Sopra Steria Group

***Société Anonyme* with share capital of €19,574,712**
326 820 065 RCS ANNECY
Registered office: PAE les Glaisins, F-74940 ANNECY-LE-VIEUX
Head office: 9 bis, rue de Presbourg F-75116 PARIS

REPORT OF THE BOARD OF DIRECTORS
TO THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS
OF 19 DECEMBER 2014

Ladies and Gentlemen,

As provided by current law and regulations and as stipulated by the Articles of Association of Sopra Steria Group (hereinafter the "**Company**"), we have convened this extraordinary general meeting so that you may make your decisions in a fully informed manner on the following items relating to various internal restructuring operations which we will elaborate on herein below, namely:

- Merger-absorption (*fusion-absorption*) of Groupe Steria by the Company;
- Partial transfer of assets (*apport partiel d'actifs*) by the Company to Sopra HR Software corresponding to its complete and standalone branch of activity focusing on the development and distribution of Human Resources software solutions, known under the name "Pléiades", covering the entire lifecycle of client projects from consulting to operations, including integration, application management and other managed services; approval of the transfer and the consideration offered in exchange for it;
- Merger-absorption of Steria by the Company;
- Powers required to carry out formalities;

The reports of the merger auditors (*commissaires à la fusion*), the reports of the spinoff auditors (*commissaires à la scission*), this report and, more generally, the supporting materials and documents required by current regulations and the Articles of Association, were provided to you in a timely fashion consistent with law and the Articles of Association.

Annex 1 to this report contains a summary of events affecting the course of business since the start of financial year 2014.

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BACKGROUND INFORMATION

Within the context of the tie-up between the Company and Groupe Steria (holding company of the Steria group, 344 110 655 RCS Nanterre), which materialized on 5 September 2014 with the success of the public exchange offer initiated by the Company for Groupe Steria, the following operations are proposed for completion by 31 December 2014:

- merger-absorption of Groupe Steria by the Company, within the continuation of the public exchange offer and disclosed to the market when the tie-up proposal was announced;
- partial transfer of assets by Steria (309 256 105 RCS Versailles) to Sopra Steria Services (805 020 47 RCS Annecy) of its “Infrastructure Management” business for client IT systems and networks;
- partial transfer of assets by Steria (309,256,105 RCS Versailles) to Sopra Banking Software (450 792 999 RCS Annecy) of its “Advanced Payment” business delivering specific IT systems and solutions for automated payments and cash machines;
- partial transfer of assets by the Company, to Sopra HR Software, of its business dealing with the publishing of software solutions in the field of Human Resources, known by the name “Pléiades”, capable of covering the entire lifecycle of client projects from consulting to operations, including integration, application management and other managed services;
- merger-absorption (*fusion-absorption*) of Steria by the Company.

Within this context and pursuant to current law, you are hereby informed that, by order of the Presiding Judge of the Annecy Commercial Court dated 26 September 2014, ruling on a joint application by the companies party to the proposed transactions, (i) Olivier Péronnet, partner at Finexsi Expert & Conseil Financier, located at 14 rue de Bassano, F-75116 Paris, and (ii) Olivier Grivillers, partner at Cabinet HAF Audit & Conseil, located at 15 rue de la Baume, F-75008 Paris, have been designated as merger auditors for the two merger transactions and as spinoff auditors for the three partial asset transfer transactions.

Subject to their definitive completion, the abovementioned operations are expected to result in a new legal structure for the group in France, comprising:

- a head company that would be both a holding company and an operating company, having within it, in addition to the positions of Chairman and Chief Executive Officer, the central functional departments and the consulting and systems integration business lines, and holding, directly or indirectly, all operating subsidiaries and equity interests;
- a company specialising in the publishing of banking software;
- a company specialising in the publishing of human resources management solutions; and
- a company specialising in infrastructure management.

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In view of which, we request that you vote on the following decisions:

1. Merger-absorption of Groupe Steria by the Company

As indicated by the Company and Groupe Steria when the tie-up between the two groups was announced, the companies intend to proceed with a merger-absorption of Groupe Steria by the Company so as to create a head company that would be both a holding company and an operating company, having within it, in addition to the positions of Chairman and Chief Executive Officer of the group, the central functional departments and the consulting and systems integration business lines in France, and holding, directly or indirectly, all equity interests of the new group following the tie-up.

This merger-absorption of Groupe Steria by the Company (“**Merger No. 1**”) is the continuation of the public exchange offer initiated by the Company for Groupe Steria and closed on

5 September 2014, by which the Company acquired 30,040,543 Groupe Steria shares constituting 90.52% of the share capital and 89.41% of the voting rights of Groupe Steria.

In view of which, you are asked, under the first resolution, to approve Merger No. 1 and the Company's resulting capital increase.

This report outlines the principal terms of Merger No. 1, which are more fully addressed in the proposed merger agreement drawn up by private writing between the Company and Groupe Steria on 5 November 2014 ("**Merger Agreement No. 1**").

Moreover, as provided by Article 12 of instruction 2005-11 of the Autorité des Marchés Financiers (AMF) dated 13 December 2005 relating to disclosures required in the event of a public offering or admission to trading of financial securities on a regulated market, the Company will prepare and issue, prior to its extraordinary general meeting convened to approve Merger no. 1, a disclosure of the number and nature of the financial securities as well as the justification and terms of Merger No. 1.

