Press release

FIRST HALF 2010 RESULTS

- **Revenue:** EUR 2,494 million; organic variation -4.6 per cent,
- **Operating Margin:**
  - reported at EUR 150 million representing 6.0 per cent of revenue with the new regulation on French business tax
  - on a comparable base, EUR 141 million; 5.7 per cent to be compared to 4.6 per cent in the first half of 2009 thanks to the ramp up of the TOP Program**,**
- **Book to bill ratio:** 114 per cent**,**
- **Net debt:** EUR 119 million compared to EUR 328 million at end of June 2009,
- **Net Income Group Share:** EUR 60 million versus 18 millions for the first half of 2009.

Full year 2010 objectives confirmed

PARIS – 28 July 2010 – Atos Origin, an international IT services company, today announced its results for the first half of 2010. **Revenue was EUR 2,494 million,** representing **an organic variation of -4.6 per cent** in line with the full year expectations**. Operating margin was EUR 150 million,** representing **6.0 per cent of revenue**. This performance was achieved thanks to the continued roll-out of the TOP Program, in line with the three-year plan announced at the end of 2008.

Thierry Breton, Chairman and CEO of Atos Origin said: *"In the first half of 2010, the Group succeeded in raising its operating margin by 110 basis points compared to the first half of 2009, while limiting the revenue variation to -4.6 per cent. These results allow the Group to confirm its annual guidance and show that Atos Origin is on track to improve its operating margin by at least +250 basis points between 2008 and 2011. In addition to the roll out of the TOP Program, in the first half of 2010 we focussed our efforts on preparing the Group and particularly the sales force for a better economic environment. In terms of innovation we launched new offerings in the areas of Smart Energy and Hi-Tech Transactional Services (HTTS) including Smart Mobility services."*

Revenue by Service Line

In **Managed Services**, the revenue for the first half of 2010 was **EUR 903 million**, representing 36 per cent of total revenue. This activity declined by -6 per cent organically, coming equally from the expected decline in revenue from the German client Arcandor and from less cross selling with existing clients, particularly in The Netherlands and in France, partially compensated by strong volumes in Asia.

Systems Integration revenue was **EUR 902 million**, representing 36 per cent of total revenue, and an organic decline of -6 per cent. This activity had decreased by -11 per cent in 2009, as a result of lower demand and price pressure, especially in the Benelux and in Spain. During the first quarter of 2010, the decline was -9 per cent, and has been limited to -2 per cent in the second quarter, thanks to an organic growth of +4 per cent in France. In the Netherlands, price has stabilised in the Time and Material activity and therefore, revenue decline was -9 per cent in the second quarter compared to -24 per cent in the first quarter.

The **Hi-Tech Transactional Services** activity reported revenue of **EUR 499 million** representing 20 per cent of the Group revenue and up by +2 per cent organically. After +0.6 per cent growth in the first quarter, HTTS increased by +3.8 per cent in the second quarter. Over the first half, the Payment business which represents two thirds of total HTTS revenue, increased by +4 per cent, while electronic services (e-CS) were almost flat. At the same time, revenue related to financial markets dropped by -8 per cent, due to the investments in new offerings.

Consulting reported revenue of **EUR 110 million** and an organic decline of -17 per cent. In line with Group expectations, tough market conditions persisted during the first half of 2010. The book to bill ratio was 125 per cent, an indication that this business line will stabilise over the coming quarters.

BPO Medical revenue was **EUR 80 million** up by +5 per cent organically thanks to increasing volumes. This activity is processed entirely in the United Kingdom through several multi year contracts.

Revenue by Global Business Unit (GBU)

Consistent with IFRS 8, the Group presents the geographical segmentation in line with the operational management, i.e. by Global Business Unit (GBU).

- Revenue in **France** was flat thanks to improvements in Systems Integration and in Consulting;
- Revenue in **Benelux** was down by -11 per cent due to a decline in sales from cyclical activities. However, this decline was limited to -9 per cent in the second quarter;
- In **the United Kingdom,** revenue decrease was limited to -4 per cent thanks to HTTS and BPO Medical which partially compensated for the decline in cyclical activities;
- **Atos Worldline** grew by +1 per cent despite a decline in Financial Markets;
- Revenue in **Spain** was down by -9 per cent in an economical environment which remained tough;
- **Germany CEMA** revenue was down by -16 per cent, of which -11 per cent was due to less revenue from Arcandor, as expected in Group anticipations;
- **Other Countries** which include mainly Asia and America reported an organic growth of +7 per cent thanks to the strong development of the Group in Asia. The revenue from the Vancouver Winter Olympic Games also contributed to the growth of this segment.

