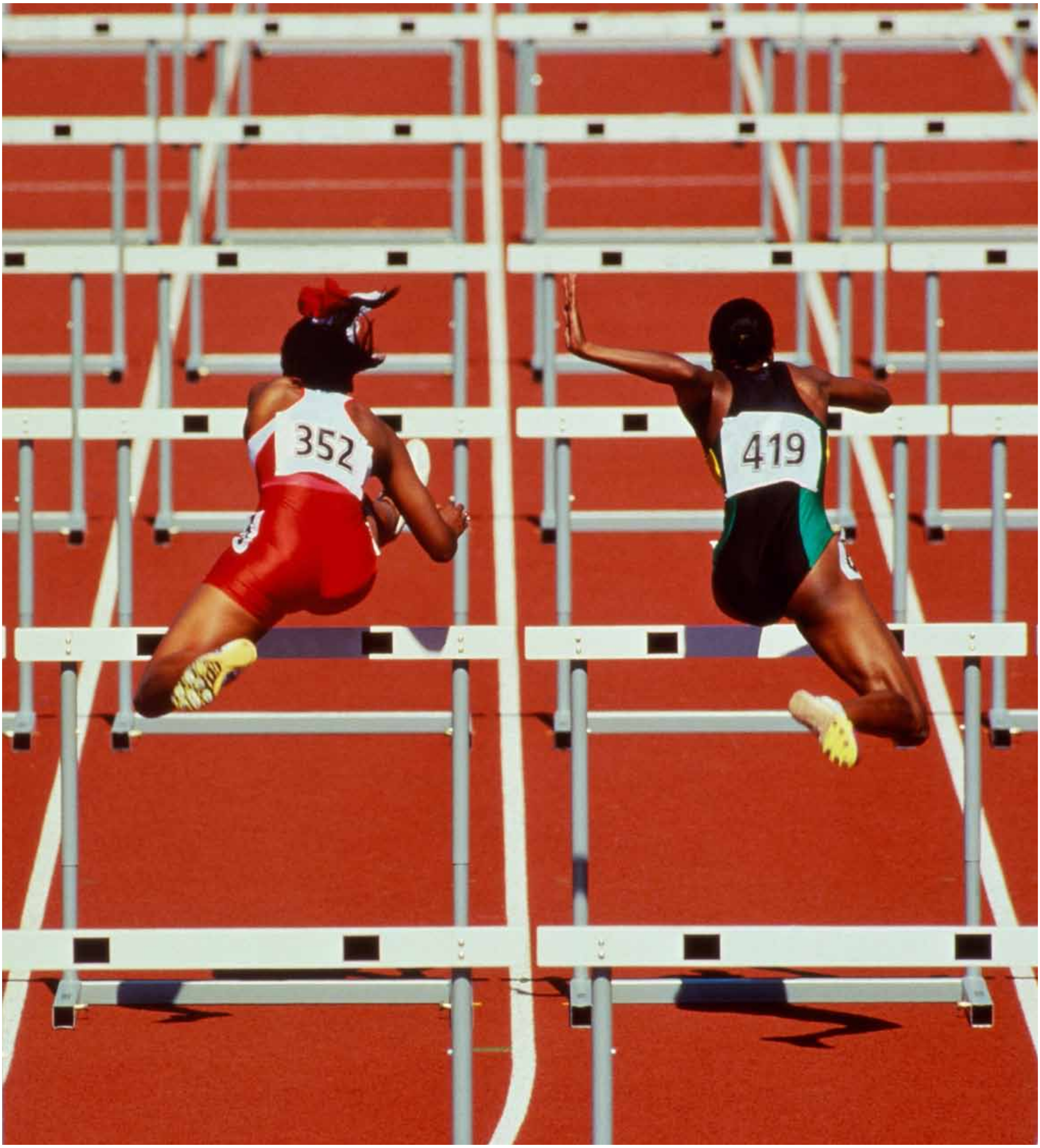
Our world moving forward

Reference Document 2010



CONTENTS

A. GROUP OVERVIEW

A.1 Business profile

Atos Origin is a leading information technology services company generating annual revenues of EUR 5 billion and employs 48,000 people in more than 25 countries around the world. Predominantly based in Europe with a strong growth in emerging countries, 75% of the Group's 2010 revenue was generated by multi-year contracts in Managed Services, Application Management, Hi-Tech Transactional Services (HTTS) and Medical BPO.

Atos Origin's mission is to advance the performance of its clients by offering innovative solutions that deliver measurable business value. Through Hi-Tech Transactional Services, Consulting, Systems Integration and Managed Operations, and its deep industry knowledge, the Group is able to provide innovative and individually tailored end-to-end IT solutions.

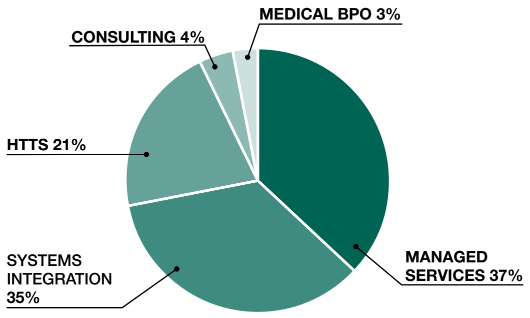
The customers of the Group are large multi-national groups and organizations and medium and small size companies which work with Atos Origin in long term business partnerships. The Group is the Worldwide IT Partner of the International Olympic Committee in charge of the IT for the Olympic Games, but also active in other critical environments such as air traffic control, payment solutions, or security systems.

Client dedication, strong values, and people are the basis of Atos Origin's unique success story. Ensuring a seamless Global Delivery and operational excellence for its international clients. The Group delivers what it promises and what its clients expect, a measurable business value.

As a global and responsible company, Atos Origin is committed to implementing sustainable best practices in environmental, social and ethical areas throughout its organization and in its business, and contributes to promoting and developing sustainable attitude by positively influencing its stakeholders to take into consideration sustainability in their decision making. Atos Origin helps its clients advance their future, reduce their carbon footprint and ensure future corporate viability through the delivery of innovative and greener solutions.

