bases for recognized and unrecognized tax loss carry-forwards can be analyzed as follows:

At December 31 *(in millions of euros)*	2006		2007		2008	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Y+1	62	2	82	2	79	2
Y+2	57	1	69	2	31	1
Y+3	64	2	9	-	16	-
Y+4	8	-	14	-	7	-
Y+5	16	-	5	-	11	-
Beyond 5 years	4,202	95	4,033	96	3,964	97
TOTAL	**4,409**	**100**	**4,212**	**100**	**4,108**	**100**

Tax loss carry-forwards do not include tax-deductible amortization charges recorded against goodwill arising from the acquisition of Ernst & Young's consulting business, amounting to €1,133 million at December 31, 2008.

NOTE 13 – OTHER NON-CURRENT ASSETS

Other non-current assets can be analyzed as follows:

At December 31 *(in millions of euros)*	2006	2007	2008
Shares in equity-accounted companies	-	23	21
Shares in non-consolidated companies	140	3	2
Carry-back tax credits	121	-	-
Deposits and other long-term investments	23	35	48
Derivative instruments (1)	3	3	1
Other	8	32	19
TOTAL	**295**	**96**	**91**

(1) See Note 22 – Financial risk management, section I. – Market risk.

Shares in equity-accounted companies

Shares in equity-accounted companies primarily include the 48.6% interest in SSS Holding Corporation Ltd., acquired as a result of the Kanbay International Inc. acquisition.

Shares in non-consolidated companies

Changes in this item between 2006 and 2007 reflect the completion of the acquisition and first-time consolidation of Kanbay in 2007. The Group had already acquired 14.7% of Kanbay in October 2006 and then classified its investment within "Shares in non-consolidated companies" under other non-current assets in an amount of €132 million (see Note 2 – Changes in Group structure).

Carry-back tax credits

Movements in this caption between 2006 and 2007 are due to the 2007 reclassification within "Other receivables and income taxes" of carry-back tax credits due from the French Treasury, which matured in June 2008. The receivables were sold by Cap Gemini S.A. to a credit institution in 2003 and 2004 (see Note 15 – Other receivables and income taxes).

Deposits and other long-term investments

Deposits and other long-term investments consist mainly of *aides à la construction* (building aid program) loans in France, defined benefit pension plans with funding surpluses (see Note 17 – Provisions for pensions and other post-employment benefits) and security deposits and guarantees relating to leases.

NOTE 14 – Accounts and notes receivable

Trade accounts and notes receivable can be analyzed as follows:

At December 31 *(in millions of euros)*	2006	2007	2008
Accounts receivable	1,459	1,542	1,590
Provisions for doubtful accounts	(25)	(14)	(14)
Accrued income	530	694	745
Work-in-progress	99	96	75
TOTAL	**2,063**	**2,318**	**2,396**

Total accounts receivable and accrued income net of advances from customers and billed in advance, can be analyzed as follows in number of days' annual revenues:

At December 31 *(in millions of euros)*	**2006**	**2007**	**2008**
Accounts and notes receivable (excluding work-in-progress)	1,964	2,222	2,321
Advances from customers and billed in advance	(683)	(743)	(639)
Total accounts receivable net of advances from customers and billed in advance	**1,281**	**1,479**	**1,682**
In number of days' annual revenues (1)	60	61	67

(1) In 2008, this ratio was adjusted in order to eliminate receivables due from companies acquired during December.

An aged analysis of accounts and notes receivable is provided in Note 22 – Financial risk management, section III. – "Credit risk".

NOTE 15 – OTHER RECEIVABLES AND INCOME TAXES

Other receivables and income taxes can be analyzed as follows:

At December 31 *(in millions of euros)*	**2006**	**2007**	**2008**
Current income taxes receivable	20	31	39
Social security and tax related receivables	55	56	62
Prepaid expenses	118	134	108
Carry-back tax credits	-	127	-
Derivative instruments (1)	5	10	2
Other	16	16	12
TOTAL	**214**	**374**	**223**

(1) See Note 22 – Financial risk management, section I. – Market risk.

Carry-back tax credits

The increase in this caption between 2006 and 2007 is due to the reclassification in 2007 of carry-back tax credits maturing on June 30, 2008 to current items (see Note 13 – Other non-current assets).

The decrease in other receivables and income taxes between 2007 and 2008 reflects the derecognition of these carry-back tax credits at June 30, 2008 (equivalent value of €129 million at that date), after the Treasury had reimbursed the transferee. The matching entry for these carry-back tax credits was recognized in financial debt (see Note 16 – Net cash and cash equivalents).

NOTE 16 – NET CASH AND CASH EQUIVALENTS

This caption comprises cash and cash equivalents (I) less short- and long-term financial debt (II). Net cash and cash equivalents also take into account the impact of derivative instruments when these relate to financial debt (III).

At December 31 *(in millions of euros)*		**2006**	**2007**	**2008**
Cash and cash equivalents (1)	I	2,861	2,137	1,805
Financial debt	II	(1,224)	(1,245)	(1,032)
Derivative instruments (1)	III	(5)	(3)	1
NET CASH AND CASH EQUIVALENTS		**1,632**	**889**	**774**

(1) To provide a more meaningful presentation of financial information, derivative instruments relating to cash and cash equivalents have been reclassified with the underlying.

I. CASH AND CASH EQUIVALENTS

At December 31 *(in millions of euros)*	2006	2007	2008
Short-term investments	2,460	1,594	1,290
Cash at bank	442	648	578
Derivative instruments (1)	2	(14)	(61)
Bank overdrafts	(43)	(91)	(2)
CASH AND CASH EQUIVALENTS (1)	**2,861**	**2,137**	**1,805**

(1) To provide a more meaningful presentation of financial information, derivative instruments relating to cash and cash equivalents have been reclassified with the underlying.

At December 31, 2008, short-term investments mainly consist of money market mutual funds (FCP and SICAV), certificates of deposit, commercial papers and term bank deposits.

Derivative instruments relating to cash and cash equivalents represent a liability of €61 million at December 31, 2008, corresponding to the fair value of hedging instruments taken out in connection with intragroup financing transactions at the level of Cap Gemini S.A. This debt is classified under "Other payables and income taxes" in the balance sheet (end-2007: €14 million recorded under "Other non-current liabilities"). The change in the fair value of derivative instruments generated financial expense of €47 million, offset by an unrealized exchange gain on the hedged item in an equivalent amount (see Note 7 – Other financial income and expense).

The year-on-year €332 million decrease in net cash and cash equivalents at end-2008 reflects mainly:

- cash flows generated by operations in 2008 totaling €548 million;
- cash outflows of €267 million relating to acquisitions (net of cash and cash equivalents acquired), concerning mainly BAS B.V., Capgemini Business Services Chile and Capgemini Business Services Brazil;
- €143 million in dividends paid;
- net cash outflows of €75 million relating to treasury stock transactions;
- cash outflows of €114 million relating to acquisitions of fixed assets (net of disposals);
- cash outflows of €65 million following the early termination of the agreement with TXU (now EFH), which resulted in payment of the put option granted to TXU and the repayment of a debt linked to the outsourcing contract (see part II. below – Financial debt, section c) – Other short-and long-term financial debt);
- the negative €185 million impact of changes in exchange rates resulting from the conversion into euros of foreign currency assets and liabilities classified under cash and cash equivalents.

II. FINANCIAL DEBT

A. Analysis of financial debt

Financial debt breaks down into short-and long-term debt, as follows:

At December 31 *(in millions of euros)*		2006	2007	2008
"OCEANE 2003" and "OCEANE 2005" convertible/exchangeable bonds	*(a)*	838	864	891
Obligations under finance leases	*(b)*	107	105	85
Other long-term financial debt	*(c)*	215	90	11
Long-term financial debt		**1,160**	**1,059**	**987**
Obligations under finance leases	*(b)*	49	45	34
Drawdowns on bank and similar facilities	*(d)*	6	6	3
Other short-term financial debt	*(c)*	9	135	8
Short-term financial debt (1)		**64**	**186**	**45**
TOTAL FINANCIAL DEBT		**1,224**	**1,245**	**1,032**

(1) Short-term financial debt includes the current portion of long-term debt and all other financial debt due within one year.

a) Bonds convertible/exchangeable into new or existing Cap Gemini S.A. shares ("OCEANE")

"OCEANE 2005" CONVERTIBLE/ EXCHANGEABLE BONDS ISSUED ON JUNE 16, 2005

On June 16, 2005, Cap Gemini S.A. issued bonds convertible/ exchangeable into new or existing Cap Gemini shares, maturing on January 1, 2012 ("OCEANE 2005"). The issuance and settlement date of the bonds was June 24, 2005.
The total amount of the issue was €437 million, represented by 11,810,810 bonds with a nominal value of €37 each. The bonds bear interest at 1% per year.
The terms and conditions of this issue were set out in the prospectus approved by the AMF on June 16, 2005 under reference number 05-564.

SUMMARY OF THE MAIN TERMS AND CONDITIONS OF THE "OCEANE 2005" BOND ISSUE

Conversion and/or exchange of the bonds for shares
At any time between June 24, 2005 and the seventh business day preceding January 1, 2012.

Redemption at maturity
January 1, 2012 at a price of €41.90 per bond, representing 113.2% of the bonds' nominal value.

Early redemption at the Company's option
- at any time, without limitation on price or quantity, by buying back all or some of the bonds either on or off market or by means of a public buyback or exchange offer;
- between June 24, 2009 and December 31, 2011, all outstanding bonds may be redeemed at an early redemption price calculated in such a way that the resulting yield to maturity is equal to that which would have been obtained at maturity, i.e., a rate of 2.875%, plus accrued interest, if (i) the then current conversion/exchange ratio multiplied by (ii) the arithmetic average of the opening prices quoted for the Company's ordinary shares on the Eurolist market of Euronext Paris S.A. over a period of 20 consecutive trading days, exceeds 130% of such early redemption price. Upon early redemption, the bonds may be redeemed either in cash or converted into Cap Gemini S.A. shares, at the option of the bondholders;
- at any time, for all outstanding bonds, if less than 10% of the bonds are still outstanding.

Early redemption at the option of bondholders
Bondholders may request the early redemption of all or part of their bonds in the event of a change of control of the Company.

Early repayment
At the initiative of a majority of bondholders, particularly in the event of a failure to pay sums due or to comply with other obligations set out in the documentation (beyond any "grace" periods, if applicable), cross default (in excess of a minimum threshold), liquidation, dissolution or sale of all of the Company's assets, or delisting of the Company's shares from the Eurolist market of Euronext Paris S.A.

An upgrade or downgrade in Cap Gemini S.A.'s credit rating would not constitute an early redemption event and would have no impact on the applicable interest rate.

Pari passu status
Cap Gemini S.A. has undertaken that the bonds will rank pari passu with all other bonds issued by the Company.

RECOGNITION OF "OCEANE 2005" BONDS

At December 31, 2008, the liability component of the "OCEANE 2005" convertible/exchangeable bonds amounted to €442 million (€426 million at December 31, 2007).
The annual notional interest expense recognized on "OCEANE 2005" bonds was €21 million, compared with a paid coupon of €4 million based on the bonds' nominal interest rate (1%). The notional interest expense is calculated based on an effective interest rate of 4.8%, which represents the market interest rate for an equivalent bond issue at the same date without the conversion option (4.5%), after taking into account the issuance costs.

"OCEANE 2003" CONVERTIBLE/ EXCHANGEABLE BONDS ISSUED ON JUNE 24, 2003

On June 24, 2003, Cap Gemini S.A. issued bonds convertible/ exchangeable into new or existing Cap Gemini shares, maturing on January 1, 2010 ("OCEANE 2003"). The issuance and settlement date of the bonds was July 2, 2003.
The total amount of the issue was €460 million, represented by 9,019,607 bonds with a nominal value of €51 each. The bonds bear interest at 2.5% per year.
The terms and conditions of this issue were set out in the prospectus approved by the AMF on June 24, 2003 under reference number 03-607.
An interest rate swap was contracted in connection with these OCEANE bonds in 2004, and was subsequently amended in 2006. The terms and conditions of this contract, under which Cap Gemini S.A. has swapped the 2.5% fixed rate payable on the bonds for a variable rate indexed to the 3-month post-fixed Euribor, are detailed below in Note 22 – Financial risk management.

