



Letter from the

On June 26, 1999 – that is almost five years ago – I wrote a confidential letter to the person who was then, with ownership of more than 25 percent of the capital, **Capgemini's** leading shareholder, a letter in which I indicated, among other things, that my preferred choice to take up leadership of the Group one day was Paul Hermelin. I explained that such a move could ideally take place in May 2004 – the day when the shareholders would be meeting to approve the accounts for the fiscal year 2003 – with this period of transition being ensured by another member of the Executive Board that at the time managed the Group, Geoff Unwin.

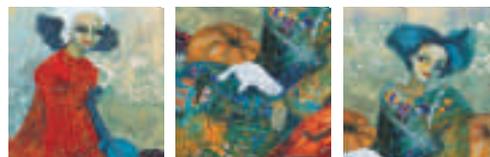
A number of events, completely unforeseen on that particular day – some of them positive (moving without ill effects to the year 2000, adoption of the euro, bursting of the Internet bubble... and **Capgemini's** acquisition of Ernst & Young Consulting!), others either unfortunate or tragic (the stock market collapse, continued downturn in the economic climate, the attacks of September 11, 2001) – came to upset this neat timetable. And, in the end, it was **30 months ahead** of the projected schedule that I proposed to the Board of Directors, in December 2001, to appoint Paul Hermelin Chief Executive Officer of the Group.

DEVELOPMENT of GROUP GOVERNANCE since 1967

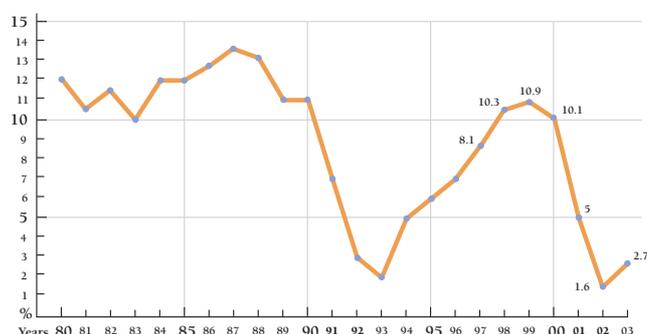
Period	Type of company	General Management
From the start (1967) Up to May 24, 1996	"Classic" limited company	Serge Kampf, Chairman and Chief Executive Officer
From May 24, 1996 Up to May 23, 2000	Company led by an Executive Board and a Supervisory Board (the latter under the chairmanship of Klaus Mangold followed by Ernest-Antoine Seillière since September 8, 1997)	<u>Executive Board</u> of 4 members: Serge Kampf (Chairman) Paul Hermelin, Pierre Hessler and Geoff Unwin
From May 23, 2000 To July 24, 2002	"Classic" limited company	Chairman: Serge Kampf Chief Executive: Geoff Unwin (up to December 12, 2001) then Paul Hermelin
From July 24, 2002 To the present day	Limited company with separation of powers of the Chairman and Chief Executive Officer	Chairman: Serge Kampf Chief Executive: Paul Hermelin

This appointment was clearly not enough to stop the rapid deterioration in the Group's results (which had been the catalyst for this change) which continued in 2002 and on into 2003, despite the announcements by the forecasters, governments and the most able economists (announcements made repeatedly and each time proved false) of an imminent economic revival.

Chairman



At this stage we can observe **the parallel** between what had happened ten years earlier after the first Gulf War. It is striking:



- The global economic crisis that followed the invasion of Kuwait by Saddam Hussein's army (on August 2, 1990) caused the Group's operating income to fall sharply by **8 points** between 1990 and 1992, collapsing dramatically from a little more than 11 percent to a little less than 3 percent in two years.
- Between 2000 and 2002 (also in a two-year period), this same operating income dropped by the same level of **8 points**, going from a little more than 10 percent to a little less than 2 percent.

This curve also shows that the recovery has been slow, and even slower in 2003 (+1.1 point) than it had been nine years earlier (+3.4 points between '93 and '94), the explanation for this undoubtedly owing to the fact that it is far more difficult to get a group of 50,000 people back on track than one of 20,000. Especially if, in the meantime, you have largely **rebuilt your management team**. It is worth recalling that, of the 23 managers who formed the

leadership team in 1993, 19 had left, most of them through retirement.* And of the 15 who make up the team put in place during the last few months (see page 20 of this Annual Report), 12 were not part of the Group in 1993, and 3 have been with us for less than a year! This shows the scope of the changes that have occurred in our organization and organizational structure since the major crisis we passed through between 1991 and 1993.

If I feel it necessary to put the current position of **Capgemini** into perspective, it is to remind those who are tempted to "shoot the piano player" that the Group has already been through difficulties of exactly the kind that it is enduring today, that it took time to come out of them (you always climb up more slowly than you slide down), but that **we did come out of them**. And the "piano player" of today, who joined my team in May 1993, had already taken an active part in that first struggle to turn around the business.