Revenue profile

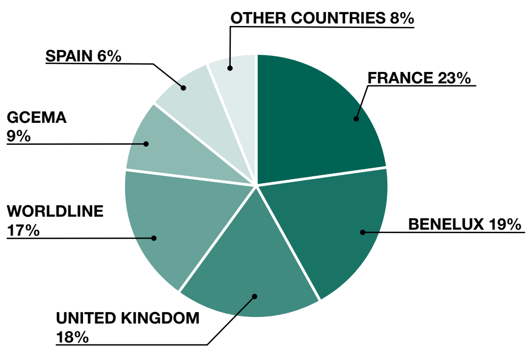
Breakdown by Services Line



In EUR million	2009	2009*
Managed Services	1,847	1,945
Systems Integration	1,771	1,859
HTTS	1,035	991
Consulting	208	247
Medical BPO	160	159
GROUP	5,021	5,202

(*) Constant scope and exchange rates.

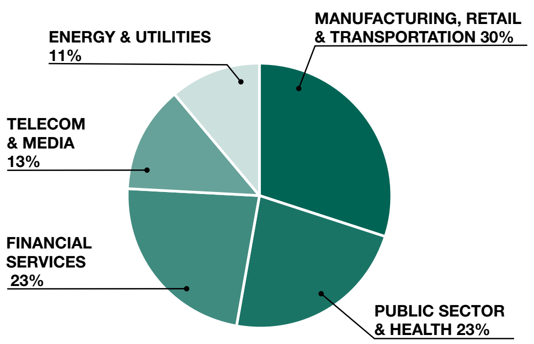
Breakdown by GBUs



In EUR million	2009	2009*
France	1,133	1,128
Benelux	938	997
United Kingdom	904	937
Worldline	867	844
GCEMA	475	578
Spain	300	334
Other countries	405	384
GROUP	5,021	5,202

(*) Constant scope and exchange rates.

Breakdown by Market



In EUR million	2009	2009*
Manufacturing, Retail & Transportation	1,493	1,611
Public Sector & Health	1,178	1,209
Financial Services	1,157	1,114
Telecom & Media	660	736
Energy & Utilities	533	530
GROUP	5,021	5,202

(*) Constant scope and exchange rates.

A.2 CEO Message

Dear shareholders,

During 2010, Atos Origin achieved for the second year running, the objectives that it set out as part of its three year plan (2009 – 2011), despite the continuing difficult economic environment from which the IT sector was not exempt.

Group profitability is 6.7%, representing an increase of 107 base points in 2010, following an increase of more than 80 base points in 2009. This is perfectly in line with the objectives of our three year plan to increase profitability by 250 to 300 base points from 4.8% in 2008. The Group objective for total net debt excluding acquisitions was achieved in 2010, thanks to an increase in free cash flow (EUR 143 million, up 22%). Group net debt was EUR 139 million at the end of 2010, including EUR 143 million for acquisitions. Decline in revenue was limited to -3.5%, in line with our expectations and despite difficult conditions in some countries, specifically Germany, where the bankruptcy of one of our major clients, Arcandor, – the German distribution company – has continued to impact our financial results.

I remain convinced that reaching our objectives year after year is the best guarantee we can provide our customers, employees and shareholders to establish a long term relationships of trust, creating value for all. This year, given the improvement in net income of the Group (EUR 116 million, up 265%), the Board of Directors will propose a dividend of EUR 0.50 per share at our next Ordinary Shareholders Meeting.

On 15 December 2010, Atos Origin and Siemens announced their intention to create a global strategic alliance of a magnitude unprecedented in the IT services industry. Siemens will transfer its subsidiary Siemens IT Solutions and Services to Atos Origin. Following approval from the antitrust authorities and consultation with the work councils, your vote at the Extraordinary Shareholders Meeting will create a European IT champion, with a turnover of almost EUR 9 billion and a global workforce of nearly 80,000 employees.

Welcomed by the markets, this partnership is fully in line the strategy of the Group which has been developed with the knowledge that post crisis the IT sector will be focused on two areas – more and more industrialised traditional IT and specific and creative IT solutions that deliver added value. In the area of traditional IT, the new company will benefit from a wider European outsourcing platform, ideally positioning it to provide cloud computing services.

It will also benefit from joint investment of EUR 100 million from Atos Origin and Siemens for Research & Development to create new critical IT solutions, an area in which Atos Origin is already a leader.

In 2010, your Company continued to strengthen its activities Hi-Tech Transactional Services (HTTS), including the acquisition of Shere - a provider of integrated self-service, web and desktop systems for the UK rail and hospitality markets – and Venture Infotek - a leading Indian payments processor. This second acquisition enables Atos Origin to enter one of the fastest growing payments markets in the world.

In 2011, your Group will continue its strategy of growth and performance, while continuing to place the development of its employees at the heart of its operations.

To further improve its operational performance, the company will implement the third component of its three year TOP Program (Total Operating Performance) which aims to not only reduce costs and generate cash but also to stimulate the commercial activity and to ensure that Atos Origin is a great place to work in order to attract the best engineers worldwide. Among the initiatives underway, we continue our Lean Management Program which aims to increase the efficiency of our operations; the quality of our services to our customers and the investment in our employees. This program will of course be extended to include the acquisition of Siemens IT Solutions and Services.

To stimulate growth and in anticipation of the return of market growth, your Group will continue to invest significantly in innovation and to be supported by the Scientific Community, which I created in 2009 to bring together the top 60 scientists from across the Group. In 2010 we launched several new technology offerings for cloud computing (Atos Sphere); green IT (zero carbon ambition); smart utilities (Intelligent Smart Grid and Smart Utilities); Enterprise Content Management (ECM) and social media (Social Business Solutions). We also set ourselves the ambition to be the first company worldwide to eradicate email as a tool for internal communication and to replace it by more innovative and effective solutions. We also decided to reduce and offset all the carbon emissions produced by our data centers, making Atos Origin in 2011 the first IT services provider to offer carbon neutral IT hosting services. Behind all these initiatives is our simple goal to help and support our customers to reinvent their models of future growth at a time of massive change that can affect them financially, economically, technologically and socially.