Operating performance

During the first half of 2010, the Group achieved an Operating Margin of EUR 150 million (6.0 per cent of revenue), taking into account the new business tax (CVAE) in France. Without this regulatory impact, the operating margin was EUR 141 million, representing 5.7 per cent of revenue, compared to 4.6 per cent reached in the first half of 2009, an increase of 110 basis points.

In an economic environment which remained difficult and despite a decline in revenue, the Group improved its operating profitability by pursuing the roll out of the TOP Program in line with its three year plan.

The improvement of the operating margin in the first half of 2010 mainly came from:

- The **Benelux,** where the operating margin strongly increased from 6.7 per cent to 9.3 per cent at EUR 43 million, in the first half of 2010, thanks to a strong improvement in Managed Services, benefiting more particularly from the implementation of Lean processes within the TOP Program;
- **Germany/CEMA** where operating margin was restored at 4.5 per cent compared to 1.5 per cent for the same period in 2009. Managed Services improved strongly its profitability despite lower revenue coming from Arcandor group;
- **Atos Worldline** where operating margin increased from 14.7 per cent to 16.6 per cent benefiting from higher volumes of transactions in the Payment services combined with a strict control of overheads;

- **The United Kingdom** where operating margin remained stable at 8.2 per cent despite a decline in revenue; this performance was achieved thanks to the reassignment of resources to growing activities as well as further improvement of the cost base;
- The "**Other Countries**" entity, where the operating margin significantly increased from 1.6 per cent to 10.8 per cent of revenue, due to the improvements achieved by the Global Delivery Model implemented in Asia in 2009 both for Managed Services and Systems Integration.

These improvements in Operating Margin countered the negative margin of EUR -9 million in **Spain** due to an overall tough economic environment (price pressure and volumes reductions), slippage in some specific fixed-price contracts, and insufficient adjustment of cost base. The effects of the current restructuring program and the change of top management in the first half of this year should lead to improved performance in the second half 2010.

In **France**, the improvement of the operating margin continued in Systems Integration. The situation in Managed Services was more difficult due to a lack of cross-selling additional revenue which usually generates a higher level of margin. As a result, the operating margin declined by 80 basis points.

The cost of **Global Functions** (Global Service Lines and Corporate Central) benefited from the effects of the TOP Program and the implementation of Lean Management and Added Value Analysis (AVA). The cost were down by 20 per cent to EUR 39 million for the first half of 2010, i.e. a reduction of EUR 9 million, of which EUR 2 million come from equity-based compensation.

Operating income and Net Income

Operating income was **EUR 96 million** after EUR 30 million expenses for reorganisation and rationalisation. Taking into account the evolution of the current situation in Spain and more particularly its subsidiary, the Group booked a depreciation of goodwill for EUR 25 million.

Financial result was a charge of EUR 10 million, total tax charge was EUR 24 million and minority interests amounted to EUR 2 million.

Therefore, the **net income Group share** reached **EUR 60 million** compared to EUR 18 million for the first half of 2009.

Adjusted net income (before unusual, abnormal and infrequent items net of tax) reached **EUR 98 million** representing an increase of +33 per cent compared to EUR 74 million reached in the first half of 2009.

Net debt

Group net debt as of 30 June 2010 was **EUR 119 million** compared to EUR 328 million on 30 June 2009 and EUR 139 million on 31 December 2009. This amount takes into account the EUR 54 million cash outflow made during the first half of 2010 in order to acquire the company Shere in the United Kingdom and the minority interests of Atos Worldline Processing, the German subsidiary of Atos Worldline.

In addition to the increase of the OMDA by EUR 25 million at EUR 240 million, the significant improvement of the operating cash flow came from the actions led by the Group within the TOP Program. As a result the working capital has been improved with a DSO reduced by 6 days, and Capital Expenditure was EUR 73 million representing 2.9 per cent of revenue compared to EUR 107 million in the first half of 2009.

As expected, the staff restructuring represented EUR 47 million cash out mainly in Germany due to the Arcandor effect and in The Netherlands. Rationalisation of offices represented EUR 22 million related to the closure of offices.

Human Resources

Total number of **Group employees** declined slightly from 49,036 at the end of December 2009 to **48,188** at the end of June 2010. The number of direct staff has stabilised since April 2010, while indirect staff are still being reduced in the context of the Added Value Analysis process implementation in each country.

Almost 2,500 engineers were recruited in the first half of 2010 of which 1,500 were recruited in the second quarter. Half of the new joiners are located in the emerging markets of Asia and South America as well as Morocco.

The attrition rate slightly increased to 8.8 per cent compared to 7.5 per cent in June 2009.