Justification and objectives of the operation

The aim of the proposed tie-up of the two groups, which includes the Merger, is to create a European digital services leader with a relevant and differentiated offering to meet the significant transformation needs of the groups' clients. Furthermore, from an industrial perspective, this proposed tie-up is a response to the profound market changes brought about by the digital revolution and new modes of service consumption.

The proposed merger will allow the new group to transition from a "Systems Developer-Integrator" to a "Service Creator-Operator" on a critical scale.

In terms of business activities and geographic segments, the complementary fit between the two groups is very strong. Reinforcing the competitive positioning and complementary fit of offerings and geographic locations should result in accelerated revenue growth for the new group.

Merger No. 1 will result in the legal structure that was presented to you when the public exchange offer was filed, and which has been presented again in the introduction to this report.

Merger No. 1 will notably create a head operating company that will hold all of the new group's equity interests, each specialising in a different IT field. Merger No. 1 will also facilitate the operational organisation of the new group and reduce operating costs, notably by rationalising the costs of Groupe Steria's status as a publicly listed company. Lastly, it will accelerate the synergies sought after as part of the tie-up project.

Merger No. 1 will be followed by the three transfers mentioned in the introduction to this report, and the merger-absorption of Steria by the Company, all of which will occur at the completion date of Merger No. 1, immediately following it and one by one in the order previously indicated.

Procedure

Please take note of the following:

- as provided by Articles L. 236-10, R. 236-6, R. 236-7 and L. 225-147 of the French Commercial Code, the Presiding Judge of the Annecy Commercial Court has issued an order dated 26 September 2014 appointing Olivier Pérronet and Olivier Grivillers as the merger auditors (*commissaires à la fusion*);
- the reports on the terms of Merger No. 1 and on the value of the transfers, prepared by the merger auditors, are available for you to consult pursuant to applicable law and regulations;
- the half-year financial report of the Company is available on the Company's website pursuant to applicable law and regulations;
- the local and central works councils of the Company have submitted, on 17 and 20 October 2014 respectively, their opinions on the proposed Merger No. 1, and the employee representative bodies of Groupe Steria have been consulted with regard to the proposed Merger No. 1;
- the signing of Merger Agreement No. 1 has received prior authorisation by the Boards of Directors of the Company and Groupe Steria, on 28 and 29 October 2014, respectively; and
- the bondholders of Groupe Steria will be consulted in a general meeting prior to the completion of Merger No. 1 as provided by Articles L. 228-65 and L. 236-13 of the French Commercial Code. As provided by Article L. 228-73 of the French Commercial Code, if the bondholders fail to approve the proposed Merger No. 1, the Board of Directors of Groupe Steria may override them, in which case the bondholders will retain their status in the Company (absorbing company). The Bondholders' Meeting may mandate their representative to file an opposition to Merger No. 1 within the conditions and having the effects specified in Article L. 236-14 of the French Commercial Code.

Financial statements and valuation methods used to set the terms of Merger No. 1

The terms and conditions of Merger Agreement No. 1 have been set on the basis of the last individual company financial statements of the Company and Groupe Steria at 31 December 2013.

The Company and Groupe Steria have agreed to:

- value the transferred assets and liabilities at their actual value, consistent with Regulation No. 2004-01 of the Comité de la Réglementation Comptable on accounting for mergers and comparable operations, as amended, and response No. EC 2012-43 of the Compagnie Nationale des Commissaires aux Comptes on the valuation of transfers within the scope of a merger-absorption that is immediately preceded by a cash purchase of a percentage of securities giving control of the absorbed company to the absorbing company; and
- set the effective date of the Merger, which will be retroactive for accounting and tax purposes, at 1 January 2014.

Designation and valuation of assets and liabilities transferred

As provided by Article L. 236-3 of the French Commercial Code, Groupe Steria will transfer to the Company, with the standard de facto and de jure warranties, and subject to the fulfilment of the conditions precedent set forth in Article 9.1 of Merger Agreement No. 1, the whole of its undertaking as it stands at the completion date, with Merger No. 1 constituting a complete transfer of undertaking (*transmission universelle du patrimoine*) by Groupe Steria to the Company.

The assets for transfer by Groupe Steria to the Company are described in paragraph 7.2 of Merger Agreement No. 1 without limitation and may be subject to future adjustment. Those assets will total one billion one hundred ninety-six million eight hundred thirty-one thousand one hundred sixty-two euros (€1,196,831,162) at 31 December 2013.

The liabilities for transfer by Groupe Steria to the Company are described in paragraph 7.3 of Merger Agreement No. 1 without limitation and may be subject to future adjustment. Those liabilities will total five hundred sixty-three million four hundred forty-eight thousand one hundred forty euros (€563,448,140) at 31 December 2013.

On that basis, the value of the net assets to be transferred by Groupe Steria to the Company in Merger No. 1 will be six hundred thirty million sixty-eight thousand one hundred eight euros (€630,068,108), after restatement for the dividend paid by the Company in respect of financial year 2013, which amounted to three million three hundred fourteen thousand nine hundred fourteen euros (€3,314,914).