In early 2010 I launched my ambition for "Well Being @ Work" as I want to ensure that our people are at the heart of the reinvention of your company. This program has two aims. First, that Atos Origin is recognized as one of the best companies in terms of work environment in order to attract the most talented engineers around the world. Secondly, to anticipate and support new ways of working through the development and use of new technologies. Our new Campus Atos Bezons near Paris, which was developed in close association with the "Well Being @ Work" Council which includes thirty young talents from across the Group, already provides a showcase for the workspace of the future. It offers our employees a full range of services being equipped with the latest technology solutions and design features, as well as being certified as one of the greenest buildings in Europe.

In summary, I remain convinced that while respecting our commitments semester after semester, demonstrating our ability to execute our transformation plan perfectly and anticipating the new technology trends post-crisis, at Atos Origin we have all the ingredients for success. The partnership with Siemens - with your approval - will transform your company into on of the world leaders in information technology. This is for you, respected shareholders, the Board of Directors and myself the best way to thank all those who contribute to our development and the realisation of our objectives by participating in a lasting way to create shared value.

Thierry Breton,
Chairman and Chief Executive Officer

A.3 Persons responsible

A.3.1 For the Reference Document

Thierry Breton,
Chairman and Chief Executive Officer

A.3.2 For the accuracy of the document

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Reference Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the other companies included in the scope of consolidation, and that the Management Report here attached gives a fair description of the material events, results and financial position of the Company and all the other companies included in the scope of consolidation, as well as a description of the main risks and contingencies with which the Company may be confronted.

I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they have read the whole of the Reference Document and examined the information in respect of the financial position and the accounts contained herein.

The Statutory Auditors produced their reports on the Consolidated Financial Statements for the year ended 31 December 2010 with observations shown in section C.3.1 of this Reference Document.

Without qualifying their opinion, the Statutory Auditors, in their report on the Consolidated Statements, drew the attention notably to the note "Basis of preparation and significant accounting policies" of the consolidated financial statements which describe the changes in accounting policy relating to the recognition of actuarial gains and losses on pensions.

The Consolidated Financial Statements for the year ended 31 December 2009 presented in the Reference Document filed with the AMF on 1 April 2010 under number D.10-0199, have been subject to a report with observations from the Statutory Auditors shown in section 22.1 of that document.

The Consolidated and the Annual Financial Statements for the year ended 31 December 2008 presented in the Reference Document filed with the AMF on 9 April 2009 under number D.09-251 have been subject to a report with observations from the Statutory Auditors shown respectively in sections 3.1 and 3.5 of that document.

Without qualifying their opinion, the Statutory Auditors, in their report on the Consolidated Statements, drew the attention to the matter set out in the note "Goodwill" to the consolidated financial statements regarding the impairment charge on goodwill recorded as of 31 December 2008.

Thierry Breton,
Chairman and Chief Executive Officer

Bezons, 31st March 2011

A.3.3 For the audit

Appointment and term of offices

Statutory Auditors	Substitute Auditors
Grant Thornton Jean-Pierre Colle and Vincent Frambourt • Appointed on: 12 June 2008 for a term of 6 years • Term of office expires: at the end of the AGM held to adopt the 2013 financial statements	Cabinet IGEC, 3, rue Léon Jost, 75017 Paris • Appointed on: 12 June 2008 for a term of 6 years • Term of office expires: at the end of the AGM held to adopt the 2013 financial statements
Deloitte & Associés Tristan Guerlain and Christophe Patrier • Appointed on: 23 May 2006 for a term of 6 years • Term of office expires: at the end of the AGM held to adopt the 2011 financial statements	Cabinet B.E.A.S., 7/9, Villa Houssay 92200 Neuilly-sur-Seine • Appointed on: 23 May 2006 for a term of 6 years • Term of office expires: at the end of the AGM held to adopt the 2011 financial statements

Atos Origin

A.4 Atos Origin in 2010

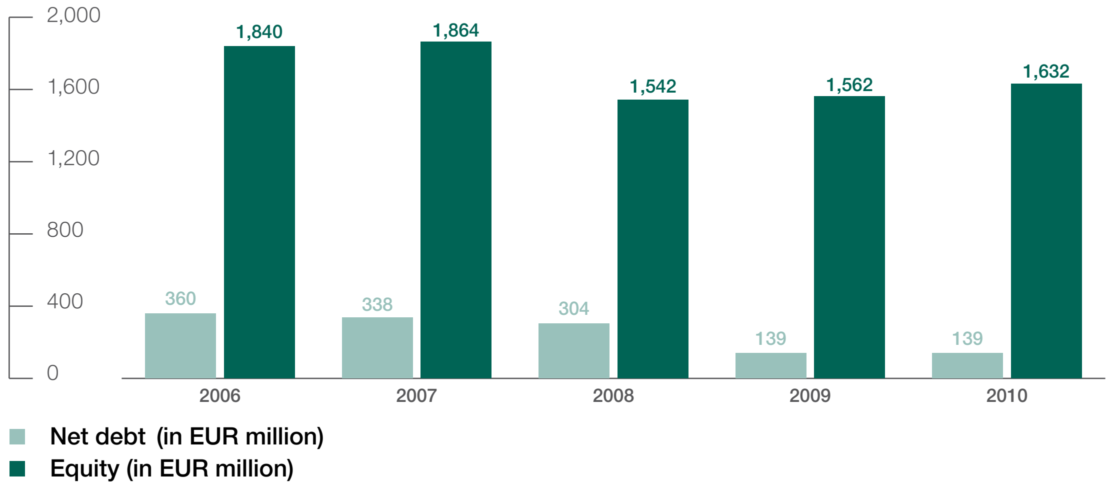
A.4.1 Income statement

(in EUR million)	FY2010	FY2009 (*)	% change
Statutory revenue	**5,021**	**5,127**	**-2.1%**
Impact from exchange rates		*+75*	
Revenue at constant scope and exchange rates	**5,021**	**5,202**	**-3.5%**
Statutory Operating Margin	**337.4**	**290.0**	**+16.3%**
% of revenue	*6.7%*	*5.7%*	
Impact from exchange rates		*+4.2*	
Operating margin at constant scope and exchange rates	**337.4**	**294.2**	**+14.7%**
% of revenue	*6.7%*	*5.7%*	*+107bp*
Net income	**118.2**	**35.8**	
% of revenue	*2.4%*	*0.70%*	
Net income – attributable to the owners of the parents	**116.1**	**3.9**	**+265%**
Normalized Net income – attributable to the owners of the parents	**218.1**	**196.0**	**+11.3%**
Earnings per share (EPS)			
Basic EPS (1)	1.67	0.46	
Diluted EPS (2)	1.64	0.44	
Normalized basic EPS (1) (3)	3.15	2.85	
Normalized diluted EPS (2) (3)	2.99	2.64	