The number of dismissals and restructuring was 1,200 employees, in line with the Group expectations.

The number of external subcontractors was 2,337 almost stable for the last twelve months. This figure was in line with the current Group policy, around 5 per cent of total staff. The cost of external subcontractors was down by -13 per cent (circa EUR 40 million) in the first half of 2010 compared to the same period in 2009.

Finally, the Group pursued its efforts to re skill internal staff and to encourage mobility in line with the policy implemented at the beginning of 2009. As a result, the bench has been reduced to 834 employees compared to 1,044 one year ago which already represented a significant improvement.

Commercial activity

Group order entries totalled **EUR 2,844 million** in the first half of 2010. The **book to bill ratio** was **114 per cent**, above the level of 112 per cent reached in the first half of 2009.

During the second quarter of 2010, the Group reached a 100 per cent book to bill ratio, signed new contracts and renewed existing ones, particularly in Energy and Utilities and Financial Services markets. **France** signed a contract with Veolia in Managed Services and renewed Systems Integration projects with EDF. In **Germany**, the Group renewed its contract with E-Plus. In **Benelux**, multi year contracts have been renewed with an Oil & Gas leading Services Company and with KPN, while new contracts have been signed with Philips and with Schiphol Telematics. In **the United Kingdom**, new orders have been signed in the Public Sector, and in the Private Sector with Whitbread and Britvic, respectively leaders in the United Kingdom in hospitality and in non alcoholic beverage. **Atos Worldline** has renewed its contracts with Mercedes Benz Bank and Orange Voice, and has signed a new contract with Altadis. Atos Worldline has also renewed its contracts with the German saving banks Landesbank Berlin, Landesbank Bad Württemberg and Bayern Card Services. In **Spain**, the contract in Financial Services for a large savings bank has been renewed and a new contract has been won in the Public Sector with the Agencia de Informatica. In the **United States**, a new contract has been signed with the Federal Home Loan Bank - Seattle (credit provider to Banks), and a contract with a major Oil & Gas leading services company has been renewed.

The roll out of the **HTTS Group initiative** in the priority geographies has started in the first half of 2010 and is on schedule. The primary focus was on generating sales leads and strengthening the pipeline with the aim of closing significant new deals in the second half of 2010. At the end of June 2010, the un-weighted pipeline in HTTS, excluding additional very large opportunities, was in the range of EUR 350 to 400 million for The Netherlands, the United Kingdom, Spain, China and Germany.

The creation of a new international subsidiary – **Atos WorldGrid** – is also on schedule and will be formally in place at the end of July in France, and in the third quarter for Spain and China. Atos WorldGrid brings together the strong portfolio of solutions and the deep industry knowledge of Atos Origin in Smart Energy and Utilities.

At 30 June 2010, **full backlog** was **EUR 7.3 billion** representing 1.4 year of revenue, an increase of +5 per cent compared to 31 December 2009.

The **full qualified pipeline** on 30 June 2010 was **EUR 2.6 billion** at the same level as one year ago.

TOP Program

Globally, the TOP Program strongly contributed to the increase of the operating margin in the first half of 2010.

The TOP Program implemented in December 2008 already generated positive effects in 2009. In addition to the twenty initial transformation projects which focussed on cost reduction and on cash flow generation, the Group launched twelve new initiatives at the beginning of 2010. Five of them are focussed on improving of the sales (**TOP sales**) and the remaining seven are focussed on "**Well being at Work**" which is related to talents' management.

The benefits from the TOP Program on the operating margin have continued during the first half of 2010 resulting in a further reduction of the cost base. The most important reductions during the first half of 2010 compared to the first half of 2009 derived from maintenance costs which dropped by -17 per cent (full year 2009 cost was EUR 257 million) and on company cars for which costs reduced by -17 per cent (2009 cost basis was EUR 93 million). At the same time, rental cost of premises was down by -5 per cent. The current move of the Paris offices to the Campus in Bezons will generate additional savings during the next twelve months.

Finally, the implementation of **Lean management** in order to increase the operational performance, the quality of services rendered to customers and the involvement of staff, continues its ramp up with 4,900 staff at the end of June 2010 compared to 2,800 staff at the end of December 2009 and a year end estimate of 9,000 staff using these techniques daily.

2010 Objectives

After six months of activity, the Group confirms its objectives for 2010 as communicated to the market during the 2009 Annual Results presentation on 17 February 2010. Priorities of the Group in 2010 will be again to maintain and further improve the skills of its staff, to improve operating margin and cash generation as per its three-year plan.