SUMMARY OF THE MAIN TERMS AND CONDITIONS OF THE "OCEANE 2003" BOND ISSUE

Conversion and/or exchange of the bonds for shares
At any time between August 11, 2003 and the seventh business day preceding January 1, 2010.

Redemption at maturity
The bonds will be redeemed in full at par in cash on January 1, 2010.

Early redemption at the Company's option
- at any time, without limitation on price or quantity, by buying back all or some of the bonds either on or off market or by means of a public buyback or exchange offer;
- from July 2, 2007 and until the seventh business day preceding January 1, 2010, at an early redemption price equal to par plus accrued interest, if (i) the then current conversion/exchange ratio multiplied by (ii) the arithmetic average of the opening quoted

prices of the Company's ordinary shares on the Eurolist market of Euronext Paris S.A. calculated over a period of 20 consecutive trading days, exceeds 125% of such early redemption price. Upon early redemption, the bonds may be redeemed either in cash or converted into Cap Gemini S.A. shares, at the option of the bondholders.

Early redemption at the option of bondholders

Bondholders may request the early redemption of all or part of their bonds in the event of a change of control of the Company.

Early repayment

At the initiative of a majority of bondholders, particularly in the event of a failure to pay sums due or to comply with other obligations set out in the documentation (beyond any "grace" periods, if applicable), cross default (in excess of a minimum threshold), liquidation, dissolution or sale of all of the Company's assets, or delisting of the Company's shares from the Eurolist market of Euronext Paris S.A.

An upgrade or downgrade in Cap Gemini S.A.'s credit rating would not constitute an early redemption event and would have no impact on the applicable interest rate.

Pari passu status

Cap Gemini S.A. has undertaken that the bonds will rank pari passu with all other bonds issued by the Company.

RECOGNITION OF "OCEANE 2003" BONDS

At December 31, 2008, the liability component of the "OCEANE 2003" convertible/exchangeable bonds amounted to €449 million (€438 million at December 31, 2007).

The annual notional interest expense recognized on "OCEANE 2003" bonds was €22 million, compared with a paid coupon of €11.5 million based on the bonds' nominal interest rate (2.5%). The notional interest expense is calculated based on an effective interest rate of 5.1%, which represents the market interest rate for an equivalent bond issue at the same date without the conversion option (4.8%), after taking into account the issuance costs.

b) Obligations under finance leases

The amount reported under this caption at December 31, 2008 corresponds mainly to the finance lease regarding the "Les Fontaines" site of the Group University located at Gouvieux (France) and investments in computer equipment made by Capgemini UK Plc. and New Horizons Systems Solutions LP (Canada).

in millions of euros	Earliest date of leases	Latest expiry date	Effective interest rate	December 31, 2008
Capgemini University (Les Fontaines)	October 2002	July 2014	3-month Euribor +0.75%	51
Capgemini UK Plc.	October 2000	September 2014	Fixed rate (9.6%)	24
New Horizons System Solutions L.P.	July 2003	January 2012	Fixed rate (6.0%)	11
Other	January 2001	June 2014	-	33
TOTAL SHORT- AND LONG-TERM OBLIGATIONS UNDER FINANCE LEASES				**119**

c) Other short- and long-term financial debt

At December 31, 2008, other financial debt of €19 million mainly consists of:

- €10 million corresponding to the present value of the put option granted to Hindustan Lever Limited in connection with the acquisition of Capgemini Business Services India Ltd.;
- accrued interest on "OCEANE 2003" and "OCEANE 2005" bonds (€8 million at December 31, 2008).

The €206 million decrease in other financial debt compared with end-2007 is essentially linked to:

- the derecognition at June 30, 2008 of the carry-back tax credits sold in 2003 and 2004 to a credit institution (equivalent value of €129 million at June 30, 2008), after the French Treasury had reimbursed the transferee (see Note 15 – Other receivables and income taxes). The counterpart for these carry-back tax credits was recognized in financial debt in the same amount ;
- the termination on December 19, 2008 of the outsourcing agreement signed in May 2004 with TXU. This led to (i) the cancellation of the put option granted to the TXU group (now EFH), resulting in a payment of €48 million for the €68 million in financial debt existing at that date (see Note 5 – Other operating income and expense); and (ii) the repayment of a debt of €17 million linked to the agreement.

d) Drawdowns on bank and similar facilities

Drawdowns on bank and similar facilities primarily relate to drawdowns by Group operating companies on credit lines. In some circumstances, these credit lines are secured by a guarantee from Cap Gemini S.A.

e) Syndicated credit facility obtained by Cap Gemini S.A.

On November 14, 2005, Cap Gemini S.A. signed a €500 million multi-currency credit facility with a bank syndicate maturing on November 14, 2010 at the latest. On September 14, 2006, Cap Gemini S.A. exercised the one-year extension option on this facility (approved by the syndicated banks on October 27, 2006), thereby extending its maturity to November 14, 2011.

Use of this credit facility is subject to the following conditions:
- a margin of 0.50% as of the balance sheet date (above Euribor or Libor 1 to 12 months). An additional utilization fee of between 0.025% and 0.050% also applies for drawdowns in excess of certain amount. The margin may be adjusted according to the Company's credit rating;
- a fee on undrawn amounts initially set at 35% of the margin (i.e., currently 0.175%) that may be reduced to 30% if Cap Gemini S.A.'s rating improves.

An upgrade or downgrade in Cap Gemini S.A.'s credit rating would have no impact on the availability of this credit line.

Cap Gemini S.A. has agreed to comply with the following financial ratios (as defined in IFRS) in respect of this credit line:
- the net debt to consolidated equity ratio must be less than 1 at all times;
- interest coverage (the extent to which net finance costs adjusted for certain items are covered by consolidated operating margin) must be equal to or greater than 3 at December 31 and June 30 of each year (based on the 12 months then ended).

At December 31, 2008, the Group complied with these financial ratios.

The facility agreement includes covenants restricting the Company's ability to carry out certain operations. These covenants also apply to Group subsidiaries. They include restrictions primarily relating to:
- pledging assets as collateral;
- asset sales, mergers or similar transactions.

Cap Gemini S.A. also committed to standard obligations, including an agreement to maintain pari passu status.

The agreement contains the usual provisions relating to early repayment, including for failure to pay sums due, misrepresentation or failure to comply with other obligations included in the agreement (subject to any applicable "grace" periods), cross defaults (in excess of a minimum threshold), insolvency and bankruptcy proceedings, change of control, or changes which would have a significant negative impact on the Group's financial position.

At the date of this report, no drawdowns had been made on this credit facility.

B. Analysis of movements in financial debt in the cash flow statement

The €37 million rise in financial debt reported in the cash flow statement mainly reflects the increase in the liability component of bond debt (€27 million). Increases in debt relating to acquisitions of fixed assets under finance leases – amounting to €43 million – are not taken into account in the cash flow statement.

Repayments of financial debt reported in the cash flow statement (€130 million) relate to the settlement of obligations further to the termination of the outsourcing agreement with TXU, now EFH (€65 million), and to finance lease agreements (€61 million).

C. Interest rates

In 2008, the effective interest rate on the Group's average financial debt was 5.6% (5.4% at end-2007).

At December 31, 2008, 54% of the Group's financial debt is at fixed rates, 43% is at capped variable rates, and the remainder is at variable rates (62% and 35%, respectively, at end-2007).

An analysis charting the sensitivity of net finance costs to a change in interest rates is provided in Note 22 – Financial risk management, section I. - Market risk.

Effective interest rates (EIR) by currency

	At December 31, 2008							
	Euro		US dollar		Pound sterling		Other	**Total**
	EIR %	Amount € millions	EIR %	Amount € millions	EIR %	Amount € millions	Amount € millions	**Amount € millions**
"OCEANE 2003" bonds	5.1%	449	-	-	-	-	-	**449**
"OCEANE 2005" bonds	4.8%	442	-	-	-	-	-	**442**
Drawdowns on bank and similar facilities	-	-	-	-	-	-	3	**3**
Obligations under finance leases	5.4%	73	6.7%	8	9.6%	24	14	**119**
Other financial debt	na	18	na	1	-	-	-	**19**
TOTAL FINANCIAL DEBT	**-**	**982**	**-**	**9**	**-**	**24**	**17**	**1,032**

III. DERIVATIVE INSTRUMENTS ON FINANCIAL DEBT

Derivative instruments relating to financial debt comprise interest rate hedges. At year-end, derivative instruments are measured at fair value and included in current or non-current assets or liabilities, as appropriate.

At December 31, 2008, these derivative instruments represent an asset of €1 million corresponding to the fair value of the interest rate swap taken out in connection with "OCEANE 2003" bonds and recorded under "Other non-current assets" (end-2007: liability of €5 million included under "Other non-current liabilities"), generating income of €6 million as described in Note 7 – Other financial income and expense.

A breakdown of interest rate hedges is provided in Note 22 – Financial risk management, section I. – Market risk.

NOTE 17 – PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The change in pension and other post-employment benefit obligations can be analyzed as follows:

in millions of euros	2006	2007	2008
Net obligation at beginning of year	**696**	**588**	**615**
Translation adjustments	3	(42)	(124)
Changes in Group structure	-	1	4
Service cost, effect of curtailments and settlements, and net interest cost	98	100	68
Benefits and contributions	(61)	(117)	(110)
Change in actuarial gains and losses recognized in equity	(150)	84	56
Other movements	2	1	(11)
Net obligation at end of year	**588**	**615**	**498**
Funding surplus recognized in assets (1)	(3)	(6)	(5)
PROVISIONS FOR PENSIONS RECOGNIZED IN LIABILITIES	**591**	**621**	**503**

(1) See Note 13 – Other non-current assets.

In 2008, the net expense of €68 million includes service cost (€47 million), recognized past service cost (€4 million), net interest cost (€19 million), and a gain of €2 million reflecting the impact of curtailments and settlements.

The amounts recognized in the balance sheet in respect of provisions for pensions and other post-employment benefits break down as follows:

At December, 31 *(in millions of euros)*		2006	2007	2008
Present value of obligations under funded plans		1,957	2,002	1,484
Fair value of plan assets		(1,489)	(1,492)	(1,090)
Funding deficit under funded plans	I	468	510	394
Funding deficit under unfunded plans	II	125	137	132
Total net funding deficit		**593**	**647**	**526**
Unrecognized past service costs		(5)	(32)	(28)
Net provision in the balance sheet		**588**	**615**	**498**
Assets		(3)	(6)	(5)
Liabilities		591	621	503

I. PROVISIONS FOR FUNDED DEFINED BENEFIT PENSION PLANS

These provisions exist mainly in the United Kingdom, Canada, and other countries (the United States, Sweden, France, Germany, Switzerland and India).

In the United Kingdom, the accrual of pensionable service under the defined benefit section of the main Capgemini UK Plc. pension plan terminated on March 31, 2008 for the large majority of beneficiaries. As an alternative, these individuals were offered membership of the defined contribution section (see Note 4 – Operating expenses by nature). This closure concerns around 2,600 current active service members and led to an expense of €18 million recorded under "Other operating income and expense" (see Note 5). The defined benefit section of the Capgemini UK pension plan continues to be operational for 160 protected active members.

In accordance with the recommendations put forward by the UK Pensions Regulator, Capgemini UK has committed to fund the deficit assessed as of March 31, 2006 over a 10-year period.