Exchange ratio for Merger No. 1 and consideration for Merger No. 1

The ratio proposed to the shareholders of Groupe Steria and the Company is one (1) share of the Company for four (4) Groupe Steria shares (the "**Exchange Ratio**"). This Exchange Ratio is identical to the exchange ratio offered in the public exchange offer initiated by the Company for Groupe Steria, opened on 26 June 2014 and definitively closed on 5 September 2014.

Annex 2 to this report contains a description of the methods and criteria used to determine the Exchange Ratio.

Moreover, since the public exchange offer, no substantial events have occurred such as to support a different Exchange Ratio from that proposed under that offer.

As provided by Article L. 236-3 of the French Commercial Code, there will be no exchange of the Groupe Steria shares owned by the Company, totalling thirty million forty thousand five hundred forty-three (30,040,543) Groupe Steria shares as of the date of Merger Agreement No. 1.

Consequently, in accordance with the Exchange Ratio, the share capital of the Company will be increased by seven hundred eighty-six thousand four hundred eighty-nine euros (€786,489), via the issue of seven hundred eighty-six thousand four hundred eighty-nine (786,489) new shares with a par value of one euro (€1), allocated in their entirety to the shareholders of Groupe Steria, other than the Company, in proportion to their ownership interest in the share capital.

The share capital of the Company will then be increased from nineteen million five hundred seventy-four thousand seven hundred twelve euros (€19,574,712) to twenty million three hundred sixty-one thousand two hundred one euros (€20,361,201); it being specified that the definitive amount of the Company's share capital following Merger No. 1 may vary as a result of any share subscription options issued by the Company being exercised up until the completion date of Merger No. 1.

In the event of a change in the number of Groupe Steria shares held by the Company and/or the number of shares making up the share capital of Groupe Steria, the definitive number of Company shares to be issued as consideration for Merger No. 1, and the correlating nominal amount of the capital increase, will be adjusted accordingly.

As provided by Articles L. 228-6-1 and R. 228-13 of the French Commercial Code, a general sale of the unallocated new Company shares corresponding to fractional rights will be held at the end of a period of thirty (30) days starting from the latest of the dates on which the whole number of allocated Company shares is registered in the account of the rightholders. The sale of the

Company shares corresponding to fractional rights will be held on the NYSE Euronext Paris market via a centralising bank, which will be designated to facilitate the transfer and settlement of the net proceeds from the sale of the unallocated new Company shares corresponding to fractional rights. The centralising bank will thus (i) sell the new unallocated Company shares issued in the Merger that correspond to fractional rights, and (ii) distribute the net proceeds of that sale among the fractional rightholders in proportion to their rights.

The difference between the amount of the portion of the actual value of the net assets transferred corresponding to the Groupe Steria shares not held by the Company (i.e. fifty-nine million seven hundred twenty-eight thousand one hundred euros and forty-two cents (€59,728,100.42)) and the nominal amount of the Company's capital increase pursuant to Merger No. 1 (i.e. seven hundred eighty-six thousand four hundred eighty-nine euros (€786,489)) will constitute the amount of the merger premium which will be fifty-eight million nine hundred forty-one thousand six hundred eleven euros and forty-two cents (€58,941,611.42), and to which the rights of the Company's existing and new shareholders will apply. The amount of the merger premium will be recognised in the Company's equity and liabilities under "**Merger Premium**" as provided by applicable accounting regulations. The shareholders of the Company are asked to authorise the Company's Board of Directors (with the possibility of subdelegation within the conditions provided by applicable law, regulations and the Articles of Association) to:

- offset against the merger premium all costs, duties and fees occasioned by Merger No. 1, as well as all amounts required for the assumption of Groupe Steria's commitments by the Company;
- deduct from the merger premium the amounts necessary to reconstitute, within the Company's equity and liabilities, the regulated reserves and provisions appearing in Groupe Steria's balance sheet;
- deduct from the merger premium the amount necessary to bring the legal reserve to one tenth of the Company's new share capital after the completion of Merger No. 1; and
- deduct from the merger premium any overlooked or undisclosed liabilities relating to the property transferred.

The difference between the amount of the portion of the actual value of the net assets transferred by Groupe Steria corresponding to the Groupe Steria shares held by Sopra Steria (i.e. five hundred seventy million three hundred forty thousand seven euros and fifty-eighty cents (€570,340,007.58)) and the cost price of the Groupe Steria shares held by the Company (i.e. five hundred ninety-one million six hundred fourteen thousand six hundred euros and thirty-eight cents (€591,614,600.38)) will constitute the amount of the merger deficit which will be twenty-one million two hundred seventy-four thousand five hundred ninety-two euros and eighty cents (€21,274,592.80). The amount of the merger deficit will be recognised in the Company's accounts as provided by applicable accounting regulations.

The amount of the merger premium and the amount of the merger deficit will be adjusted in the event of a change in the number of Company shares to be issued as consideration for Merger No. 1 and the amount of the resulting capital increase.

Conditions precedent - Completion date

The completion of Merger No. 1 and the Company's resulting capital increase are subject to the fulfilment of the following conditions precedent:

- decision by the AMF noting that it is not necessary to file a public buyout offer (*offre publique de retrait*) for the shares of Groupe Steria on the basis of Article 236-6 of the AMF's General Regulations;
- approval of Merger No. 1 by the extraordinary general meeting of shareholders of Groupe Steria (notably including approval of the winding up without liquidation of Groupe Steria and the complete transfer of its undertaking to the Company); and
- approval of Merger No. 1 by the extraordinary general meeting of shareholders of the Company (notably including the net value of the assets transferred, the Exchange Ratio and the Company's resulting capital increase).