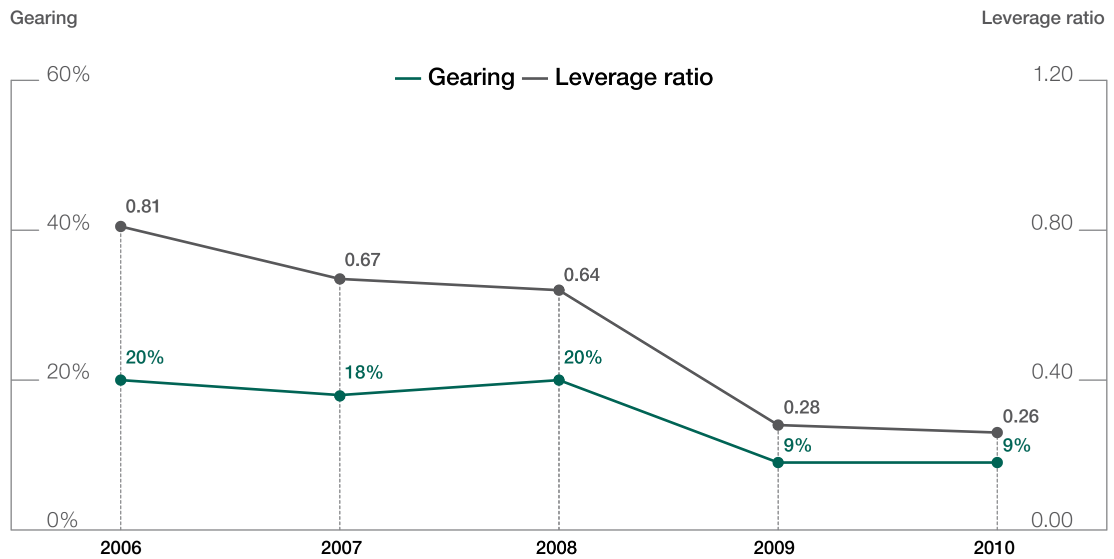
(*) FY 2009 figures do not include the change in accounting policy relating to the recognition of actuarial gains and losses on equity (SoRIE) of which impact is described in section C.3.3.5 of that document.
(1) In euros, based on a weighted average number of shares.
(2) In euros, based on a diluted weighted average number of shares.
(3) Based on net income – attributable to the owners of the parents, before unusual, abnormal and infrequent items (net of tax).

A.4.2 Key graphs

5-year Net debt and Equity at 31 December 2010 evolution

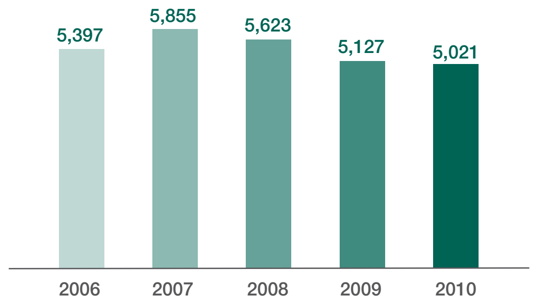


5-year Net debt / Equity and Leverage ratio at 31 December 2010 evolution

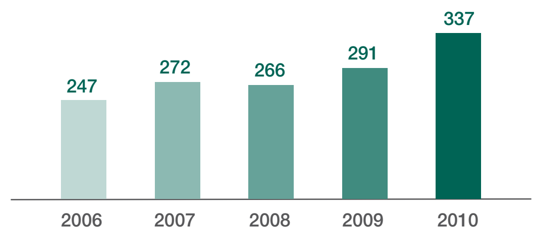


2009 figures: including SoRIE impact ; 2006 to 2008 figures: statutory

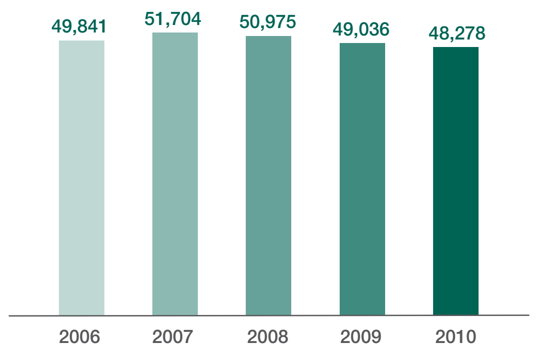
5-year revenue performance (in EUR million)



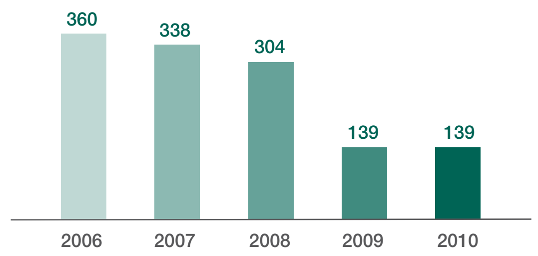
5-year operating margin performance (in EUR million)



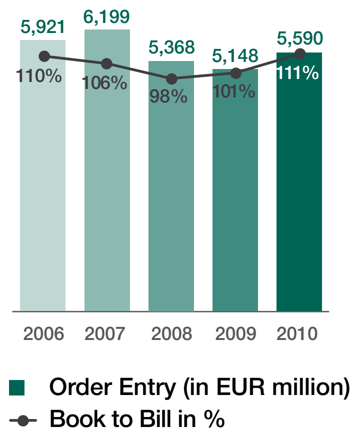
5-year employees evolution



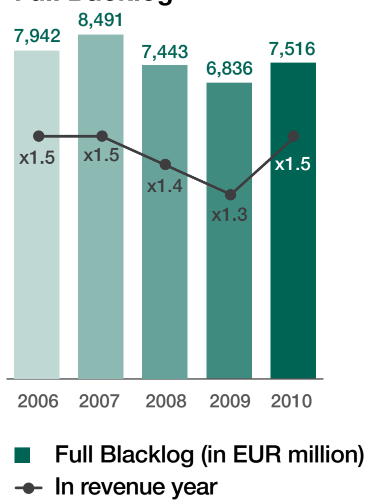
Net Debt (in EUR million)