A) Analysis of obligation

At December, 31 *(in millions of euros)*	**2006** United Kingdom	Canada	Other	**Total**	**2007** United Kingdom	Canada	Other	**Total**	**2008** United Kingdom	Canada	Other	**Total**
Present value of obligation	1,647	197	113	**1,957**	1,679	209	114	**2,002**	1,159	212	113	**1,484**
Fair value of plan assets	1,212	193	84	**1,489**	1,216	206	70	**1,492**	820	197	73	**1,090**
DEFICIT	**435**	**4**	**29**	**468**	**463**	**3**	**44**	**510**	**339**	**15**	**40**	**394**
o/w actuarial gains and losses recognized in equity	75	9	7	**91**	148	11	6	**165**	133	36	18	**187**
UNRECOGNIZED PAST SERVICE COSTS	**-**	**-**	**-**	**-**	**-**	**-**	**(27)**	**(27)**	**-**	**-**	**(23)**	**(23)**
NET PROVISION IN THE BALANCE SHEET	**435**	**4**	**29**	**468**	**463**	**3**	**17**	**483**	**339**	**15**	**17**	**371**
Assets	-	(3)	-	**(3)**	-	(6)	-	**(6)**	-	-	(5)	**(5)**
Liabilities	435	7	29	**471**	463	9	17	**489**	339	15	22	**376**

At December 31, 2008, the net provision recognized in the balance sheet (excluding the United Kingdom and Canada) amounted to €17 million and concerned the United States (€14 million), Sweden (€5 million), Germany and Switzerland (€2 million) and India (€1 million). The French plan presented a funding surplus of €5 million.

B) Analysis of movements in provisions

Analysis of changes in the present value of pension obligations and plan assets

in millions of euros	Present value of obligation	Fair value of plan assets	Unrecognized past service costs	Net provision in the balance sheet
At January 1, 2006	**1,888**	**(1,303)**	**-**	**585**
Service cost	91	-	-	91
Interest cost	93	-	-	93
Expected return on plan assets	-	(89)	-	(89)
Effect of curtailments and settlements	(27)	17	-	(10)
Contributions paid by employees	6	(6)	-	-
Benefits paid to employees	(37)	37	-	-
Contributions paid	-	(57)	-	(57)
Changes in actuarial gains and losses	(81)	(73)	-	(154)
Translation adjustments	6	-	-	6
Other movements	18	(15)	-	3
At December 31, 2006	**1,957**	**(1,489)**	**-**	**468**
Service cost	74	-	-	74
Past service cost	40	-	(27)	13
Interest cost	102	-	-	102
Expected return on plan assets	-	(102)	-	(102)
Effect of curtailments and settlements	(29)	29	-	-
Contributions paid by employees	5	(5)	-	-
Benefits paid to employees	(53)	53	-	-
Contributions paid	-	(111)	-	(111)
Changes in actuarial gains and losses	58	26	-	84
Translation adjustments	(148)	104	-	(44)
Other movements	(4)	3	-	(1)
At December 31, 2007	**2,002**	**(1,492)**	**(27)**	**483**
Service cost	40	-	-	40
Past service cost	-	-	4	4
Interest cost	110	-	-	110
Expected return on plan assets	-	(97)	-	(97)
Effect of curtailments and settlements	(2)	-	-	(2)
Contributions paid by employees	5	(5)	-	-
Benefits paid to employees	(44)	44	-	-
Contributions paid	-	(104)	-	(104)
Changes in actuarial gains and losses	(283)	347	-	64
Translation adjustments	(435)	319	-	(116)
Other movements	91	(102)	-	(11)
At December 31, 2008	**1,484**	**(1,090)**	**(23)**	**371**

The operating expense for the year (€44 million) mainly concerns the United Kingdom (€21 million) and Canada (€10 million). The €34 million fall in service cost for 2008 compared with 2007 stems primarily from the United Kingdom (€31 million), where the accrual of pensionable service under the main pension plan ceased on March 31, 2008. The fall in this caption also reflects the gradual increase in discount rates in all geographic areas over recent years.

The net impact of interest costs (discounting of the obligation) and the expected return on plan assets is an expense of €13 million, and mainly concerns the United Kingdom (expense of €15 million) and Canada (income of €4 million). The €13 million increase in the net impact for 2008 compared with 2007 is chiefly attributable to the United Kingdom, and reflects the rise in the discount rate combined with a stable expected return on plan assets.

These inputs are calculated on the basis of the assumptions detailed below.

Benefits paid to employees, totaling €44 million, mainly relate to the United Kingdom (€25 million) and Canada (€10 million).

Contributions to plan assets totaled €104 million. The main contributors were the United Kingdom (€71 million), France (€12 million), Canada (€11 million), and the United States (€6 million).

The impact of translation adjustments (€116 million) essentially reflects the depreciation of pound sterling over the year (€113 million).

The "Other movements" line relates to the outsourcing agreement signed in Canada in 2002 by Hydro One and Inergi (a Capgemini Group subsidiary). Under this agreement, 920 Hydro One employees were transferred to Inergi along with their vested pension rights under Hydro One's defined benefit pension plan. As part of the agreement, Inergi set up a defined benefit pension plan with benefits equal to those previously provided by Hydro One.
In 2002, Hydro One petitioned the Financial Services Commission of Ontario to convey the plan assets and liabilities of the transferred employees to the Inergi pension plan, as required under the agreement. Due to a challenge by certain employees of Hydro One, regulatory approval for the asset and liability transfer was only obtained in March 2008.
The agreement provided for an offsetting payment between the parties to make up for any difference in the amount of assets and liabilities transferred. Accordingly, in 2008 Inergi recorded a net increase of €8 million in plan assets, and a corresponding debt of €10 million owed to Hydro One (the difference reflecting actuarial gains and losses arising between the theoretical and effective dates of the transfer).
In addition, the agreement provided for contingent compensation to be paid for differences between the actual plan performance and the expected plan performance over the period 2002-2004. As a result, Hydro One made a payment of €15 million to Inergi, which was recorded in 2008 as negative goodwill under "Other operating income and expense" (see Note 5). In addition, €3 million in net interest expense relating to the payments due by the parties was recorded in "Other financial income and expense" (see Note 7).

Analysis of changes in actuarial gains and losses
Actuarial gains and losses reflect increases or decreases in the present value of the obligation or the fair value of the related plan assets. Actuarial gains and losses include (i) the impacts of changes in actuarial assumptions (essentially the discount rate and expected rate of return on plan assets), and (ii) the effects of differences between the projected actuarial assumptions and actual outcomes (known as "experience adjustments", see section III below – Analysis of actuarial gains and losses: experience adjustments).

The €154 million actuarial gain recognized in 2006 reflected changes in actuarial assumptions, mainly in the United Kingdom (€125 million) due to the 50-basis point increase in the discount rate applied.

The €84 million actuarial loss recognized in 2007 is attributable to the adoption of a new mortality table in the United Kingdom and revised inflation and future salary assumptions, partially offset by the increase in the applicable discount rate in the United Kingdom.

The actuarial loss recognized in 2008 for €64 million results chiefly from experience adjustments regarding the value of plan assets (difference between actual and expected returns on the assets) in the United Kingdom and Canada. This loss was partially offset by changes in actuarial assumptions, with discount rates increased by 70 basis points in the United Kingdom and 150/175 basis points in Canada.

C) Analysis of plan assets

The main plan asset categories can be analyzed as follows:

At December, 31	2006		2007		2008	
(in millions of euros)	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Shares	958	64	941	63	481	44
Bonds	456	31	488	33	439	40
Real estate assets	39	3	32	2	22	2
Cash and cash equivalents	16	1	22	1	128	12
Other	20	1	9	1	20	2
TOTAL	**1,489**	**100**	**1,492**	**100**	**1,090**	**100**

The increase in cash and cash equivalents as a percentage of plan assets results from the reallocation of plan assets in the United Kingdom in 2008.

The fall in shares reflects the reallocation to cash and cash equivalents in the United Kingdom as well as the negative impact of experience adjustments.

D) Employees covered by funded defined benefit pension plans

	2006	2007	2008			
At December, 31	**Total**	**Total**	United Kingdom	Canada	Other	**Total**
Current employees – accruing pensionable service	**12,183**	**16,005**	1,167	876	13,777	**15,820**
Former and current employees – not accruing pensionable service	**7,419**	**7,209**	8,956	66	887	**9,909**
Retirees	**1,167**	**1,326**	1,353	182	79	**1,614**
TOTAL	**20,769**	**24,540**	**11,476**	**1,124**	**14,743**	**27,343**

The increase in employees is chiefly attributable to the expansion of Group operations in India. At December 31, 2008, a total of 12,218 employees were eligible for these pension plans in India, versus 9,955 employees at December 31, 2007 (the present value of the corresponding benefit obligation in India amounts to €1 million).

E) Principal actuarial assumptions

Discount rate and salary inflation rate

	2006	2007	2008		
%			United Kingdom	Canada	Other
Discount rate	2.6 - 8.1	3.4 - 8.5	6.5	7.3	3.3 - 8.5
Salary inflation rate	1.5 - 6.0	1.5 - 6.0	4.2	3.3	1.5 - 5.0

In 2008, the benchmark indexes used to calculate discount rates were identical to those used in previous years.

Expected return on plan assets

	2006	2007	2008		
%			United Kingdom	Canada	Other
Shares	6.0 - 8.5	3.1 - 8.5	8.0	8.3	1.5 - 8.3
Bonds	2.5 - 7.3	1.1 - 5.8	6.5	4.9	1.5 - 5.5
Real estate assets	5.0 - 6.5	0.2 - 6.5	6.5	-	1.5 - 4.5
Cash and cash equivalents	2.0 - 3.8	3.8 - 4.5	3.8	1.4	2.8 - 3.8

Actual return on plan assets

	2006	2007	2008		
%			United Kingdom	Canada	Other
Shares	3.0 - 18.5	(2.7) - 7.6	(25.0) - (26.0)	(24.0) - (27.5)	(46.3) - 2.9
Bonds	0.1 - 5.3	1.1 - 6.5	(2.0) - 3.3	0.2 - 0.4	(6.0) - 4.9
Real estate assets	18.0	(4.9) - 0.2	(23.6)	-	1.0
Cash and cash equivalents	(2.5) - 4.7	1.4 - 4.4	3.4	1.2 - 1.8	1.6

F) Expected contribution to plans in 2009

The Group expects to pay €81 million in contributions into its defined benefit pension plans in 2009.

II. PROVISIONS FOR UNFUNDED DEFINED BENEFIT PENSION PLANS

Unfunded defined benefit pension plans concern France, Canada, Germany, Poland, Austria, Sweden, Italy and India.

A) Analysis of obligation

	2006	2007	2008				
At December, 31 *in millions of euros*	**Total**	**Total**	France	Canada	Germany and Central Europe	Other	**Total**
Present value of obligation/Deficit	**125**	**137**	51	25	23	33	**132**
o/w actuarial gains and losses recognized in equity	**18**	**17**	11	(8)	-	6	**9**
Unrecognized past service costs	**(5)**	**(5)**	(5)	-	-	-	**(5)**
NET PROVISIONS RECOGNIZED IN LIABILITIES	**120**	**132**	**46**	**25**	**23**	**33**	**127**

The net benefit obligation for other regions includes unfunded plans operated in Sweden, Italy and India. The pension plan in Italy has been curtailed (pensionable service no longer accrued as of December 31, 2007).
The Canadian plan mainly relates to healthcare insurance.