It is specified that, subject to the fulfilment of the abovementioned conditions precedent, the completion date of Merger No. 1 is set, by express agreement between the Company and Groupe Steria, at 31 December 2014, at the closing balance sheet date of the current financial year. Merger No. 1 will take place immediately following the completion of the other internal restructuring legal operations presented in the introduction to this report.

As provided by Article L. 236-3 of the French Commercial Code, Groupe Steria will be wound up without liquidation at the completion date.

The Company will be owner of the transferred assets and will have enjoyment of them as of the completion date. As from that date, the Company will be automatically subrogated to all the rights, actions, obligations and commitments of Groupe Steria.

The new shares of the Company will be issued at the completion date, namely 31 December 2014, and as of their creation will be fully equivalent to the Company's existing shares, and will carry the same rights and obligations. The new shares of the Company will carry immediate dividend rights and will thus confer entitlement to any distribution of dividends, interim dividends or reserves made subsequent to their issue. These new shares will all be tradable upon definitive completion of the Company's capital increase as provided by Article L. 228-10 of the French Commercial Code, and their admission for trading will be requested on the Euronext Paris market at the earliest opportunity.

As provided by Article L. 225-124 of the French Commercial Code, the Company shares issued as consideration for Merger No. 1 and held in registered form will carry double voting rights if the Groupe Steria shareholder had such rights in respect of the Groupe Steria shares tendered in exchange. Otherwise, the time period for which the Groupe Steria shares tendered in exchange in connection with Merger No. 1 have been registered in the name of the same shareholder will be used to determine qualification for the two-year period required for double voting rights to attach to shares of the Company issued as consideration for Merger No. 1;

Effects of Merger 1 on Groupe Steria free performance shares

Groupe Steria free performance shares that have vested but are still in their holding period at the completion date of Merger No. 1 will be exchanged, according to the Exchange Ratio of the Merger, for new shares of the Company, which as provided by Article L. 225-197-1 III of the French Commercial Code will remain subject to the remaining holding period for each of the plans in question as listed in Annex 11 to Merger Agreement No. 1.

The rights of the beneficiaries of Groupe Steria free performance shares not yet vested will be transferred to shares of the Company according to the Exchange Ratio, as provided by Article L. 225-197-1 III of the French Commercial Code.

Consequently, the number of Company shares to which each Groupe Steria free performance share grantee will be entitled under Groupe Steria's free performance share allotment plans will correspond to the number of Groupe Steria shares which he or she could have claimed under those plans, multiplied by the Exchange Ratio, it being specified that (i) the number of shares thus obtained will be rounded up to the nearest whole number, and (ii) the other terms of the free performance share allotment plans will remain unchanged, with the exception of the performance conditions governing the definitive allotment of said shares, which will be adjusted if necessary.

Tax regime for Merger No. 1

The tax regime for Merger No. 1 is described in Article 13 of Merger Agreement No. 1.

Lastly, all powers will be conferred on the Board of Directors, including the capacity to subdelegate within the applicable conditions provided by law, regulations and the Articles of Association, notably in order to record the fulfilment of the conditions precedent, and consequently the definitive completion of Merger No. 1, and more generally all powers for the purpose of completing and recording Merger No. 1.

You are therefore asked to approve Merger Agreement No. 1 according to the terms and conditions summarised above, Merger No. 1 and the Company's resulting capital increase.

2. **Partial transfer of assets by the Company to Sopra HR Software corresponding to its complete and standalone branch of activity focusing on the development and distribution of Human Resources software solutions, known under the name "Pléiades"; approval of the transfer and consideration offered in exchange for it;**

In order to put in place the legal structure that was presented to you in the introduction to this report, it is notably proposed that the Company complete a transfer to Sopra HR Software, a company specialising in the development and distribution of Human Resources software (HR Access solutions), of its complete and standalone branch of activity focusing on the development and distribution of Human Resources software solutions, known under the name "Pléiades", covering the entire lifecycle of client projects from consulting to operations, including integration, application management and other managed services (the "**Branch of Activity**"), in a transaction hereinafter referred to as the "**Transfer**".

To this effect, a proposed agreement for the partial transfer of assets was drawn up by private writing dated 5 November 2014 between the Company and Sopra HR Software.

As the Company owns 100% of the share capital and voting rights of Sopra HR Software, the assets and liabilities will be recognised by Sopra HR Software at their carrying amount at the Effective Date (as defined hereinafter), as provided by CRC Regulation No. 2004-01 as amended.

The terms of this Transfer have been established on the basis of the Branch of Activity's statement of accounts at 30 September 2014 and the interim statement of accounts of Sopra HR Software at 30 September 2014, using the same accounting policies as those used to approve both companies' individual company financial statements at 31 December 2013.

The carrying amount of the transfers is two million four hundred twelve thousand eight hundred sixty-nine euros and six cents (€2,412,869.06).

In the definitive completion of the transfer, the Company will transfer to Sopra HR Software all components of the Branch of Activity as said Branch of Activity stands at the Effective Date (as defined hereinafter).