And since we are talking about teams, I would also like to take a moment to talk about rugby. There is no doubt that all sports, or nearly all – as long as they are undertaken without illegal aids – offer us lessons in courage, persistence, skill and discipline. There are some that are carried out alone – more and more of them, to tell the truth – where the pleasure is purely personal, as at times is the disappointment at reaching one's limits. Others, however, **can only be played as part of a team**, and the results depend entirely on the way in which this little community is put together and made to work. Among these "collective" sports, rugby is probably the one from which a manager can draw the best lessons. One doesn't like rugby because the ball is oval and its bounce unpredictable, but because it is at the same time a fighting sport

(*) These 19 people will perhaps be pleased to see their names mentioned here:

Karl Heinz Achinger
Jacques Arnould
Michel Berty
Chris van Breugel
Berend Brix

Adolfo Cefis
Tony Fisher
Philippe Gluntz
Vincent Grimond
Michel Jalabert

Eric Lutaud
Tony Robinson
Wolfgang Schönfeld
Anders Skarin
Gennaro de Stasio

Henri Sturtz
Bob Sywolski
Christer Ugander
Geoff Unwin

LETTER FROM THE CHAIRMAN

and a team sport; a sport in which there are unlimited strategic options and in which one is nothing without the 14 others; where teamwork, self sacrifice, complementary skills, physical restraint, as well as relative modesty take precedence over a taste for showing off or the search for individual glory.

If, in fact, there is another sport where I believe in the virtue of team spirit – and where rugby acts as a training ground more often than one might think – it is **the one that consists of leading a business**. Admittedly, certain considerations sometimes lead us to think of this as a solitary occupation. First of all, there is the simple reality that every team needs a captain and that it is the particular task of a good captain to know how to bring out the best of every part of the team. And then it is so much easier to identify the business with a particular person than to try to understand how it really works, so much more agreeable to flatter the boss' ego when the boss himself is tempted by stardom, so much more expedient as well to get rid of him when he is no longer in favor or when the wind changes and one is not able to explain why. But the truth is that **a business cannot be reduced to a one-man band** and it is – like a rugby XV, like a symphony orchestra – something more than a simple meeting of the men and women who make it up.

To the team that Paul Hermelin is in the process of putting together around him, I would happily assign the mission of **bringing pride back to the Capgemini Group**. By that, I mean that it must at the same time:

1) Put the Group back on track and, in order to do that, revive its **taste for growth**, the willingness to do battle, the courage to reduce and to go on reducing all the expenditures which may be useful but are not absolutely essential, an awareness of and respect for priorities, the ambition to achieve and even exceed the profitability objectives that the Board of Directors has set for the year in progress, etc.

2) Work for the promotion and acceptance by everyone of all the **values** that the business has lived by since the 1980s (if needed, see what I wrote last year in the "Chairman's Letter" of the 2002 Annual Report) and if it proves to be necessary – there are perhaps some people for whom respecting seven values is too much to ask – then give priority to those that are the most precious when the wind is not favorable: loyalty and solidarity.

3) Get back **the winning spirit** that, for more than 30 years, had been the driving principle for **Capgemini** and its main subsidiaries, whether this means bidding for large-scale multinational contracts, building strategic alliances with (if necessary) companies larger than our own, taking risks while also granting ourselves the option of beating a retreat if we realized we had lost our way, taking minority shareholdings in competitor companies with no guarantee that these will one day enable us to take control, keeping a firm hand on the steps in a merger so as not to lose our souls or sacrifice our principles... while never forgetting to guard our backs and take effective precautions against potential predators.

4) Have only **satisfied clients** who are willing to speak out in order to help convince other potential clients about the full scope of our capabilities and of our respect for commitments.

5) Become once again a company that people **want to join** – whether for an internship or to build a career – because they know that the atmosphere is good, that they will be made to feel welcome, that racism, sexism, plotting and politics are not our way of life, that there is healthy rivalry, recognition for ability, forgiveness for mistakes (at least the first ones), respect for personal freedom and encouragement for initiative and for an entrepreneurial spirit.

Even if they are spread out across four continents, it is now up to the Group's consultants, engineers and technicians – by the quality of the services they provide to our clients and the quality of the relationships they establish with them – to its salespeople and their permanent contact with the market, to its executives and to its managers, **to play their part in this mission**, and to do so with loyalty and solidarity. For my own part, I will continue to help Paul Hermelin as long as he wishes me to do so, because I can affirm that he has wholeheartedly accepted this difficult mission and that he is determined to carry it through successfully.

Talent, courage, intelligence and willpower are therefore not lacking. Hope persists that the general climate will improve.

What remains to be done is to reinvent the fun.

Grenoble, April 5, 2004
Serge Kampf

THE BOARD OF DIRECTORS OF CAP GEMINI S.A.



Serge Kampf
Chairman



Ernest-Antoine
Seillière
Vice-Chairman



Christian Blanc



Yann Delabrière



Jean-René
Fourtou



Paul Hermelin



Michel
Jalabert



Phil Laskawy



Ruud
van Ommeren



Terry Ozan



Bruno Roger



Board
Secretary

Philippe
Hennequin

NON-VOTING MEMBERS



Pierre Hessler



Geoff Unwin



Jean-Luc
Decornoy



Bernard Rasclé

STATUTORY AUDITORS