B) Analysis of movements in obligation

in millions of euros	Present value of obligation	Unrecognized past service costs	Net provision in the balance sheet
At January 1, 2006	**116**	**(5)**	**111**
Changes in Group structure	-	-	**-**
Service cost	9	-	**9**
Interest cost	5	-	**5**
Effect of curtailments and settlements	(1)	-	**(1)**
Benefits paid to employees	(4)	-	**(4)**
Changes in actuarial gains and losses	4	-	**4**
Translation adjustments	(3)	-	**(3)**
Other movements	(1)	-	**(1)**
At December 31, 2006	**125**	**(5)**	**120**
Changes in Group structure	1	-	**1**
Service cost	8	-	**8**
Past service cost	1	-	**1**
Interest cost	6	-	**6**
Effect of curtailments and settlements	(2)	-	**(2)**
Benefits paid to employees	(6)	-	**(6)**
Changes in actuarial gains and losses	-	-	**-**
Translation adjustments	2	-	**2**
Other movements	2		**2**
At December 31, 2007	**137**	**(5)**	**132**
Changes in Group structure	4	-	**4**
Service cost	7	-	**7**
Past service cost	-	-	**-**
Interest cost	6	-	**6**
Effect of curtailments and settlements	-	-	**-**
Benefits paid to employees	(6)	-	**(6)**
Changes in actuarial gains and losses	(8)	-	**(8)**
Translation adjustments	(8)	-	**(8)**
At December 31, 2008	**132**	**(5)**	**127**

Service cost for 2008, amounting to €7 million, relates chiefly to France (€4 million) and Canada (€2 million).

Benefits paid to employees concern France and Italy (€2 million respectively), and Canada and Germany (€1 million respectively).

The €8 million actuarial gain reflects changes in actuarial assumptions, mainly in Canada (€9 million), where the discount rate applied to obligations was raised by 150/175 basis points.

C) Employees covered by unfunded defined benefit pension plans

	2006	2007	2008				
At December, 31	**Total**	**Total**	France	Canada	Germany and Central Europe	Other	**Total**
Current employees – accruing pensionable service	**23,653**	**30,293**	20,719	1,752	219	6,350	**29,040**
Former and current employees – not accruing pensionable service	**985**	**1,006**	-	132	122	2,233	**2,487**
Retirees	**282**	**398**	-	364	70	14	**448**
TOTAL	**24,920**	**31,697**	**20,719**	**2,248**	**411**	**8,597**	**31,975**

Changes in the number of former and current employees mainly reflect the curtailment of the plan in Italy at December 31, 2007.

D) Principal actuarial assumptions

%	2006	2007	2008 France	2008 Canada	2008 Germany and Central Europe	2008 Other
Discount rate	3.9 - 5.3	4.0 - 8.0	5.3	7.3	6.0	3.3 - 5.5
Salary inflation rate	1.5 - 4.5	1.5 - 8.0	1.8	3.3	2.0 - 2.3	2.0 - 6.0

In 2008, the benchmark indexes used to calculate discount rates were identical to those used in previous years.

III. ANALYSIS OF ACTUARIAL GAINS AND LOSSES: EXPERIENCE ADJUSTMENTS

This analysis concerns both funded and unfunded defined benefit plans. Experience adjustments are the effects of differences between projected actuarial assumptions and what has actually occurred.

The amounts relating to the current year and prior years break down as follows:

in millions of euros	2005	2006	2007	2008
Experience adjustment on liabilities (1)	37	37	1	(1)
Experience adjustment on assets (2)	112	50	3	(299)

(1) +: increase in liabilities/ -: decrease in liabilities
(2) +: increase in assets/ -: decrease in assets

These experience adjustments mainly concern the United Kingdom and Canada, and in 2008 result from the difference between expected and actuarial returns on plan assets due to the prevailing financial climate.

IV. ANALYSIS OF SENSITIVITY TO CHANGES IN HEALTHCARE ASSISTANCE COSTS

Healthcare assistance costs exclusively concern Canada. For 2006, 2007 and 2008, a 1% change in healthcare assistance costs would have an impact of approximately €1 million in the statement of income (service cost and interest cost). The impact of this 1% change would range from a negative €4 million to a positive €5 million in the balance sheet at December 31, 2008, largely unchanged from 2007 and 2006.

NOTE 18 – **CURRENT AND NON-CURRENT PROVISIONS**

Changes in current and non-current provisions can be analyzed as follows:

in millions of euros	2006	2007	2008
At January 1	**34**	**98**	**85**
Additions	73	48	42
Reversals (utilization of provisions)	(9)	(53)	(27)
Reversals (surplus provisions)	(3)	(7)	(36)
Other	3	(1)	1
At December 31	**98**	**85**	**65**

At December 31, 2008, current provisions (€20 million) and non-current provisions (€45 million) mainly concern risks relating to projects and contracts amounting to €49 million (€75 million at end-2007) and risks relating to tax and labor disputes amounting to €16 million (€10 million at December 31, 2007).

The main changes in 2007 relate to the Schneider Electric contract. Further to the renegotiation of the agreement, the schedule, pricing and scope of the Group's responsibility under the contract will be adjusted over the next few years. As a result, in 2007 the Group recognized (i) expenses that had been previously deferred; (ii) a provision reflecting the reduced scope of the new contract; and (iii) a write-back of the provision for losses on completion that had been recorded at end-2006, due to forecasts that the contract will generate an operating profit over the 2008-2016 period.

In 2008, additions to provisions mainly concern outsourcing projects. Provision reversals are attributable to costs incurred and savings made as a result of the reduction in scope and finalization of the system under the Schneider contract following its renegotiation in 2007, as well as to the favorable outcomes of customer disputes, notably in the United Kingdom.

NOTE 19 – OTHER NON-CURRENT LIABILITIES

Other non-current liabilities can be analyzed as follows:

At December 31 *(in millions of euros)*	2006	2007	2008
Special employee profit-sharing reserve	31	54	65
Derivative instruments (1)	6	18	7
Liabilities related to acquisitions of consolidated companies	5	5	6
Other	80	69	34
TOTAL	**122**	**146**	**112**

(1) See Note 22 – Financial risk management, section I. – Market risk.

Other

This caption mainly comprises restructuring liabilities relating to measures taken to streamline the Group's real estate assets, essentially in the United States and the United Kingdom.

The year-on-year decrease in this item in 2008 is chiefly attributable to the settlement of obligations related to the contract entered into with TXU (now EFH) further to its early termination.

NOTE 20 – ACCOUNTS AND NOTES PAYABLE

Total accounts and notes payable excluding advances from customers and billed in advance (presented separately), break down as follows:

At December 31 *(in millions of euros)*	2006	2007	2008
Accounts payable	817	863	821
Accrued taxes other than on income	306	316	347
Personnel costs	858	910	894
Other	38	31	34
TOTAL	**2,019**	**2,120**	**2,096**

NOTE 21 – OTHER PAYABLES AND INCOME TAXES

At December 31 *(in millions of euros)*	2006	2007	2008
Income taxes payable	65	71	74
Special employee profit-sharing reserve	20	5	8
Derivative instruments (1)	5	2	90
Liabilities related to acquisitions of consolidated companies	18	1	24
Other	5	8	7
TOTAL	**113**	**87**	**203**

(1) See Note 22 – Financial risk management, section I. – Market risk.

Liabilities related to acquisitions of consolidated companies

At December 31, 2008, this item essentially concerns the balance of the acquisition price for BAS B.V.

NOTE 22 – FINANCIAL RISK MANAGEMENT

I. MARKET RISK

A) Currency risk

The Group is exposed to two types of currency risk that could impact earnings and equity: risks arising in connection with the consolidation process on the translation of the foreign currency accounts of consolidated subsidiaries whose functional currency is not the euro, and risks arising on operating and financial transactions which are not denominated in the entities' functional currency.

Capgemini does not hedge risks arising on the translation of the foreign currency accounts of consolidated subsidiaries whose functional currency is not the euro.

Currency risks and hedges relating to operating transactions

The Group has limited exposure to currency risks on operating items due to the fact that the bulk of its revenue is generated in countries where operating expenses are also incurred. However, the growing use of offshore production centers in India, Poland, Latin America and China exposes Capgemini to currency risk with respect to some of its production costs.

The Group has implemented a policy aimed at minimizing and managing currency risks, resulting in particular from the growing share of Group operations in India, its main offshore production center. Where customer contracts do not contain a price adjustment clause in the event of exchange rate fluctuations, the Group sets up hedges based on the following principles:

- the hedging strategy is defined by the Group Finance Department based on a quarterly report analyzing exposure to currency risks arising on intragroup operations involving India;
- hedging operations mainly take the form of forward foreign exchange contracts;
- hedging operations are recognized in accordance with accounting rules applicable to cash flow hedges.

In 2008, the Group hedged almost 85% of its foreign exchange risk (US dollar, euro and pound sterling) against the Indian rupee. At December 31, 2008, these hedges comprised forward contracts to sell foreign currency maturing between 2009 and 2011 with an aggregate equivalent value of €279 million (€177 million at December 31, 2007). The hedges were chiefly taken out in respect of transactions in euros (€96 million), US dollars ($278 million) and pounds sterling (£7 million). The maturities of the hedges range from three months to two and a half years.

The Group has also entered into forward contracts to sell foreign currency (pounds sterling) in Poland. These contracts mature in 2009 and have an equivalent value of €8 million.

At December 31, 2008, forward foreign exchange contracts break down as follows:

in millions of euros	Less than 6 months	More than 6 months and less than 12 months	More than 12 months	Total
Forward foreign exchange contracts	**135**	**103**	**49**	**287**

In the balance sheet at December 31, 2008, these contracts are measured at fair value, representing total net debt of €34 million. They are included in "Other payables and income taxes" (€29 million), "Other non-current liabilities" (€7 million), and "Other receivables and income taxes" (€2 million). At December 31, 2007, these derivatives represented a net receivable in an amount of €9 million.

A negative amount of €60 million was recorded in equity during the year, representing the fair value of currency hedges. The portion recycled to operating profit amounts to a negative amount of €29 million, and is partially offset by foreign exchange gains of €10 million arising on hedged items.

Currency risks and hedges relating to financial transactions

In addition to currency risk arising on offshore production centers, Capgemini is exposed to the risk of exchange rate fluctuations in respect of:

- intragroup financing transactions, mainly at the level of Cap Gemini S.A.: as intercompany lending and borrowing is systematically hedged (mainly using currency swaps), the impact of changes in exchange rates on consolidated earnings and equity is negligible.

At December 31, 2008, hedged intragroup loans amounted to €306 million (€312 million at December 31, 2007), and concerned loans denominated in pounds sterling and Australian dollars.

In 2008, derivative instruments used to hedge these currency risks generated a net financial expense of €48 million (€16 million in 2007), almost entirely attributable to changes in the fair value of a euro/pound sterling swap aimed at hedging an intragroup loan granted by Capgemini UK to Cap Gemini S.A. This expense was offset in an amount of €47 million by the unrealized exchange gain recognized at year-end on the same intragroup loan as a result of the rise in the euro against the pound sterling over the period (see Note 7 – Other financial income and expense).

At December 31, 2008, the fair value of these instruments is reported in "Other payables and income taxes" for an amount of €61 million (€14 million reported in financial debt at December 31, 2007);

- fees paid to Cap Gemini S.A. by subsidiaries whose functional currency is not the euro. Although the Group does not systematically hedge this risk, the impact of changes in exchange rates on earnings and equity is not significant due to the short average period separating the invoicing date and the date payment is received.

Exposure to currency risks on operating and financial items

The Group's exposure to currency risks arising from internal and external operations recognized by Group subsidiaries at December 31, 2008 and denominated in currencies other than their respective functional currencies, is as follows:

	December 31, 2008				
in millions of euros	Euro	US dollar	Pound sterling	Swedish krona	Other (1)
Total assets	(90)	188	120	16	22
Total liabilities	(55)	(121)	(342)	(13)	(15)
Exposure to currency risks before hedging	35	67	(222)	3	7
Amounts hedged	(35)	(50)	232	-	(6)
Exposure to currency risks after hedging	-	17	10	3	1

(1) Other currencies essentially include the Swiss franc, Canadian dollar, Australian dollar and Norwegian krona.

At December 31, 2008, amounts hedged mainly concern Cap Gemini S.A. for intragroup financing transactions, and Group subsidiary Capgemini India Private Ltd. for subcontracting services it provides to other regions in which the Group has operations.