As consideration for the assets and liabilities transferred, measured at a market value of sixty-one million fifty-seven thousand euros (€61,057,000), taking into account the market value of Sopra HR Software, estimated at one hundred ninety-six million three hundred thirty-six thousand euros (€196,336,000), there will be created, by way of a capital increase by Sopra HR Software, three hundred ten thousand nine hundred eighty-two (310,982) new shares of a five euros (€5) par value each (taking into account the prior reduction in the par value of the shares of Sopra HR Software from ten euros (€10) to five euros (€5)), fully paid up and allocated in their entirety to the Company. The new shares will be fully equivalent to the existing shares and will carry immediate dividend rights.

The difference between, on the one hand, the amount of the net assets of the Branch of Activity, namely two million four hundred twelve thousand eight hundred sixty-nine euros and six cents (€2,412,869.06), and on the other hand the par value of the shares effectively created by Sopra HR Software's capital increase, namely one million five hundred fifty-four thousand nine hundred ten euros (€1,554,910), will constitute the planned amount of the transfer premium, which will be eight hundred fifty-seven thousand nine hundred fifty-nine euros and six cents (€857,959.06) and to which the rights of Sopra HR Software's existing and new partners (*associés*) will apply.

Taking into account the Effective Date, you are hereby informed that the amount of this premium is provided on an indicative basis, and that the sole partner (*associé unique*) of Sopra HR Software will be called upon to decide, subsequent to the Effective Date:

- either, if the definitive value of the net assets of the Branch of Activity at the Effective Date is less than the value of the net assets provisionally estimated at 30 September 2014, to obtain the payment of additional cash by the Company;
- or, if the definitive value of the net assets of the Branch of Activity at the Effective Date is greater than the value of the net assets provisionally estimated at 30 September 2014, to increase the transfer premium, with the understanding that the Company will not then have any additional rights to the share capital of Sopra HR Software;
- to deduct, where applicable, from this premium, the amount necessary to bring the legal reserve to one tenth of the new share capital post-transfer;
- to authorise the Chairman of Sopra HR Software to offset against this premium, or the balance thereof after any offsetting or allocation provided above, all the costs, duties and fees occasioned by the transfer;
- and to allocate the transfer premium or the balance thereof after the offsetting items above, in any manner that does not involve absorbing it into the share capital;

it being understood that François Enaud, acting in his legal capacity, has already expressly committed the Company to providing the aforementioned potential additional cash payment.

You are furthermore informed that:

- as provided by Article L. 236-4 of the French Commercial Code, the transfer will be definitively completed and will take effect, for legal, accounting and tax purposes, on 31 December 2014 at the closing balance sheet date of the current financial year (the

"**Effective Date**"), immediately following the completion of the merger-absorption of Steria by the Company, it being specified that the transfer agreement, the Transfer and consideration offered in exchange for it are expected to have been approved by the sole partner (*associé unique*) of Sopra HR Software on 18 December 2014;

- The Transfer will be subject to the legal framework governing spinoffs as provided by Article L. 236-6-1of the French Commercial Code;
- from a tax standpoint, the transfer will be (i) as regards corporate income tax, subject to the special regime defined in Articles 210 A and 210 B of the French General Tax Code, and (ii) as regards registration fees, subject to the regime set forth in Article 816 of said General Tax Code, referring to Articles 817 and 817 A of said Code and 301 E of Annex II of said Code, with a fixed-rate fee of five hundred euros (€500) to be paid;
- Sopra HR Software will assume, in place of the Company, all of the latter's liabilities relating to the Branch of Activity, which it will assume without entailing joint and several liability on the part of the Company;
- the employee representative bodies of the Company and Sopra HR Software have been duly informed and consulted on the proposed transfer, and have given their opinion.

Lastly, all powers could be granted to the Chief Executive Officer and Deputy Chief Executive Officer, including the capacity to substitute for themselves any person of their choice, for the purpose, alone or jointly, in the name and on behalf of the Company, of continuing the definitive completion of the transfer operations, and notably (i) to reiterate, if needed and in any form, the transfer of the Branch of Activity by the Company to Sopra Steria Services, (ii) to draw up all deeds of confirmation, addition or correction that might be necessary, (iii) complete all appropriate formalities and (iv) sign all supporting materials, deeds and documents useful or necessary.

You are therefore asked to approve the proposed partial asset transfer agreement according to the terms and conditions summarised above, as well as the transfer stipulated therein, its valuation and the consideration offered in exchange for it (*second resolution*).

3. Merger-absorption of Steria by the Company

As indicated above, pursuant to the legal reorganisation in France of the new group post-merger, a merger-absorption is planned of Steria, a wholly owned subsidiary of Groupe Steria at the date of Merger Agreement No. 2 (as this term is defined hereinafter). The Company will own, at the completion date of Merger No. 2 (as this term is defined hereinafter), by virtue of Merger No. 1 which will be completed immediately prior to Merger No. 2, the entire share capital of the Company.

In view of which, you are asked, under the third resolution, to approve the merger-absorption of Steria by the Company ("**Merger No. 2**").

This report outlines the principal terms of Merger No. 2, which are more fully addressed in the proposed merger agreement drawn up by private writing between the Company and Steria on 5 November 2014 ("**Merger Agreement No. 2**").