Operating margin

As part of its 2008-2011 plan to improve its profitability, the Group confirms its ambition to increase its operating margin by +50 to +100 basis points in 2010.

Cash Flow

The Group has the objective to confirm the improvement achieved in 2009 by generating a net operational cash flow in the same range in 2010.

Revenue

Due to the Arcandor bankruptcy, the Group expects in 2010 a slight revenue organic decrease, however at a lesser extent than the one achieved in 2009.

Press release

A webcast in English will be held today 28 July at 9:30 am, CET time,

accessible on www.atosorigin.com

Forthcoming events

13 October 2010	Third quarter revenue
16 February 2011	2010 annual results

Disclaimers

Unaudited figures

Global Business Units include **France**, **United Kingdom**, **Benelux** (The Netherlands, Belgium and Luxembourg), **Atos Worldline** (French, German and Belgium subsidiaries), **GCEMA** (Germany Central Europe with Austria, Poland, and Mediterranean countries and Africa which include South Africa, Greece, Turkey and Switzerland), **Spain**, and **Other countries** (South America including Argentina, Brazil and Columbia, Asia Pacific including China, Hong Kong, Singapore, Malaysia, Indonesia, Taiwan, and Japan, as well as North America, India, Major Events, Middle East with Dubai and Morocco).

Revenue organic growth is presented at constant scope and exchange rates.

The document contains further forward-looking statements that involve risks and uncertainties concerning the Group's expected growth and profitability in the future. Actual events or results may differ from those described in this document due to a number of risks and uncertainties that are described within the 2009 Reference Document filed with the Autorité des Marchés Financiers (AMF) on 1 April 2010 under the registration number: D10-0199.

About Atos Origin

Atos Origin is a leading international Information Technology (IT) services company, providing Hi-Tech Transactional Services, Consulting, Systems Integration and Managed Services to deliver business outcomes globally. The company's annual revenues are EUR 5.1 billion and it employs 49,000 people. Atos Origin is the Worldwide Information Technology Partner for the Olympic Games and has a client base of international companies across all sectors. Atos Origin is quoted on the Paris Eurolist Market and trades as Atos Origin, Atos Worldline and Atos Consulting.

For further information, please visit www.atosorigin.com

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APPENDIX

H1 2010 Performance by Service Line

In Eur Million	Revenue H1 2010	Revenue H1 2009 proforma	Revenue % organic growth	Operating Margin H1 2010	Operating Margin H1 2009 proforma	Operating Margin % H1 2010	Operating Margin % H1 2009 proforma
Managed Services	**903**	963	-6.2%	**63.3**	33.2	***7.0%***	*3.4%*
Systems Integration	**902**	955	-5.6%	**33.2**	37.7	***3.7%***	*3.9%*
HTTS	**499**	488	+2.2%	**79.6**	71.8	***15.9%***	*14.7%*
Consulting	**110**	132	-17.0%	**-3.1**	1.6	***-2.8%***	*1.2%*
Medical BPO	**80**	76	+5.1%	**8.4**	8.6	***10.6%***	*11.3%*
Corporate Central (*)				**-31.4**	-33.9	***-1.3%***	*-1.3%*
Total Group	**2,494**	**2,615**	**-4.6%**	**150.1**	**119.0**	***6.0%***	***4.6%***

(*) Corporate costs exclude Global Service Lines costs allocated to service lines

H1 2010 Performance by Global Business Unit

In € Million	Revenue H1 2010	Revenue H1 2009 proforma	Revenue % organic growth	Operating Margin H1 2010	Operating Margin H1 2009 proforma	Operating Margin % H1 2010	Operating Margin % H1 2009 proforma
France	**573**	573	+0.1%	**17.6**	22.1	***3.1%***	*3.9%*
Benelux	**459**	517	-11.2%	**42.8**	34.4	***9.3%***	*6.7%*
United Kingdom	**442**	458	-3.6%	**36.2**	37.5	***8.2%***	*8.2%*
Atos Worldline	**420**	416	+0.9%	**69.7**	61.2	***16.6%***	*14.7%*
Germany/ CEMA	**241**	288	-16.3%	**10.9**	4.2	***4.5%***	*1.5%*
Spain	**158**	175	-9.5%	**-9.3**	5.0	***-5.9%***	*2.9%*
Other countries	**200**	188	+6.7%	**21.5**	2.9	***10.8%***	*1.6%*
Corporate costs (*)				**-39.5**	-48.3	***-1.6%***	*-1.8%*
Total Group	**2,494**	**2,615**	**-4.6%**	**150.1**	**119.0**	***6.0%***	***4.6%***

(*) Corporate central costs and Global service lines costs not allocated to the Global Business Units