B) Interest rate risk

Capgemini's exposure to interest rate risk should be analyzed in light of its cash position: at December 31, 2008, Capgemini had €1,805 million in cash and cash equivalents, mainly invested at variable rates, and €1,032 million in gross financial debt principally at fixed rates (54%) or capped variable rates (43%), see Note 16 – Net cash and cash equivalents, section II. – Financial debt. This is due to (i) the inherent nature of the Group's financial debt – which mainly comprises two convertible/exchangeable bond issues (OCEANE); and (ii) to the Group's decision to use funding sources whose cash cost is in line with the expected return on short-term investments and with its fiscal capacity.

Interest rate risk and hedging

At December 31, 2008, two interest rate hedges were outstanding in the form of swaps and options (caps and floors) on a total amount of €490 million for periods ranging from one to six years. The main characteristics of these contracts are as follows:

- an interest rate swap in connection with the "OCEANE 2003" convertible/exchangeable bonds, contracted by Cap Gemini S.A. on October 28, 2004 for a notional amount of €460 million, and maturing in January 2010.

  The interest rate swap was amended on September 15, 2006. Under the new terms and conditions of this contract, Cap Gemini S.A. swapped the 2.5% fixed rate payable on the bonds for a variable rate indexed to the 3-month post-fixed Euribor. The variable rate is now capped at 3.07% with a floor of 1.41%. The interest rate swap contract contains a zero-cost automatic deactivation clause in the event that Cap Gemini S.A. exercises its right (under certain conditions) to redeem the bonds early. The terms and conditions of the contract are set out in Note 16 – Net cash and cash equivalents and in the prospectus approved by the AMF on June 24, 2003 under the reference number 03-607.

  The measurement of this contract at market value at December 31, 2008 resulted in a gain of €6 million recorded under "Other financial income and expense", compared with a gain of €1 million at end-2007. In the balance sheet at December 31, 2008, this contract is valued at €1 million and is included within "Other non-current assets";

- an interest rate swap contract maturing in July 2014, covering 50% of a finance lease taken out by S.A.R.L. Immobilière Les Fontaines (owner of Capgemini University) in 2002 for a notional amount of €30 million. Under the terms of the swap, S.A.R.L. Immobilière Les Fontaines pays a fixed rate of 3.51% and receives 3-month Euribor.

  The measurement of this contract at market value at December 31, 2008 resulted in an expense of €0.7 million recorded under "Other financial income and expense", compared with a gain of €0.3 million at end-2007. In the balance sheet at end-2008, this contract is valued at €0.3 million and is included within "Other non-current assets".

Analysis of the sensitivity of net finance costs to a change in interest rates
Based on the average levels of cash and cash equivalents and financial debt in 2008, a 100-basis point rise in interest rates would have a positive impact of around €17 million on Capgemini's net finance costs (2007: €17 million; 2006: €19 million). Conversely, a 100-basis point fall in interest rates would have an estimated €17 million negative impact on the Group's net finance costs for 2008.

C) Equity risk
The Group does not hold any shares for financial investment purposes, and does not have any interests in listed companies. However, at December 31, 2008, under the share buyback program Cap Gemini S.A. holds:

- 377,000 treasury shares following the implementation of a liquidity agreement (the associated liquidity line amounts to €10 million);
- 2,000,000 treasury shares purchased to cover equity instruments issued by the Company and aimed in particular at neutralizing part of the dilutive impact arising from employee share-based incentive instruments.

In view of the small number of treasury shares held, the Group is not therefore exposed to significant equity risk. Finally, as the value of treasury shares is deducted from equity, changes in the share price have no impact on the consolidated statement of income.

II. LIQUIDITY RISK

Financial liabilities, comprising mainly financial debt and certain accounts and notes payable, are presented in Note 23 – Financial instruments (maturity and future associated cash payments). Additionally, a specific detailed analysis of financial debt is provided in Note 16 – Net cash and cash equivalents, section II. – Financial debt.

The financial liabilities whose early repayment could expose the Group to liquidity risk are mainly the two convertible bonds ("OCEANE 2003" and "OCEANE 2005").

To manage the liquidity risk that may arise on either early or contractual repayments of financial liabilities, the Group has implemented a conservative financing policy mainly based on:

- prudent use of debt leveraging, coupled with limited use of any clauses that could lead to early repayment of financial debt;
- maintaining a high level of available funds at all times (€1,805 million at December 31, 2008), which could be increased by the multi-currency syndicated line of credit for €500 million (undrawn to this date);
- actively managing the due dates of financial liabilities in order to limit the concentration of debt maturities;
- using diverse sources of financing, allowing the Group to reduce its reliance on certain categories of lenders.

III. CREDIT RISK

Financial assets, comprising mainly cash and cash equivalents and particularly financial investments, as well as accounts and notes receivable, are presented in Note 23 – Financial instruments. Additionally, a specific detailed analysis of cash and cash equivalents is provided in Note 16 – Net cash and cash equivalents, section I. – Cash and cash equivalents.

Financial assets which could expose the Group to a credit or counterparty risk mainly relate to:

- accounts receivable: at December 31, 2008, accounts receivable net of provisions for doubtful accounts totaled €1,576 million (see Note 14 – Accounts and notes receivable). The Group's largest client, a major British public body, contributes around 11% of Group revenues, while the second-largest client accounts for just 3%. The top 10 clients collectively account for 27% of Group revenues, and the top 30 represent 40%. The creditworthiness of these major clients and the sheer diversity of the other smaller customers help limit credit risk. The economic environment could impact the business activities of the Group's clients, and consequently the amounts receivable from these clients. However, the Group does not consider that any of its clients, business sectors or geographic areas present a significant risk of non-collection that could materially impact the financial position of the Group as a whole;
- financial investments: in accordance with Group policy, cash balances are not invested in equity-linked products, but in (i) negotiable debt securities (certificates of deposit and commercial paper), (ii) term deposits or (iii) short-term money market mutual funds, subject to minimum credit rating and diversification rules.

At December 31, 2008, short-term investments totaled €1,290 million (see Note 16 – Net cash and cash equivalents) and comprise mainly (i) money market mutual funds meeting strict criteria (short maturities, daily liquidity, low volatility and sensitivity of less than 0.5); and (ii) negotiable debt securities maturing within three months, issued by highly rated companies or financial institutions (minimum rating of A2/P2 or equivalent). Consequently, these short-term investments do not expose the Group to any material credit risk.

In line with its policies for managing currency and interest rate risks as described above, the Group also enters into hedging agreements with leading financial institutions. Accordingly, counterparty risk can be deemed not material. At December 31, 2008, the Group's main counterparties in respect of managing currency and interest rate risk are BNP Paribas, Calyon, Citibank, HSBC, JP Morgan and Société Générale.

Aged analysis of accounts receivable

At December 31, 2008, "Accounts receivable" totaled €1,590 million and "Provisions for doubtful accounts" stood at €14 million. The low bad debt ratio reflects the fact that most invoices are only issued after the client has validated the services provided.

At end-2008, past due balances totaled €517 million, representing 33% of accounts receivable less provisions for doubtful accounts. This breaks down as follows:

in millions of euros	Less than 30 days	More than 30 days and less than 90 days	More than 90 days
Net accounts receivable	**296**	**143**	**78**
As a % of accounts and notes receivable, net of provisions for doubtful accounts	18.8%	9.1%	5.0%

Past due balances concern accounts receivable from customers which an individually analyzed and monitored.

IV. CAPITAL MANAGEMENT

The Group's capital management strategy is designed to maintain a strong capital base in view of supporting the continued development of its business activities and delivering a return to shareholders, while adopting a prudent approach to debt as evidenced by the use of the debt-to-equity ratio as a key performance indicator. At December 31, 2006, 2007 and 2008, Capgemini had a positive net cash position. In order to preserve and control the structure of its capital, the Group can issue new shares, buy back its own shares or adjust the dividend paid to shareholders.

NOTE 23 – FINANCIAL INSTRUMENTS

A) Classification and fair value of financial instruments

The items comprising each financial instrument category along with their basis of measurement are described below:

- items carried at fair value through profit or loss include cash and cash equivalents. Fair value is assessed by reference to prices quoted on an active market;
- available-for-sale financial assets comprise shares in non-consolidated companies, which are carried at fair value in the balance sheet;
- loans and receivables include mainly accounts and notes receivable, and other current and non-current receivables. Loans and receivables are measured at amortized cost using the effective interest rate method (EIR);
- liabilities carried at amortized cost calculated using the effective interest rate method comprise mainly financial debt, accounts and notes payable, and other current and non-current payables;
- derivative instruments are carried at fair value, either directly through profit or loss or in equity, according to applicable hedge accounting rules.

The fair value of financial assets and liabilities is mainly calculated as follows:

- the carrying amount of accounts and notes receivable and payable and other current receivables and payables is deemed representative of their fair value due to their very short maturities;
- the fair value of bond debt is estimated at each balance sheet date based on an average market financing rate and the value of the credit risk incurred by the Capgemini Group for a loan with equivalent residual terms to maturity as each of the two bond issues;
- the carrying amount of obligations under finance leases is deemed to be representative of their fair value due to the wide variety and maturity of the corresponding debt.

Financial instruments can be analyzed as follows by category:

	CATEGORY					December 31, 2008	
in millions of euros	Fair value through profit or loss	Available-for-sale	Loans and receivables	Instruments carried at amortized cost	Derivative instruments	Carrying amount	Fair value
Shares in non-consolidated companies	-	2	-	-	-	2	2
Deposits and other long-term investments	-	-	48	-	-	48	48
Other non-current assets	-	-	20	-	1	21	21
Accounts receivable (net of provisions)	-	-	1,576	-	-	1,576	1,576
Other current receivables	-	-	12	-	2	14	14
Short-term investments	1,290	-	-	-	-	1,290	1,290
Cash at bank	578	-	-	-	-	578	578
FINANCIAL ASSETS	**1,868**	**2**	**1,656**	**-**	**3**	**3,529**	**3,529**
Bonds (non-current portion)	-	-	-	(891)	-	(891)	(892)
Obligations under finance leases	-	-	-	(119)	-	(119)	(119)
Other long-term financial debt	-	-	-	(11)	-	(11)	(11)
Other non-current liabilities	-	-	-	(15)	(7)	(22)	(22)
Bank overdrafts	(2)	-	-	-	-	(2)	(2)
Other short-term financial debt	-	-	-	(11)	-	(11)	(11)
Trade payables	-	-	-	(821)	-	(821)	(821)
Other current payables	-	-	-	(53)	(90)	(143)	(143)
FINANCIAL LIABILITIES	**(2)**	**-**	**-**	**(1,921)**	**(97)**	**(2,020)**	**(2,021)**

in millions of euros	CATEGORY: Fair value through profit or loss	Available-for-sale	Loans and receivables	Instruments carried at amortized cost	Derivative instruments	December 31, 2007: Carrying amount	Fair value
Shares in non-consolidated companies	-	3	-	-	-	3	3
Deposits and other long-term investments	-	-	35	-	-	35	35
Other non-current assets	-	-	32	-	3	35	35
Accounts receivable (net of provisions)	-	-	1,528	-	-	1,528	1,528
Other current receivables	-	-	143	-	10	153	153
Short-term investments	1,594	-	-	-	-	1,594	1,594
Cash at bank	648	-	-	-	-	648	648
FINANCIAL ASSETS	**2,242**	**3**	**1,738**	**-**	**13**	**3,996**	**3,996**
Bonds	-	-	-	(864)	-	(864)	(854)
Obligations under finance leases	-	-	-	(150)	-	(150)	(150)
Other long-term financial debt	-	-	-	(90)	-	(90)	(90)
Other non-current liabilities	-	-	-	(16)	(18)	(34)	(34)
Bank overdrafts	(91)	-	-	-	-	(91)	(91)
Other short-term financial debt	-	-	-	(141)	-	(141)	(141)
Trade payables	-	-	-	(863)	-	(863)	(863)
Other current payables	-	-	-	(29)	(2)	(31)	(31)
FINANCIAL LIABILITIES	**(91)**	**-**	**-**	**(2,153)**	**(20)**	**(2,264)**	**(2,254)**

in millions of euros	CATEGORY: Fair value through profit or loss	Available-for-sale	Loans and receivables	Instruments carried at amortized cost	Derivative instruments	December 31, 2006: Carrying amount	Fair value
Shares in non-consolidated companies	-	140	-	-	-	140	140
Deposits and other long-term investments	-	-	23	-	-	23	23
Other non-current assets	-	-	129	-	3	132	132
Accounts receivable (net of provisions)	-	-	1,434	-	-	1,434	1,434
Other current receivables	-	-	16	-	5	21	21
Short-term investments	2,460	-	-	-	-	2,460	2,460
Cash at bank	442	-	-	-	-	442	442
FINANCIAL ASSETS	**2,902**	**140**	**1,602**	**-**	**8**	**4,652**	**4,652**
Bonds	-	-	-	(838)	-	(838)	(844)
Obligations under finance leases	-	-	-	(156)	-	(156)	(156)
Other long-term financial debt	-	-	-	(215)	-	(215)	(215)
Other non-current liabilities	-	-	-	(11)	(6)	(17)	(17)
Bank overdrafts	(43)	-	-	-	-	(43)	(43)
Other short-term financial debt	-	-	-	(15)	-	(15)	(15)
Trade payables	-	-	-	(817)	-	(817)	(817)
Other current payables	-	-	-	(38)	(5)	(43)	(43)
FINANCIAL LIABILITIES	**(43)**	**-**	**-**	**(2,090)**	**(11)**	**(2,144)**	**(2,150)**