Justification and objectives of the operation

In addition to the justification provided in paragraph 1 above, Mergers 1 and 2 will create a head operating company that will hold all of the new group's equity interests, each specialising in a different IT field. These two mergers will also facilitate the operational organisation of the new group and reduce operating costs. Moreover, they will accelerate the synergies sought after as part of the tie-up project.

In order to obtain the legal structure outlined above in France, Merger No. 2 will occur on the completion date of Merger No. 1, namely 31 December 2014 at the closing balance sheet date of the current financial year, subsequently to (i) the completion of Merger No. 1 and (ii) the completion of the three partial asset transfers described in the introduction to this report, with these operations being completed one immediately after the other in the order indicated above.

Procedure

Please take note of the following:

- as provided by Articles L. 236-10, R. 236-6, R. 236-7 and L. 225-147 of the French Commercial Code, the Presiding Judge of the Annecy Commercial Court has issued an order dated 26 September 2014 appointing Olivier Pérronet and Olivier Grivillers as the merger auditors;
- the reports on the terms of Merger No. 2 and on the value of the transfers, prepared by the merger auditors, are available for you to consult pursuant to applicable law and regulations;
- the half-year financial report of the Company is available on the Company's website pursuant to applicable law and regulations;
- a statement of Steria's financial position was approved as at 30 September 2014 as provided by Article R. 236-3 of the French Commercial Code, and is available for consultation by the shareholders within the applicable legal and regulatory conditions;
- the local and central works councils of the Company have submitted, on 17 and 20 October 2014 respectively, their opinions on the proposed Merger No. 2, and the employee representative bodies of Steria have been consulted with regard to the proposed Merger No. 2; and
- the signing of Merger Agreement No. 2 has received prior authorisation by the Boards of Directors of the Company and Steria, on 28 and 30 October 2014, respectively.

Financial statements and valuation methods used to set the terms of Merger No. 2

The terms and conditions of Merger Agreement No. 2 have been set on the basis of the last individual company financial statements of the Company and Steria at 31 December 2013.

The Company and Steria have agreed to:

- value the transferred assets and liabilities at their carrying amount at 31 December 2013 as presented in Steria's balance sheet, consistent with Regulation No. 2004-01 of the Comité de la Réglementation Comptable dated 4 May 2004 on accounting for mergers and comparable operations, as amended; and
- set the effective date of Merger No. 2, which will be retroactive for accounting and tax purposes, at 1 January 2014.

Designation and valuation of assets and liabilities transferred

As provided by Article L. 236-3 of the French Commercial Code, Steria will transfer to the Company, with the standard de fact and de jure warranties, and subject to the fulfilment of the conditions precedent set forth in Article 9.1 of the Steria Merger Agreement, the whole of its undertaking as it stands at the completion date, with the exception of the assets and liabilities relating to the complete branches of activity focusing on IT infrastructure management and IT services for bank payments, being transferred in the partial transfer of assets completed prior to Merger No. 2; with Merger No. 2 constituting a complete transfer of undertaking (*transmission universelle du patrimoine*) by Steria to the Company.

The assets for transfer by Steria to the Company are described in paragraph 7.2 of Merger Agreement No. 2 without limitation and may be subject to future adjustment. Those assets will total four hundred ninety-three million seven hundred ninety-nine thousand one hundred forty-three euros (€493,799,143) at 31 December 2013.

The liabilities for transfer by Steria to the Company are described in paragraph 7.3 of Merger Agreement No. 2 without limitation and may be subject to future adjustment. Those liabilities will total three hundred seventy-five million five hundred forty-five thousand six hundred seventy-seven euros (€375,545,677) at 31 December 2013.

On that basis, the value of the net assets to be transferred by Steria to the Company in Merger No. 2 will be one hundred eighteen million two hundred fifty-three thousand four hundred sixty-six euros (€118,253,466).

No exchange ratio for Merger No. 2 and no consideration for Merger No. 2

Insofar as the Company will own, at the completion date of Merger No. 2, all of the share capital of Steria by virtue of the prior completion of Merger No. 1, as provided by Article L. 236-3 of the French Commercial Code, there will not be any exchange of shares of the Company for Steria shares in Merger No. 2; it being specified that the Company and Groupe Steria have agreed to hold all of the share capital of Steria until definitive completion of Merger No. 2. There is thus no exchange ratio pursuant to the abovementioned terms.

Consequently, there will be no creation of new shares of the Company as consideration for the transfer of Steria's undertaking in the merger, and no capital increase by the Company.

The difference between the value of the net assets transferred by Steria (one hundred eighteen million two hundred fifty-three thousand four hundred sixty-six euros (€118,253,466)) and the cost price of the Steria shares held by the Company following the completion of Merger No. 1 (which will be retired by virtue of Merger No. 2) (six hundred two million six hundred thousand two hundred sixty-two euros (€602,600,262)) will constitute the amount of the merger deficit which will be four hundred eighty-four million three hundred forty-six thousand seven hundred ninety-six euros (€484,346,796). The amount of the merger deficit will be recognised as an asset in the Company's balance sheet as provided by applicable accounting regulations.

Conditions precedent - Completion date

The completion of Merger No. 2 is subject to the fulfilment of the following conditions precedent:

- approval of Merger No. 2 by the extraordinary general meeting of shareholders of Steria (notably including approval of the winding up without liquidation of Steria and the complete transfer of its undertaking to the Company); and
- approval of Merger No. 2 by the extraordinary general meeting of shareholders of the Company (notably including the net value of the assets transferred).