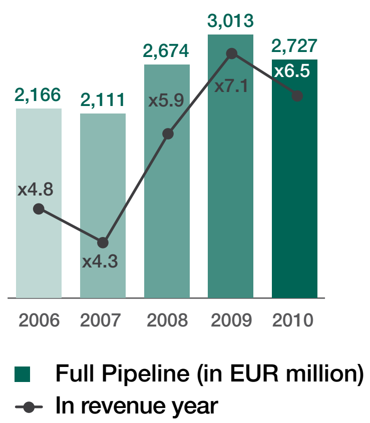
Order Entry



Full Backlog



Full Pipeline



2009 figures: including SoRIE impact ; 2006 to 2008 figures: statutory.

A.4.3 Key achievements

A.4.3.1 Financial performance fully in line with objectives

For the second year of the TOP Program, the Group announced it delivered financial results in line with objectives. Operating margin improved by +107 basis point, the revenue resisted despite the difficult economic environment with a -3.5% decline, and excluding acquisitions, net debt reached EUR 139 million, after EUR 143 million for acquisitions. After having also delivered in 2009 a financial performance fully in line, the Group has once again demonstrated its ability to achieve its goals.

A.4.3.2 Acquisitions to strengthen activities and raise margins

To keep apace with the ever-growing demand of its clients, to extend its international footprint and to expand its HTTS business for the benefit of its global clients, Atos Origin strengthened its organization during 2010 with important acquisitions.

On 15 December 2010, Atos Origin and Siemens announced their intention to create a comprehensive strategic alliance. As part of the transaction, Siemens should notably contribute its Siemens IT Solutions and Services for a total sum of EUR 850 million to Atos Origin in order to create a European IT champion. After consultation of the Working Council in February 2011 and the European and US antitrust organizations approval in March 2011, the transaction is expected to be approved by the Group shareholders. The transaction would create a leading IT services company with pro forma 2010 revenues of approximately EUR 8.7billion and 78,500 employees worldwide. The new company would operate the largest European managed services platforms, and be uniquely positioned to deliver Cloud computing services, market leading Systems Integration solutions such as Consolidation & Harmonization, Energy, Product Life Management (PLM) and to enhance significantly its electronic payments and transaction based activities.

The company strengthened its Hi-Tech Transaction Services activities with the acquisition of Shere, a market leading and innovative provider of integrated self-service, web and desktop systems delivering services to the UK rail and hospitality markets. This is an important step in Atos Origin's strategy to increase its revenue from transaction based services through its core expertise in Hi-Tech Transactional Services.

Another transaction fully in line with the Group's strategy of growing its HTTS activities is the acquisition of Venture Infotek, a leading Indian payments processor. The Indian payments industry has shown high growth with many strong drivers. Venture Infotek will reinforce the Group solutions and teams for payments in Asia, as Atos Origin systems are already used by a large number of leading banks in China and in other south-east Asian countries such as Singapore, Vietnam, Thailand, Malaysia, Taiwan or the Philippines. The annual average growth rate was 25 per cent over the last three years. This acquisition represents for Atos Origin a unique opportunity to enter one of the world's fastest-growing payments markets.

A.4.3.3 2010 highlights for HTTS activities

Atos Origin continued to strengthen its position in payments and e-services and further the deployment of the HTTS activities beyond Atos Worldline, as initiated in 2009.

In the Payments domain, Atos Origin acquired in June 2010 the 42% remaining non controlling interests of Atos Worldline Germany from Landesbank Baden Wurtenberg (LBBW), Landesbank Berlin (LBB), and Bayern Card Services (BCS). This will facilitate faster implementation of synergies within Atos Origin and, as part of the transaction, LBBW, LBB, and BCS renewed their trust and extended their customer relationship with Atos Worldline.

In August 2010, Atos Origin announced the acquisition of Venture Infotek, the leading independent player in the Indian payment market, operating in merchant acquiring, card processing, loyalty programs, government benefits programs and ATM management on behalf of the Indian Banks and major retailers. Venture Infotek has the ambition to further develop its services for government programs; it is also aiming at managing ATMs and other self-service terminals for Indian banks and large retailers. This transaction represents a unique opportunity to enter one of the world's fastest-growing payment markets. The company has been integrated into Atos Worldline in order to optimize the synergies particularly for the portfolio of offerings.

The transport area in the UK pursued its development with the acquisition in April 2010 of Shere, a market leading and innovative provider of integrated self-service, web and desktop systems for the transport and hospitality markets, positioning Atos Origin as an end-to-end provider for payment and customer transactions including now the ability to provide self-service kiosks.

A.4.3.4 Aligning the Group by vertical market through the "GAMA" deployment

Atos Origin's sales force has been reorganized through the Global Atos Origin Market Alignment (GAMA) project which is based on a market sector-approach in order to better adapt the Group's solutions to the specific needs of our clients. Thanks to this program, Atos Origin develop more aligned offerings based on strong industry focus and comprehensive Go-to-Markets, together with a coordinated management of the business.

A.4.3.5 Innovation and leadership bring new wins

Innovation is a strategic priority for the Group. Through the Scientific Community, Atos Origin is continually looking to market and industry trends to understand what its clients need not only for today, but also for tomorrow. Innovations launched during last year's "innovation" press conferences included: Atos Sphere, the Cloud Services Solution, Atos WorldGrid, the subsidiary of Atos Origin dedicated to Smart Energy solutions, and Smart Mobility, designed to enable organizations to exploit and benefit from the latest advances in mobile technology, improved connectivity and the increase in availability of data.

Atos WorldGrid, the international subsidiary that was created in 2010, is a cornerstone of Atos Origin's innovation and development strategy and focuses on offering Smart Energy solutions to enable a proper use of resources and an increase in sustainability, while improving operational performance. This entity closed major new contracts with EDF for maintenance and upgrading its nuclear simulators, and with SEDIF (Syndicat des Eaux d'Ile de France), a French drinking water plant to supply the real-time control system.