B) Impacts of financial instruments on profit or loss

The impacts of financial instruments on profit or loss (see Note 6 – Finance costs, net and Note 7 – Other financial income and expense), are included within net finance expense, with the exception of instruments relating to operating transactions, loans and receivables and accounts and notes payable, which are reported within operating profit.

C) Maturity of financial liabilities

The amounts indicated below correspond to the undiscounted value of future contractual cash flows.

Future cash flows relating to the "OCEANE 2003" and "OCEANE 2005" bonds were estimated based on contractual nominal interest rates (2.5% and 1%, respectively) and on the assumption that the bonds would be redeemed in full at maturity (see Note 16 – Net cash and cash equivalents).

Future cash flows relating to the interest rate swap taken out in respect of "OCEANE 2003" bonds classified under financial liabilities were estimated on the basis of market interest rates at year-end.

The contractual cash flows associated with "Obligations under finance leases" represent contractual repayments of the notional liability.

	December 31, 2008						
in millions of euros	Contractual maturity	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Beyond 5 years
"OCEANE 2003" bonds	2010	449	483	12	471	-	-
Interest rate swap relating to "OCEANE 2003" bonds (1)	2010	-	-	-	-	-	-
"OCEANE 2005" bonds	2012	442	512	4	4	504	-
Obligations under finance leases	2009 to 2014	119	119	34	27	50	8
Other long-term financial debt	2010 to 2015	11	11	-	10	-	1
Other non-current liabilities	2010 to 2011	22	22	-	20	2	-
Bank overdrafts	2009	2	2	2	-	-	-
Other short-term financial debt	2009	11	11	11	-	-	-
Trade payables	2009	821	821	821	-	-	-
Other payables	2009	143	143	143	-	-	-
TOTAL FINANCIAL LIABILITIES		**2,020**	**2,124**	**1,027**	**532**	**556**	**9**

(1) The interest rate swap taken out in connection with "OCEANE 2003" bonds is shown in the balance sheet caption "Other non-current assets" at end-2008, and is not therefore included in financial liabilities.

in millions of euros	December 31, 2007						
	Contractual maturity	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Beyond 5 years
"OCEANE 2003" bonds	2010	438	495	12	12	471	-
Interest rate swap relating to "OCEANE 2003" bonds	2010	4	(2)	3	3	(8)	-
"OCEANE 2005" bonds	2012	426	517	4	4	509	-
Obligations under finance leases	2008 to 2014	150	150	45	33	55	17
Other long-term financial debt	2009 to 2014	90	168	1	11	2	154
Other non-current liabilities	2008 to 2009	30	30	14	16	-	-
Bank overdrafts	2008	91	91	91	-	-	-
Other short-term financial debt	2008	141	6	6	-	-	-
Trade payables	2008	863	863	863	-	-	-
Other payables	2008	31	24	24	-	-	-
TOTAL FINANCIAL LIABILITIES		**2,264**	**2,342**	**1,063**	**79**	**1,029**	**171**

in millions of euros	December 31, 2006						
	Contractual maturity	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Beyond 5 years
"OCEANE 2003" bonds	2010	427	507	12	12	483	-
Interest rate swap relating to "OCEANE 2003" bonds	2010	6	1	3	3	(5)	-
"OCEANE 2005" bonds	2012	411	520	4	4	13	499
Obligations under finance leases	2007 to 2014	156	156	49	31	50	26
Other long-term financial debt	2008 to 2014	215	189	1	3	12	173
Other non-current liabilities	2008 to 2009	11	11	-	2	9	-
Bank overdrafts	2007	43	43	43	-	-	-
Other short-term financial debt	2007	15	6	6	-	-	-
Trade payables	2007	817	817	817	-	-	-
Other payables	2007	43	43	43	-	-	-
TOTAL FINANCIAL LIABILITIES		**2,144**	**2,293**	**978**	**55**	**562**	**698**

NOTE 24 – SEGMENT INFORMATION

I. SEGMENT REPORTING BY GEOGRAPHIC AREA

The Group has operations in the following eight geographic areas:

Geographic area	Country
North America	Canada, United States
France and Morocco	France, Morocco
United Kingdom and Ireland	Ireland, United Kingdom
Benelux	Belgium, Luxembourg, Netherlands
Germany and Central Europe	Austria, Czech Republic, Germany, Hungary, Poland, Romania, Slovakia and Switzerland
Nordic countries	Denmark, Finland, Norway, Sweden
Southern Europe and Latin America	Argentina, Brazil, Chile, Guatemala, Italy, Mexico, Portugal, Spain
Asia-Pacific	Australia, China, India, Singapore

A) Analysis of results by geographic area

Results for 2008 break down as follows by geographic area:

in millions of euros	North America	France and Morocco	United Kingdom and Ireland	Benelux	Germany and Central Europe	Nordic countries	Southern Europe and Latin America	Asia-Pacific	Not allocated (1)	Elimi-nations	Total
REVENUES											
- external (2)	1,668	2,077	1,922	1,303	592	578	449	121	-	-	8,710
- inter-geographic area	34	80	75	36	93	17	28	366	-	(729)	-
TOTAL REVENUES	**1,702**	**2,157**	**1,997**	**1,339**	**685**	**595**	**477**	**487**	**-**	**(729)**	**8,710**
OPERATING MARGIN (2)	**98**	**151**	**149**	**185**	**83**	**55**	**23**	**58**	**(58)**	**-**	**744**
% of revenues	*5.8*	*7.3*	*7.8*	*14.2*	*14.0*	*9.5*	*5.2*	*na*	*-*	*-*	*8.5*
OPERATING PROFIT	**86**	**99**	**117**	**173**	**54**	**51**	**14**	**52**	**(60)**		**586**
						Finance costs, net					2
						Other financial income and expense					(21)
						Income tax expense					(116)
						PROFIT FOR THE YEAR					**451**
						PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					**451**

(1) Items that have not been allocated correspond to headquarters' expenses.
(2) Non-Group revenues generated under sub-contracting arrangements are recorded in the ordering region. As operating margin is calculated based on these revenues, the margin for the Asia-Pacific area is not representative of its activities, which mostly consist of internal sub-contracting carried out in India.

Results for 2007 broke down as follows by geographic area :

in millions of euros	North America	France and Morocco	United Kingdom and Ireland	Benelux	Germany and Central Europe	Nordic countries	Southern Europe and Latin America	Asia-Pacific	Not allocated (1)	Elimi-nations	Total
REVENUES											
- external (2)	1,721	1,971	2,230	1,168	558	539	390	126	-	-	8,703
- inter-geographic area	20	70	74	34	74	18	30	286	-	(606)	-
TOTAL REVENUES	**1,741**	**2,041**	**2,304**	**1,202**	**632**	**557**	**420**	**412**	**-**	**(606)**	**8,703**
OPERATING MARGIN (2)	**111**	**86**	**152**	**176**	**74**	**45**	**21**	**32**	**(57)**	**-**	**640**
% of revenues	*6.5*	*4.4*	*6.8*	*15.0*	*13.3*	*8.4*	*5.5*	*na*	*-*	*-*	*7.4*
OPERATING PROFIT	**84**	**68**	**76**	**167**	**70**	**42**	**18**	**28**	**(60)**	**-**	**493**
						Finance costs, net					(4)
						Other financial income and expense					(3)
						Income tax expense					(48)
						Share in profit of equity-accounted companies					2
						PROFIT FOR THE YEAR					**440**
						PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					**440**

(1) Items that have not been allocated correspond to headquarters' expenses.
(2) Non-Group revenues generated under sub-contracting arrangements are recorded in the ordering region. As operating margin is calculated based on these revenues, the margin for the Asia-Pacific area is not representative of its activities, which mostly consist of internal sub-contracting carried out in India.

Results for 2006 broke down as follows by geographic area:

in millions of euros	North America	France and Morocco	United Kingdom and Ireland	Benelux	Germany and Central Europe	Nordic countries	Southern Europe and Latin America	Asia-Pacific	Not allocated (1)	Elimi-nations	Total
REVENUES											
- external (2)	1,341	1,816	2,126	1,046	514	441	339	77	-	-	7,700
- inter-geographic area	12	74	48	45	60	23	28	130	-	(420)	-
TOTAL REVENUES	**1,353**	**1,890**	**2,174**	**1,091**	**574**	**464**	**367**	**207**	**-**	**(420)**	**7,700**
OPERATING MARGIN (2)	**72**	**5**	**164**	**142**	**52**	**32**	**15**	**13**	**(48)**	**-**	**447**
% of revenues	*5.4*	*0.3*	*7.7*	*13.5*	*10.2*	*7.4*	*4.4*	*na*	*-*	*-*	*5.8*
OPERATING PROFIT	**66**	**(30)**	**127**	**131**	**40**	**29**	**9**	**11**	**(49)**	**-**	**334**
						Finance costs, net					(10)
						Other financial income and expense					(18)
						Income tax expense					(13)
						PROFIT FOR THE YEAR					**293**
						PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					**293**

(1) Items that have not been allocated correspond to headquarters' expenses.
(2) Non-Group revenues generated under sub-contracting arrangements are recorded in the ordering region. As operating margin is calculated based on these revenues, the margin for the Asia-Pacific area is not representative of its activities, which mostly consist of internal sub-contracting carried out in India.

B) Analysis of depreciation, amortization and other expenses with no cash impact included within operating margin

Depreciation, amortization and other expenses with no cash impact break down as follows for 2008:

in millions of euros	North America	France and Morocco	United Kingdom and Ireland	Benelux	Germany and Central Europe	Nordic countries	Southern Europe and Latin America	Asia-Pacific	Not allocated	Total
Depreciation and amortization expense	(41)	(29)	(30)	(21)	(24)	(7)	(5)	(19)	(1)	(177)
Net additions to provisions (1)	(12)	(1)	7	1	2	(1)	1	(4)	-	(7)
TOTAL	**(53)**	**(30)**	**(23)**	**(20)**	**(22)**	**(8)**	**(4)**	**(23)**	**(1)**	**(184)**

(1) This item includes net movements in provisions for doubtful accounts and current and non-current provisions.