It is specified that, subject to the fulfilment of the abovementioned conditions precedent, the completion date of Merger No. 2 is set, by express agreement between the Company and Groupe Steria, at 31 December 2014, at the closing balance sheet date of the current financial year.

As provided by Article L. 236-3 of the French Commercial Code, Steria will be wound up without liquidation at the completion date.

The Company will be owner of the transferred assets and will have enjoyment of them as of the completion date. As from that date, the Company will be automatically subrogated to all the rights, actions, obligations and commitments of Steria.

Tax regime for Merger No. 2

The tax regime for Merger No. 2 is described in Article 12 of Merger Agreement No. 2.

Lastly, all powers will be conferred on the Board of Directors, including the capacity to subdelegate within the applicable conditions provided by law, regulations and the Articles of Association, notably in order to record the fulfilment of the conditions precedent, and consequently the definitive completion of Merger No. 2, and more generally all powers for the purpose of completing and recording Merger No. 2.

You are therefore asked to approve Merger Agreement No. 2 according to the terms and conditions summarised above, and Merger No. 2.

4. Powers required to carry out formalities

In closing, you are asked to confer all powers on the bearer of an original, copy or extract of the minutes of the resolutions that you will adopt in order to perform all filings, disclosures and other formalities appropriate and/or required as a result of your decisions (*Fourth resolution*).

* * * * *

After having submitted for your consultation (*i*) the report(s) of the merger auditors and (*ii*) the report(s) of the spinoff auditors, we will be available to answer any questions you may have.

Whereafter, provided that these proposals meet with your approval, we will invite you to adopt the resolutions presented to you.

Paris, 28 October 2014.

The Board of Directors

Annex 1

Overview of the Company's business since the start of financial year 2014

Tie-up with Steria

On 8 April 2014, Sopra and Steria announced their intention to create a European leader in digital services by carrying out this proposed tie-up.
The proposed tie-up took the form of a friendly, voluntary public exchange offer (*offre publique d'échange*) initiated by Sopra for all of the shares of Steria on the basis of one (1) Sopra share for four (4) Steria shares.
The shareholders of Groupe Steria responded positively to the offer. On completion of the offer, 79.69% of Steria's shares had been tendered to Sopra. On 12 September, the AMF published the definitive result after reopening of the public exchange offer initiated by Sopra for Steria's shares. On completion of the offer, 90.52% of the shares and 89.41% of the voting rights of Steria had been tendered to Sopra's offer.
As of then, the operational collaboration between the two entities, now joined into a single group, has accelerated.

Operating activity in the first nine months of financial year 2014

Sopra's revenue in the first 9 months of the year (excluding Steria) was €1,063.8 million, representing total growth of 8.5% and organic growth of 3.2%. During this period of intense transformation, the Group has leveraged the robust fundamentals of its business model to generate growth and confirm the annual targets announced within the framework of its independent enterprise project.

Sopra's business activity in Consulting & Services

In France, in a still challenging market, Sopra has generated growth by gaining market share. Efficient management of contracting and human resources led to sales prices being maintained and a low level of consultant downtime, allowing annual targets to be confirmed. Moreover, the pipeline shows several promising opportunities for the end of the financial year, particularly in the public sector, where the beginning of the year had been challenging.

In Europe, the situation continues to vary considerably country by country.

Sopra's business activity in Solutions

Q4 licence sales, which are forecast to grow, will play a key role in determining the full-year performance of Sopra Banking Software and will partially offset the substantial investments in R&D. The subsidiary has just signed a major industrial partnership with La Banque Postale, which has selected the Sopra Banking Platform suite to rationalise and modernise its information system. The signing of this agreement with one of the largest banks in France validates the strategy pursued by Sopra Banking Software, which has actively transformed the structure of its offering since 2013, and which now has an innovative solution that is flexible, comprehensive and pre-integrated, designed to address the digital transformation needs of banks.

Other solutions recorded excellent performance, especially HR solutions, which achieved 9-month organic growth of 17.1%.

For the entire Solutions business line, whether for Sopra Banking Software or other solutions, the full-year target of more than 10% operating margin on business activity is maintained.

Steria's business activity

As of 1 August 2014, Sopra holds 90.5% of Steria's share capital. That date marks the initial consolidation of Steria within the new combined entity, Sopra Steria Group.

Steria's contribution to the consolidated revenue of Sopra Steria Group for the first nine months of the year was €302.8 million. This figure corresponds to Steria's business activity over the two months from 1 August to 30 September 2014. Consequently, Sopra Steria Group's consolidated revenue for the first 9 months of the year, including Steria's contribution from August to September, was €1,366.6 million.

Sopra + Steria (2M)

€m	**Q3 2014**	**9M 2014**
Sopra	341.5	1,063.8
Steria (August - September)	302.8	302.8
Sopra Steria Group	**644.3**	**1,366.6**

Acquisitions and industrial collaboration agreement

COR&FJA Banking Solutions GmbH

On 18 February 2014, Sopra finalised the acquisition of 100% of the shares of German company COR&FJA Banking Solutions GmbH, thus reinforcing the international position of its subsidiary, Sopra Banking Software, by enabling it to offer a new range of sector-specific services to a broader client portfolio.