According to many of its clients, Atos Origin's ability to lead international projects and its demonstrated expertise and capacity for technological innovation were key factors in awarding the company contracts during 2010. These included new and renewed contracts for its core services (Managed Services, Systems Integrations and Consulting in the Energy & Utilities sector, Financial Services, Manufacturing, Retail & Transportation, Public Sector & Health, and Telecom & Media).

A.4.3.6 The Olympics success story continues

2010 was an intensive year for Atos Origin who managed multiple Olympic events. The company delivered a flawless performance for the Vancouver 2010 Olympic and Paralympic Games, as well as the Singapore 2010 Youth Olympic Games. It continues its preparations for the London 2012 Games; the volunteer portal it designed for the London 2012 Games is successfully facilitating the drive to recruit up to 70,000 volunteers who will be called “Game Makers”.

Atos Origin’s special expertise in designing, integrating, managing and securing the different IT systems needed to manage the Games and relay competition results to a world-wide audience of more than three billion people has been demonstrated more than once. The Group’s unrivalled experience in consistently running the world’s largest sports-related contract since 2002 led to an extension by the International Olympic Committee of its contract as the Worldwide IT Partner for the Olympic Games and Top Sponsor through to 2016. In addition to the London Olympic Games in 2012, Atos Origin will now cover the Sotchi Olympic Winter Games in 2014 in Russia and the Rio Olympic Summer Games in 2016 in Brazil.

A.4.3.7 Sustainability at the core of the Group’s strategy

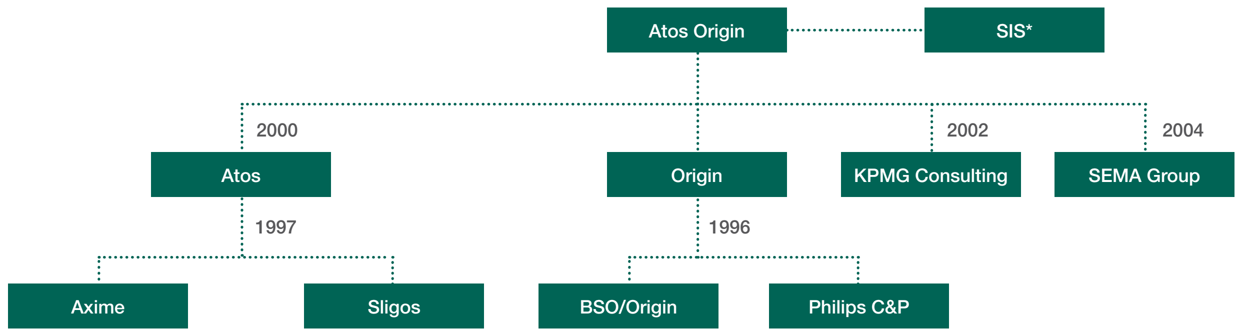
IT services providers such as Atos Origin play an important role in the environment. Within its transformation program named TOP (Total Operational Performance), the Group is committed to establishing sustainability at the core of its strategy and business processes. The company’s first Corporate Responsibility report in line with the guidelines from the Global Reporting Initiative (GRI) – the international standard for sustainability reporting – was rated Level B+ by the GRI. Following the publication of its first ever Corporate Responsibility Report, Atos Origin has taken the step of committing to the United Nations Global Compact (UNGC), a strategic initiative for activities in line with the ten universally accepted principles in the area of human rights, labor standards, environment protection and anti-corruption.

A.4.3.8 “Well Being @ Work” puts employees as first priority

Atos Origin launched the “Well Being @ Work” initiative, demonstrating that its employees represent its first priority. It underpins the company’s ongoing transformation to become a fully integrated and global company. The new working environment meets high-quality environmental standards, has top-of-the-line facilities and services, makes the most of new technologies and should prefigure how most people will be working 10 to 20 years from now. The Atos Campus in France is the first concrete and visible result to-date of the “Well Being @ Work” program. Offices are specifically designed to reflect a new way of working, bringing together 4,600 people from several different sites and opening more ways for working across business lines. The new headquarters fit right into the Group’s strategy and demonstrates that Atos Origin is global and innovative.

A.5 Group presentation

A.5.1 Formation of the Group



** Expected transaction, to be completed in July 2011.*

Atos Origin is a leading international IT services company created through series of mergers and acquisitions, starting in 1997.

Atos was formed from the merger in 1997 of two French-based IT services companies – **Axime** and **Sligos** – each of which had been established out of earlier mergers. By 2000, Atos employed 11,000 staff and generated annual revenues of approximately EUR 1.1 billion.

Origin was a subsidiary of Royal Philips Electronics, which had been formed in 1996 from the merger of BSO/Origin and Philips Communications. At the time of the merger with Atos in October 2000, Origin employed more than 16,000 staff in 30 countries worldwide and generated annual revenues of approximately EUR 1.6 billion.

KPMG Consulting’s businesses in the United Kingdom and The Netherlands were acquired in August 2002 to establish Atos Consulting. This transaction provided the Group with a major presence in the Consulting segment of the IT services market.

Sema Group was acquired from Schlumberger in January 2004, thereby creating one of the leading European IT services companies. At the time of the acquisition, Sema Group employed 20,000 staff and generated annual revenues of approximately EUR 2.4 billion. Atos Origin employed 26,500 staff, generating annual revenues of more than EUR 3 billion.

In December 2010 the Group announced its intention to acquire **Siemens IT Solutions and Services (SIS)**, the IT division of Siemens. The operation is expected to be closed in July 2011. SIS reached revenue of EUR 3,670 million for the transactional scope in Fiscal Year 2010 ending 30 September 2010. This acquisition should represent approximately 28,000 additional staff.

A.5.2 Management and organization

Atos Origin is a *société anonyme* (commercial company) since the 10th February 2009 with a Board of Directors chaired by Thierry Breton, Chairman and CEO. The change of mode of governance from a Management Board and Supervisory Board system to a Board of Directors and CEO, unified and simplified the Group Governance, more adapted to the Group's new challenges.