Depreciation, amortization and other expenses with no cash impact broke down as follows for 2007:

in millions of euros	North America	France and Morocco	United Kingdom and Ireland	Benelux	Germany and Central Europe	Nordic countries	Southern Europe and Latin America	Asia-Pacific	Not allocated	Total
Depreciation and amortization expense	(43)	(29)	(47)	(15)	(25)	(6)	(6)	(20)	(1)	(192)
Net additions to provisions (1)	(2)	(16)	(12)	(3)	(2)	-	-	(1)	-	(36)
TOTAL	**(45)**	**(45)**	**(59)**	**(18)**	**(27)**	**(6)**	**(6)**	**(21)**	**(1)**	**(228)**

(1) This item includes net movements in provisions for doubtful accounts and current and non-current provisions.

Depreciation, amortization and other expenses with no cash impact broke down as follows for 2006:

in millions of euros	North America	France and Morocco	United Kingdom and Ireland	Benelux	Germany and Central Europe	Nordic countries	Southern Europe and Latin America	Asia-Pacific	Not allocated	Total
Depreciation and amortization expense	(31)	(25)	(54)	(17)	(21)	(7)	(5)	(6)	(1)	(167)
Net additions to provisions (1)	(2)	(42)	(6)	(2)	(10)	-	(1)	(2)	-	(65)
TOTAL	**(33)**	**(67)**	**(60)**	**(19)**	**(31)**	**(7)**	**(6)**	**(8)**	**(1)**	**(232)**

(1) This item includes net movements in provisions for doubtful accounts and current and non-current provisions.

C) Analysis of assets and liabilities by geographic area

The location of assets corresponds to the location of the Group's clients, except for those concerning outsourcing centers such as in India.

At December 31, 2008, assets and liabilities break down as follows by geographic area:

in millions of euros	North America	France and Morocco	United Kingdom and Ireland	Benelux	Germany and Central Europe	Nordic countries	Southern Europe and Latin America	Asia-Pacific	Not allocated	Elimi-nations	Total
Assets by geographic area:											
- external	1,004	1,802	877	1,509	491	341	266	205	39	-	6,534
- inter-geographic area	44	63	31	21	27	10	11	108	11	(326)	-
TOTAL ASSETS BY GEOGRAPHIC AREA	**1,048**	**1,865**	**908**	**1,530**	**518**	**351**	**277**	**313**	**50**	**(326)**	**6,534**
						Deferred tax assets					863
						Current income tax receivable					39
						Short-term investments					1,290
						Derivative instruments					3
						TOTAL ASSETS					**8,729**
Liabilities by geographic area:											
- external	460	1,035	960	411	175	150	156	92	10	-	3,449
- inter-geographic area	73	63	56	45	27	24	11	18	9	(326)	-
TOTAL LIABILITIES BY GEOGRAPHIC AREA	**533**	**1,098**	**1,016**	**456**	**202**	**174**	**167**	**110**	**19**	**(326)**	**3,449**
						Total equity					3,939
						Deferred tax liabilities					138
						Current income tax payable					74
						Financial debt					1,032
						Derivative instruments					97
						TOTAL EQUITY AND LIABILITIES					**8,729**

At December 31, 2007, assets and liabilities broke down as follows by geographic area:

in millions of euros	North America	France and Morocco	United Kingdom and Ireland	Benelux	Germany and Central Europe	Nordic countries	Southern Europe and Latin America	Asia-Pacific	Not allocated	Elimi-nations	Total
Assets by geographic area:											
- external	1,134	1,765	1,101	1,076	537	361	238	204	166	-	6,582
- inter-geographic area	31	58	26	15	19	7	8	49	67	(280)	-
TOTAL ASSETS BY GEOGRAPHIC AREA	**1,165**	**1,823**	**1,127**	**1,091**	**556**	**368**	**246**	**253**	**233**	**(280)**	**6,582**
						Deferred tax assets					907
						Current income tax receivable					31
						Short-term investments					1,594
						Derivative instruments					13
						TOTAL ASSETS					**9,127**
Liabilities by geographic area:											
- external	562	1,016	1,293	288	195	173	152	76	47	-	3,802
- inter-geographic area	60	91	35	36	26	18	9	(4)	9	(280)	-
TOTAL LIABILITIES BY GEOGRAPHIC AREA	**622**	**1,107**	**1,328**	**324**	**221**	**191**	**161**	**72**	**56**	**(280)**	**3,802**
						Total equity					3,851
						Deferred tax liabilities					138
						Current income tax payable					71
						Financial debt					1,245
						Derivative instruments					20
						TOTAL EQUITY AND LIABILITIES					**9,127**

At December 31, 2006, assets and liabilities broke down as follows by geographic area:

in millions of euros	North America	France and Morocco	United Kingdom and Ireland	Benelux	Germany and Central Europe	Nordic countries	Southern Europe and Latin America	Asia-Pacific	Not allocated	Elimi-nations	Total
Assets by geographic area:											
- external	748	1,455	1,053	883	420	316	193	103	166	-	5,337
- inter-geographic area	10	49	22	21	16	6	6	25	23	(178)	-
TOTAL ASSETS BY GEOGRAPHIC AREA	**758**	**1,504**	**1,075**	**904**	**436**	**322**	**199**	**128**	**189**	**(178)**	**5,337**
						Deferred tax assets					888
						Current income tax receivable					20
						Short-term investments					2,460
						Derivative instruments					3
						TOTAL ASSETS					**8,708**
Liabilities by geographic area:											
- external	566	953	1,214	262	203	195	136	50	19	-	3,598
- inter-geographic area	40	39	33	25	15	15	8	(8)	10	(177)	-
TOTAL LIABILITIES BY GEOGRAPHIC AREA	**606**	**992**	**1,247**	**287**	**218**	**210**	**144**	**42**	**29**	**(177)**	**3,598**
						Total equity					3,697
						Deferred tax liabilities					118
						Current income tax payable					65
						Financial debt					1,224
						Derivative instruments					6
						TOTAL EQUITY AND LIABILITIES					**8,708**

D) Analysis of acquisitions of intangible assets and property, plant and equipment

Acquisitions of intangible assets and property, plant and equipment can be analyzed as follows:

At December 31 *(in millions of euros)*	2006	2007	2008
North America	31	30	21
France and Morocco	30	40	35
United Kingdom and Ireland	47	55	26
Benelux	6	20	40
Germany and Central Europe	26	17	16
Nordic countries	4	14	8
Southern Europe and Latin America	4	8	5
Asia-Pacific	13	24	26
TOTAL	**161**	**208**	**177**

The acquisition cost of intangible assets and property, plant and equipment reported in the balance sheet is different from the figure provided in the cash flow statement (€134 million), which excludes acquisitions of assets under finance leases (€43 million).

II. SEGMENT REPORTING BY BUSINESS

The Group's services are organized into four businesses:

- "Consulting Services" helps to enhance the performance of organizations based on in-depth knowledge of client industries and processes;
- "Technology Services" plans, designs and develops IT systems and applications;
- "Outsourcing Services" manages all or part of a company's IT or business process needs ("Business Process Outsourcing");
- "Local Professional Services" provides assistance and support to internal IT teams within client companies.

Revenues break down as follows by business:

in millions of euros	2006		2007		2008	
	Amount	%	Amount	%	Amount	%
Consulting Services	851	11	753	9	695	8
Technology Services	2,619	34	3,349	38	3,396	39
Outsourcing Services	3,008	39	3,189	37	3,076	35
Local Professional Services	1,222	16	1,412	16	1,543	18
TOTAL	**7,700**	**100**	**8,703**	**100**	**8,710**	**100**

Operating margin breaks down as follows by business:

in millions of euros	2006		2007		2008	
	Amount	%	Amount	%	Amount	%
Consulting Services	86	10.1	79	10.5	89	12.8
Technology Services	196	7.5	299	8.9	348	10.2
Outsourcing Services	93	3.1	150	4.7	167	5.4
Local Professional Services	120	9.8	169	12.0	198	12.9
Not allocated	(48)	-	(57)	-	(58)	-
TOTAL	**447**	**5.8**	**640**	**7.4**	**744**	**8.5**

NOTE 25 – **NUMBER OF EMPLOYEES**

A) Average number of employees by geographic area

	2006		2007		2008	
	Employees	%	Employees	%	Employees	%
North America	6,272	10	8,564	11	8,650	10
France and Morocco	19,924	31	20,595	26	21,056	24
United Kingdom and Ireland	8,894	14	8,791	11	8,147	9
Benelux	8,807	14	9,167	12	10,021	12
Germany and Central Europe	4,336	7	5,814	7	6,880	8
Nordic countries	3,480	5	3,818	5	4,057	5
Southern Europe and Latin America	5,982	9	6,476	8	7,479	9
Asia-Pacific	6,167	10	15,832	20	20,049	23
Not allocated	151	-	156	-	156	-
TOTAL	**64,013**	**100**	**79,213**	**100**	**86,495**	**100**

B) Number of employees at December 31 by geographic area

At December 31	2006 Employees	2006 %	2007 Employees	2007 %	2008 Employees	2008 %
North America	6,441	10	8,857	11	8,379	9
France and Morocco	20,287	30	20,979	25	21,242	23
United Kingdom and Ireland	8,785	13	8,482	10	7,985	9
Benelux	9,014	13	9,492	11	12,291	13
Germany and Central Europe	5,137	8	6,274	8	7,534	8
Nordic countries	3,608	5	3,942	5	4,049	5
Southern Europe and Latin America	6,235	9	6,836	8	7,913	9
Asia-Pacific	8,231	12	18,487	22	22,078	24
Not allocated	151	-	159	-	150	-
TOTAL	**67,889**	**100**	**83,508**	**100**	**91,621**	**100**

NOTE 26 – OFF BALANCE SHEET COMMITMENTS

A) Commitments given on client contracts

The Group has provided performance and/or financial guarantees for a number of major contracts. These include the contracts signed in 2004 with HM Revenue & Customs, TXU (now EFH), Schneider Electric Industries and Euroclear, as well as the contract signed in 2005 with the Metropolitan Police.

The Group has also granted certain customers limited financial guarantees totaling €138 million at December 31, 2008, and bank guarantees totaling €58 million at year-end.

B) Commitments given and received in connection with investments

On minority interests:

On April 12, 2005, the Group entered into an alliance with the Japanese group NTT Data Corporation to sell 95% of its stake in Capgemini Japan K.K. for €30 million. The sale agreement granted a put option to the Capgemini Group on its residual 5% interest in Zacatii Consulting Inc. (formerly Capgemini Japan K.K.), and a call option to NTT Data Corporation in relation to the same shares. These options are exercisable for a period of two years as from July 14, 2008 at the higher of the market value of the shares at the exercise date and the valuation of the shares as determined based on the initial transaction cost (i.e., €1 million for the residual 5% stake).

On the creation of Synaxio:

On December 10, 2007, the Group was granted a put option on its entire interest in newly created Synaxio (formerly Inovmail), a company 40%-owned by the Group and 60%-owned by DOC@POST. This option can be exercised from June 1, 2009 until December 31, 2009. The sale price has been set at €2.8 million or a symbolic price of €1, depending on whether the Group delivers a solution in line with La Poste's specifications.
The Group and La Poste also hold a pre-emptive right on each party's shares in the event that either of them wishes to sell its shares to a third party. This right is effective as from December 1, 2008.

C) Other commitments given

At December 31 *(in millions of euros)*		2006	2007	2008
On non-cancelable leases	I	851	807	768
Other commitments given	II	108	63	55
TOTAL		**959**	**870**	**823**

I. The Group's commitments under non-cancelable leases can be analyzed as follows:

in millions of euros	Computer equipment	Offices	Vehicles	Other	Total
Y+1	9	158	58	2	227
Y+2	3	131	43	1	178
Y+3	1	95	26	-	122
Y+4	-	78	9	-	87
Y+5	-	55	1	-	56
Y+6 and subsequent years	-	97	1	-	98
December 31, 2008	**13**	**614**	**138**	**3**	**768**
December 31, 2007	**25**	**648**	**124**	**10**	**807**
December 31, 2006	**59**	**653**	**122**	**17**	**851**

At December 31, 2008, commitments given under non-cancelable leases mainly concern Benelux (€199 million), France (€149 million), Germany and Central Europe (€91 million), North America (€79 million), and the United Kingdom (€75 million). Lease payments recognized in the income statement during the year totaled €242 million.