Due to an internal restructuring by its parent company, COR&FJA Banking Solutions GmbH has been operating as a separate entity since the summer of 2013. COR&FJA Banking Solutions GmbH generated revenue of €23.3 million in 2012, including €10.3 million in maintenance. COR&FJA Banking Solutions GmbH has been included in the scope of consolidation since 1 January 2014.

This company has been renamed Sopra Banking Software GmbH.

HR Access Service

On 30 June 2014, through its Sopra HR Software subsidiary, Sopra finalised the acquisition of the HR Access Service Line, owned until then by IBM France. This acquisition enables the Group to increase significantly the pace at which it is deploying its strategy around Human Resources solutions.

Annual pro forma revenue generated by all HR activities owned by Sopra should reach €150m in 2014.

Signing of an industrial and commercial collaboration agreement with CS Communication & Systèmes

On 6 June 2014, Sopra signed an industrial and commercial collaboration agreement with its long-time partner, CS Communication & Systèmes. The main objective of the agreement is to improve and reinforce overall performance, notably by developing existing industrial and

commercial collaborations in aeronautics and defence, and by establishing new areas for cooperation in activities related to security, space and energy.
In July 2014, following this agreement, Sopra subscribed for an issue of convertible bonds open to CS shareholders in the amount of €8,028,000, and an agreement was entered into with the majority shareholder of CS Communication & Systèmes on customary terms.

Group financing

In July 2014, the group set up a €1,200 million, five-year syndicated credit facility to replace the medium-term bank financing previously obtained by Steria and Sopra. This facility is in addition to the €180 million bond issued by Steria and maturing in June 2019.

Annex 2

Description of the methods and criteria used to determine the Exchange Ratio of Merger No. 1

The Exchange Ratio is identical to the exchange ratio of the public exchange offer initiated by the Company for Groupe Steria. As announced in the public exchange offer, the Exchange Ratio was determined using a multi-criteria approach based on the usual and appropriate methods of valuation for the planned operation, also taking into account the intrinsic features of the digital services sector and the specificities of the Company and Groupe Steria:

- an analysis of the historical share prices and daily volume-weighted average historical share prices of Sopra Steria Group and Groupe Steria at 4 April 2014;
- an analysis of analysts' price targets covering both groups at 4 April 2014;
- a comparison of the valuations implied for Sopra Steria Group and Groupe Steria using comparable company multiples;
- a comparison of the valuations obtained for Sopra Steria Group and Groupe Steria using discounted future cash flows.

The Exchange Ratio has been determined as being the ratio of the implied relative values per share of Sopra Steria Group and Groupe Steria, calculated on the basis of the diluted numbers of shares outstanding at 4 April 2014 and on the basis of the items of adjustment from the enterprise value to the equity value of both groups at 31 December 2013:

Adjusting items applied for the passage from enterprise value to equity value are based on the accounts at 31 December 2013 communicated by the two companies and take into account cash flow generation at 31 December 2013; these items are net of any fiscal impacts. The payment of a dividend in respect of financial year 2013 was not included in these calculations for Sopra Steria Group and Groupe Steria.

The following table gives a summary of the range of ratios obtained using the different approaches described above:

Criteria	Implied price per Sopra Steria share (€)	Implied price per Groupe Steria share (€)	Resulting ratio	Resulting premium on Exchange Ratio
Share prices				
Spot prices at 4 April 2014	86.2	15.7	5.5	36.8%
Volume-weighted average price over 1 month	88.7	14.2	6.2	55.9%
Volume-weighted average price over 3 months	84.3	14.8	5.7	42.9%
Volume-weighted average price over 6 months	75.8	14.5	5.2	31.0%
Volume-weighted average price over 1 year	70.7	13.0	5.4	35.5%
Low (12 Months)	54.0	10.5	5.1	28.4%
High (12 Months)	95.5	16.0	6.0	49.1%
Price targets of Analysts				
6 analysts post 2013 Annual Results	92.3	16.6	5.6	38.8%
Application of comparable company multiples				
EV / EBIT 2014	n.a.	n.a.	4.4	10.4%
EV / EBIT 2015	n.a.	n.a.	4.3	6.6%
Discounted cash flow				
High range	97.2	22.0	4.4	10.5%
Low range	83.6	17.3	4.8	20.5%
Middle range	89.9	19.5	4.6	15.2%

The Exchange Ratio shows a premium of 10.4% on the ratio deriving from the application of EBIT 2014E multiples and a premium of 6.6% on the ratio deriving from the application of EBIT 2015E multiples.

The assessment of the Exchange Ratio also took into account the potential value creation for all shareholders from the synergies afforded by a tie-up between the two groups. Considering the full effect of the cost synergies on 2016E profit forecasts, Merger No. 1 is accretive to earnings per share for the shareholders of both companies.

The applied Exchange Ratio implies the issue of one (1) new Sopra Steria Group share (ex-dividend 2013) for four (4) Groupe Steria shares (ex-dividend 2013).

The means of determining this Exchange Ratio are more fully detailed in the Information Memorandum approved by the AMF on 24 June 2014 (AMF visa No. 14-322).

Moreover, since the public exchange offer, no substantial events have occurred such as to support a different Exchange Ratio from that proposed under that offer.