II. Other commitments given relate mainly to:

- bank guarantees given to the tax authorities in connection with tax disputes in France and Spain;
- commitments relating to employees in the Netherlands;
- conditions precedent regarding the final award of subsidies in the Netherlands and Spain;
- firm purchase commitments relating to goods or services.

The decrease in other commitments given between 2006 and 2008 mainly reflects the fall in firm purchase commitments on goods and services.

D) Financial debts secured by assets

Some financial debts are secured by assets recorded in the balance sheet. At December 31, 2008, these concerned finance leases for an amount of €119 million.

NOTE 27 – RELATED PARTY TRANSACTIONS

A) Associates

Associates are equity-accounted companies over which the Group exercises significant influence (see Note 29 – List of the main consolidated companies by country). Transactions with these companies in 2008 were carried out on an arm's length basis, and volumes were not material.

B) Other related parties

In 2008, no material transactions were carried out with:

- shareholders holding significant voting rights in the capital of Cap Gemini S.A.;
- members of management, including directors and non-voting directors;
- entities controlled or jointly controlled by a member of key management personnel, or over which he/she has significant influence or holds significant voting rights.

C) Management compensation

The table below provides a breakdown of compensation due in respect of 2008 to members of the Group's management – which includes the Group management structure (28 members in 2008, and 26 members in 2007) – and the Chairman of the Board of Directors, as well as attendance fees payable to the 12 non-salaried directors and non-voting directors (unchanged from 2007).

in thousands of euros	2007	2008
Short-term benefits excluding employer payroll taxes (1)	21,387	21,493
Short-term benefits: employer payroll taxes	4,463	3,771
Post-employment benefits (2)	693	756
Share-based payment (3)	1,976	1,210

(1) Includes gross wages and salaries, bonuses, profit-sharing, directors' fees and benefits in kind.
(2) Including mainly statutory retirement gratuities.
(3) Representing the annual expense relating to the award of stock options.

NOTE 28 – SUBSEQUENT EVENTS

At the annual shareholders' meeting, the Board of Directors will recommend a dividend payout of €1 per share.

NOTE 29 – LIST OF THE MAIN CONSOLIDATED COMPANIES BY COUNTRY

At December 31, 2008, the main consolidated companies were as follows:

Country	Consolidated company	% interest	Consolidation method
GERMANY	Capgemini Deutschland GmbH (Berlin)	100,00%	FC
	Capgemini Deutschland Holding GmbH	100,00%	FC
	Capgemini Outsourcing Services GmbH (Stuttgart)	100,00%	FC
	Capgemini SD&M Software Design and Management AG (Münich)	100,00%	FC
	Sogeti Deutschland GmbH (Berlin)	100,00%	FC
	Cap Gemini Telecom Media & Networks Deutschland GmbH	100,00%	FC
	FuE-Future Engineering GmbH	100,00%	FC
ARGENTINA	Capgemini Argentina S.A.	100,00%	FC
AUSTRALIA	Capgemini Australia Pty Ltd.	100,00%	FC
	Capgemini Business Services Australia Pty Ltd.	100,00%	FC
	Capgemini Financial Services Australia Pty Ltd.	100,00%	FC
AUSTRIA	Capgemini Consulting Österreich AG	100,00%	FC
BELGIUM	Capgemini Belgium N.V./S.A.	100,00%	FC
	Sogeti Belgium S.A.	100,00%	FC
	Sogeti N.V./S.A. (Belgium)	100,00%	FC
	Sogeti International S.A.	100,00%	FC
BRAZIL	Capgemini do Brasil, Servicos de Consultoria e Informática Ltda.	100,00%	FC
	Capgemini Business Services Brasil Ltda.	100,00%	FC
CANADA	Capgemini New Brunswick Inc.	100,00%	FC
	Capgemini Nova Scotia Inc.	100,00%	FC
	Capgemini Canada Inc.	100,00%	FC
	Inergi Inc.	100,00%	FC
	Inergi L.P.	100,00%	FC
	New Horizons System Solutions L.P.	100,00%	FC
	New Horizons System Solutions Inc.	100,00%	FC
	Capgemini Financial Services Canada Inc.	100,00%	FC
CHILI	Capgemini Business Services Chile Ltda.	100,00%	FC
CHINA	Capgemini (China) Co. Ltd.	100.00%	FC
	Capgemini Hong Kong Ltd.	100.00%	FC
	Capgemini Business Services (China) Ltd.	100.00%	FC

FC = Full consolidation
EM = Equity method

Country	Consolidated company	% interest	Consolidation method
	Capgemini Business Services (Asia) Ltd.	100,00%	FC
	SSS Hangzhou Ltd. (China)	48,60%	EM
	Capgemini Financial Services HK Ltd.	100,00%	FC
DENMARK	Capgemini Danmark AS	100.00%	FC
	Sogeti Danmark AS	100.00%	FC
SPAIN	Capgemini España, S.L.	100.00%	FC
	Sogeti España, S.L.	100.00%	FC
UNITED STATES	Capgemini America Inc.	100.00%	FC
	Capgemini Applications Services LLC	100.00%	FC
	Capgemini Holding Inc.	100.00%	FC
	Capgemini U.S. LLC	100.00%	FC
	Capgemini North America Inc.	100.00%	FC
	Capgemini Technologies LLC	100.00%	FC
	Capgemini Government Solutions LLC	100.00%	FC
	Sogeti USA LLC	100.00%	FC
	Capgemini Energy GP LLC	100.00%	FC
	Capgemini Energy Holdings LLC	100.00%	FC
	Capgemini Energy L.P.	100.00%	FC
	Capgemini Financial Services International Inc.	100.00%	FC
	Capgemini Financial Services USA Inc.	100.00%	FC
	Capgemini Financial Services Europe Inc.	100.00%	FC
	Capgemini Financial Services Japan Inc.	100.00%	FC
	Kanbay Managed Solution Inc.	80.00%	FC
	Strategic Systems Inc. (US)	48.60%	EM
	Strategic Back-Office Solutions Inc.	48.60%	EM
FINLAND	Capgemini Finland Oy	100.00%	FC
FRANCE	Cap Gemini S.A.	Parent company	FC
	Capgemini France S.A.S.	100.00%	FC
	Capgemini Gouvieux S.A.S.	100.00%	FC
	Capgemini Service S.A.S.	100.00%	FC
	Capgemini Université S.A.S.	100.00%	FC
	Immobilière Les Fontaines S.A.R.L.	100.00%	FC
	SCI Paris Etoile	100.00%	FC
	Capgemini Consulting S.A.S.	100.00%	FC
	Capgemini Finance et Services S.A.S.	100.00%	FC
	Capgemini Industrie et Distribution S.A.S.	100.00%	FC
	Capgemini Est S.A.S.	100.00%	FC
	Capgemini Ouest S.A.S.	100.00%	FC
	Capgemini Sud S.A.S.	100.00%	FC
	Capgemini Outsourcing Services S.A.S.	100.00%	FC
	Capgemini OS Electric S.A.S.	100.00%	FC
	Capgemini Telecom Media Défense S.A.S.	100.00%	FC
	Synaxio S.A.S.	40.00%	EM
	Sogeti S.A.S.	100.00%	FC
	Sogeti Infrastructure Service S.A.S.	100.00%	FC
	Sogeti Application Service S.A.S.	100.00%	FC

FC = Full consolidation
EM = Equity method

Country	Consolidated company	% interest	Consolidation method
FRANCE	Sogeti Régions S.A.S.	100.00%	FC
	Sogeti Services S.A.S.	100.00%	FC
	Sogeti High Tech S.A.S.	100.00%	FC
	Euratec S.A.R.L.	100.00%	FC
GUATEMALA	Capgemini Business Services Guatemala S.A.	100.00%	FC
HUNGARY	Capgemini Magyarorszag Kft	100.00%	FC
INDIA	InQA Test Labs Private Ltd. (India)	100.00%	FC
	Capgemini Business Services (India) Ltd.	51.00%	FC
	Capgemini India Private Ltd.	100.00%	FC
	Pune Software Park Pvt. Ltd.	100.00%	FC
IRELAND	Sogeti Ireland Ltd.	100.00%	FC
	Insight Test Services Holding Ltd.	100.00%	FC
	Insight Test Services Management Ltd.	100.00%	FC
	Insight Test Services Ltd.	100.00%	FC
ITALY	Capgemini Italia S.p.A.	100.00%	FC
LUXEMBOURG	Sogeti Luxembourg S.A.	100.00%	FC
	Capgemini Reinsurance Company S.A.	100.00%	FC
	Sogeti PSF Luxembourg S.A.	100.00%	FC
MOROCCO	Capgemini Technology Services Maroc S.A.	100.00%	FC
MEXICO	Capgemini Mexico S. de R.L. de C.V.	100.00%	FC
NORWAY	Capgemini Norge AS	100.00%	FC
	Sogeti Norge AS	100.00%	FC
NETHERLANDS	Capgemini Outsourcing B.V.	100.00%	FC
	Capgemini Interim Management B.V.	100.00%	FC
	Capgemini Nederland B.V.	100.00%	FC
	Capgemini Sourcing B.V.	100.00%	FC
	Capgemini Educational Services B.V.	100.00%	FC
	Capgemini N.V.	100.00%	FC
	Capgemini Datacenter Amsterdam B.V.	100.00%	FC
	Sogeti Nederland B.V.	100.00%	FC
	Capgemini International B.V.	100.00%	FC
	Capgemini Retail Solutions B.V.	100.00%	FC
	Capgemini Shared Services B.V.	100.00%	FC
	Capgemini Business Services B.V.	100.00%	FC
	Capgemini BAS B.V.	100.00%	FC
	Code 6 B.V.	100.00%	FC
	Capgemini BAS Interim v.o.f	100.00%	FC
POLAND	Capgemini Polska Sp z.o.o.	100.00%	FC
PORTUGAL	Capgemini Portugal, Serviços de Consultoria e Informatica S.A.	100.00%	FC

FC = Full consolidation
EM = Equity method

Country	Consolidated company	% interest	Consolidation method
CZECH REPUBLIC	Capgemini Czech Republic S.r.o.	100.00%	FC
	Empire S.r.o	100.00%	FC
	Sophia Solutions S.r.o	70.00%	FC
ROMANIA	Capgemini Services Romania s.r.l.	100.00%	FC
UNITED KINGDOM	Capgemini UK Plc.	100.00%	FC
	CGS Holdings Ltd.	100.00%	FC
	Sogeti UK Ltd.	100.00%	FC
	Capgemini Financial Services UK Ltd.	100.00%	FC
	SSS Holding Corporation Ltd.	48.60%	EM
	Strategic System Solution Ltd.	48.60%	EM
	Strategic Back Office Solutions Ltd.	48.60%	EM
	Strategic Training Solutions Ltd.	48.60%	EM
	Bizzkidz Ltd.	48.60%	EM
	Vizuri Ltd.	100.00%	FC
	Qbit Ltd.	100.00%	FC
SINGAPORE	Capgemini Asia Pacific Pte Ltd.	100,00%	IG
	SSS Pte Ltd. (Singapore)	48,60%	EM
	Capgemini Financial Services (Singapore) Pte Ltd.	100.00%	FC
SLOVAKIA	Capgemini Slovensko, s.r.o.	100.00%	FC
SWEDEN	Capgemini AB	100.00%	FC
	Capgemini Sverige AB	100.00%	FC
	Sogeti Sverige AB	100.00%	FC
SWITZERLAND	Capgemini Suisse S.A. (Zurich)	100.00%	FC
	Capgemini SD&M Schweiz AG (Zurich)	100.00%	FC
	Sogeti Suisse S.A.	100.00%	FC

FC = Full consolidation
EM = Equity method