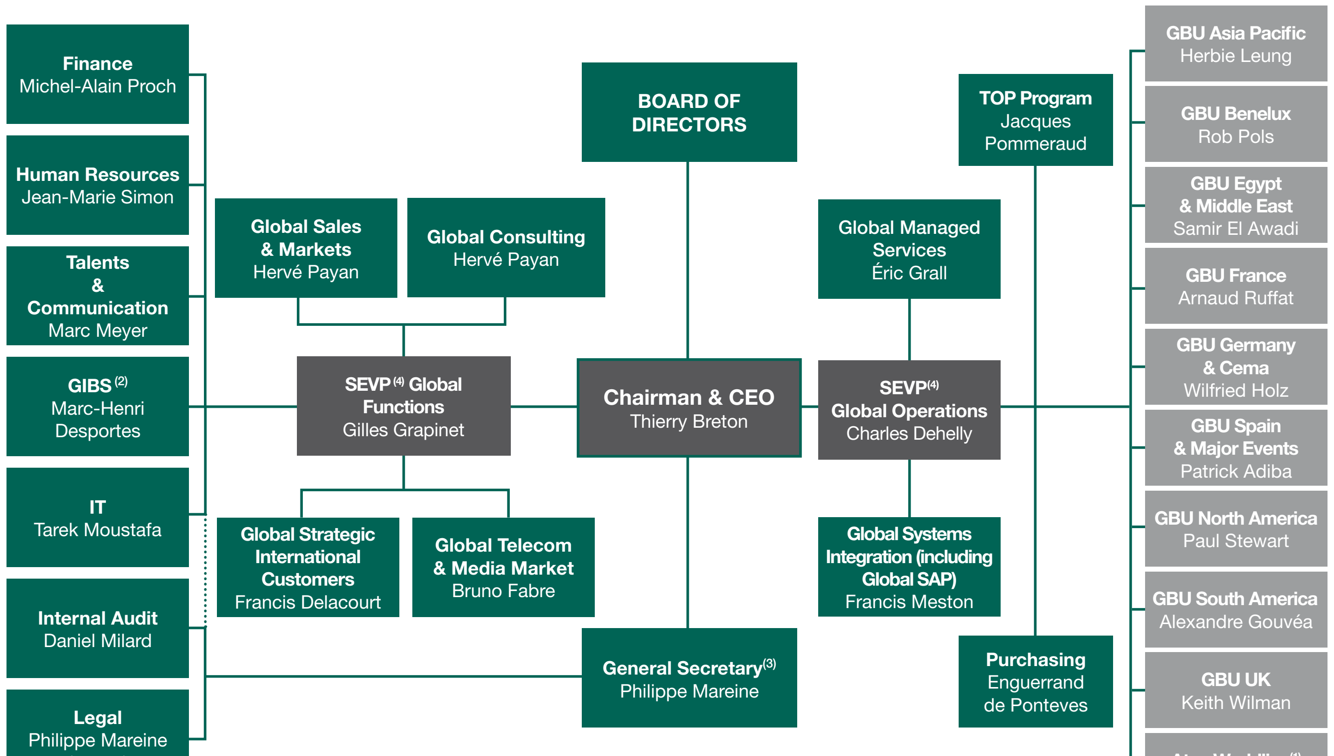
A.5.2.1 Top management of the Group

The Group Top Management is composed of a Chairman and Chief Executive Officer and two Senior Executive Vice-Presidents.

Name	Title	Responsability
Thierry Breton	Chairman and Chief Executive Officer	
Charles Dehelly	Senior Executive Vice President in charge of Global Operations	Global Systems Integration & Managed Services, TOP Program, Global Purchasing, Group Business Units (*)
Gilles Grapinet	Senior Executive Vice President in charge of Global Functions	Support functions, Global Sales & Markets, Strategic International Customers (SICs), Group Innovation Business Dvpt & Strategy (GIBS), Global Consulting and Hi-Tech Transactional Services

(*) Excluding Atos Worldline and Atos WorldGrid that are under the responsibility of Gilles Grapinet.

A.5.2.2 Organization chart



(1) Direct report to Senior Vice President Global Functions.
(2) GIBS: Group Innovation, Business Development & Strategy (including Merger & Acquisitions).
(3) Direct report to SEVP Global Functions for Legal and Audit functions.
(4) Senior Executive Vice President.

A.5.2.3 The Executive Committee

The purpose of the Executive Committee is to manage the operational performance of the Group. Its main tasks are to assist the Top Management in defining priorities and monitoring operational performance, the enforcement of the TOP Program (Total Operational Performance) and the implementation of action plans. It is an entity dedicated to the operational management of the Group.

The mission of the Executive Committee is to improve interaction and cooperation between the Global Business Units, the Global Service Lines, Global Sales & Market and Global Functions.

The Executive Committee is composed of the Chairman - CEO and of the two Senior Executive Vice Presidents, as well as managers from the Global Business Units and Global Services Lines, the Chief Financial Officer, the Head of Human Resources, the Head of Global Sales & Markets, the Head of Global Strategic International Customers, the Head of Group Innovation Business Development & Strategy, the Group General Secretary, the head of Talents & Global Communication and the head of Telecom and Media.

On top of the General Management of the Group, the Executive Committee is composed of:

- **Patrick Adiba, Head of Spain and Major Events Global Business Units.** Patrick Adiba is also in charge of the Olympic Games. Prior to this position, he served as Vice President Human Resources of SchlumbergerSema, and also Vice President and General Manager of its Latin America Branch, for five years. Patrick holds a degree in Electronic and Telecommunications Engineering from INSA, Lyon and did an Executive MBA at Stanford University in 2001.
- **Francis Delacourt, Head of Strategic International Accounts and Deals.** Graduated from ESSEC business school in Paris, Francis Delacourt, joined Atos Origin in 1991. He led the Managed Services service line in France, in the United Kingdom and in the Netherlands. Since 2004, he was head of Managed Services. Previously he was President of Dun & Bradstreet Software in France.
- **Marc-Henri Desportes, Head of Global Innovation Business Development & Strategy.** Marc-Henri Desportes was IT Director in BNL, Italian subsidiary of BNP Paribas. From 2005 to 2006, he was in charge of control coordination at BNP Paribas. Previously he was Deputy Program Director of Copernic at the French Ministry of Finance. He is a graduate from École Polytechnique and École des Mines de Paris.
- **Didier Dhennin, Head of Atos Worldline Group Business Unit, since 2004.** He joined Atos Origin in 1984, and was in charge of Multimedia activities that he launched within the Group. He was previously division manager at the CERCI (Compagnie d'Etudes et de Réalisation de Cybernétique Industrielle), a subsidiary of Jeumont Schneider and then of SEMA. Didier Dhennin is an Engineer of the Arts & Métiers school, with a diploma from ICG.
- **Bruno Fabre, Head of Telecom and Media at Atos Origin.** Bruno joined Atos Origin in 2010 and he was previously Thomson Telecom CEO and Member of the Thomson Executive Committee. Prior to that role, Bruno was CEO at ATLINKS, an Alcatel Thomson joint venture; Vice-President Sales, Supply Chain and Customer Care at Alcatel Mobile Phones, Sales Director Europe & South America at Alcatel Radiotelephone. He has also held senior positions at Afrique Métaux and SAGEM. He is a graduate from IDRAC, CNAM and Stanford SEP.
- **Éric Grall, Head of Global Managed Services.** Éric Grall was President and General Manager at HP with responsibility for outsourcing activities in Europe, Middle East and Africa. Eric Grall has spent his professional career at HP in a number of roles related to outsourcing. He is a graduate from ENSIEG Grenoble and from the University of Brest.
- **Winfried Holz, Head of Germany Central Europe/EMA Global Business Unit.** Winfried Holz has more than 20 years of experience in the IT sector. He began his career in 1984 at Siemens AG Germany, where he held a variety of management positions, including Vice President of Siemens Nixdorf Informationssysteme and President of International Operations at Siemens Medical Solutions. Following his position of Managing Director of Fujitsu Services GmbH, he was appointed CEO of TDS in November 2007. Winfried Holz has a degree in industrial engineering.

- **Francis Meston, Head of Global Systems Integration** appointed in February 2009. Francis Meston, joined Atos from the E.D.S French subsidiary where he had been appointed CEO since January 2002. In 1996, he joined AT Kearney as Vice President in charge of EMEA business transformation and strategy practices as well as M1A Global practice. He was previously Vice President of Gemini Consulting where he led the French operations, the EMEA Telecommunication practice and the EMEA business reengineering practice. Francis Meston is a graduate of Ecole Centrale Marseille and holds a MBA in Finance from Purdue (Indiana). Francis Meston is also "maître de conferences" à HEC Business School.

- **Marc Meyer, Head of Talent Management and Communications.** Marc Meyer comes from Dexia where he served as Head of Group Communications. Marc joined Bull Group in 1986, where he held several senior positions in corporate and marketing communications. In 1997, he joined Thomson, a consumer electronic firm and in 2001 was promoted to the company Executive Committee. Then, he joined the France Telecom / Orange Group as Executive Vice President for Communications. He is a graduate from the Sorbonne University in Paris.

- **Hervé Payan, Head of Global Sales and Markets and Global Consulting.** Hervé Payan comes from Steria where he was Deputy CEO of Steria France. Hervé is a graduate from the Ecole Supérieure de Commerce de Paris. After 10 years in Consulting, mostly with Cap Gemini Consulting and AT Kearney, Hervé has been Sales Director at EDS France from 2002 to mid 2005. Before joining Steria in March 2007, he was from mid 2005, Director of the Consulting business at EDS Consulting EMEA, where he led a team of 1,200 consultants in twelve countries.

- **Rob Pols, Head of Benelux Group Business Unit.** Rob Pols has built a considerable track record in the IT services and consultancy market place. Since 2005 he held the position of general manager and COO at Fujitsu Services in the Netherlands. Between 2003 and 2005 he was general manager of Adresco BV, an organisation specialised in interim management services. Previously, he was a Member of the 'Raad van Bestuur' at Syntegra – part of BT – and director of Syntegra/KPMG Consulting in France.

- **Michel-Alain Proch, Group CFO.** Michel-Alain Proch joined Atos Origin in 2006 as Group Senior Vice-President responsible for Internal Audit and Risk Management. After six years spent at Deloitte & Touche in Paris and London, he held different management positions at Hermès, first in Internal Audit and Controlling and then as CFO for North and South America. As Group CFO since 2007, he heads Finance, Investor Relations, Controlling of commercial offers, Risk Management, and Pensions/Insurance functions. Michel-Alain Proch is a graduate of l'École Supérieure de Commerce de Toulouse and holds a degree in Études Supérieures Comptables et Financières.

- **Arnaud Ruffat Head of France Group Business Unit.** Arnaud Ruffat has more than 20 years' experience in IT services. He began his career with Bull in Argentina in 1985. In 1988, he joined Atos Origin, holding various management-level positions within the company, notably finance director and operations director. In 2003, he was appointed head of Atos Origin's outsourcing business in France. In 2006, he was chosen to head Atos Origin in Italy, where he helped to turn the Group's operations around.

- **Jean-Marie Simon, Head of Human Resources.** Jean-Marie Simon was appointed as Human Resources director in 2007. Previously, he was HR Director France, Germany & Central Europe from 2005 to 2007. He held various management positions within Schlumberger, as Managing Director in R&D and production centers. He worked in Indonesia, as technical director for Asia, and in Norway and was before CIO for the oil sector of Schlumberger during three years.

- **Keith Wilman, Head of the United Kingdom Group Business Unit.** Keith Wilman joined Atos Origin at the end of 2006. With over 25 years in the information technology field, he joins from Computer Sciences Corporation (CSC), where he was most recently President and Chief Executive Officer (CEO) of CSC's European Group Northern Region (UK, Ireland and The Netherlands). Prior to joining CSC in 1997, Keith was managing director of Easams Ltd.

Philippe Mareine, General Secretary of the Group, is the Secretary of the Executive Committee. He was manager in the French Treasury Department's Inspection Générale des Finances unit and, previously, he was in charge of HR in the public accounts department of the French Ministry for the Budget. From 2005 to 2007, He was technical adviser in charge of employee relations and reform in the office of the French Minister of the Economy, Finance and Industry. He held several managerial positions at the French Tax Administration, after spending the first four years of his career in the Inspection Générale des Finances. He is a graduate from École Polytechnique and École Nationale d'Administration.

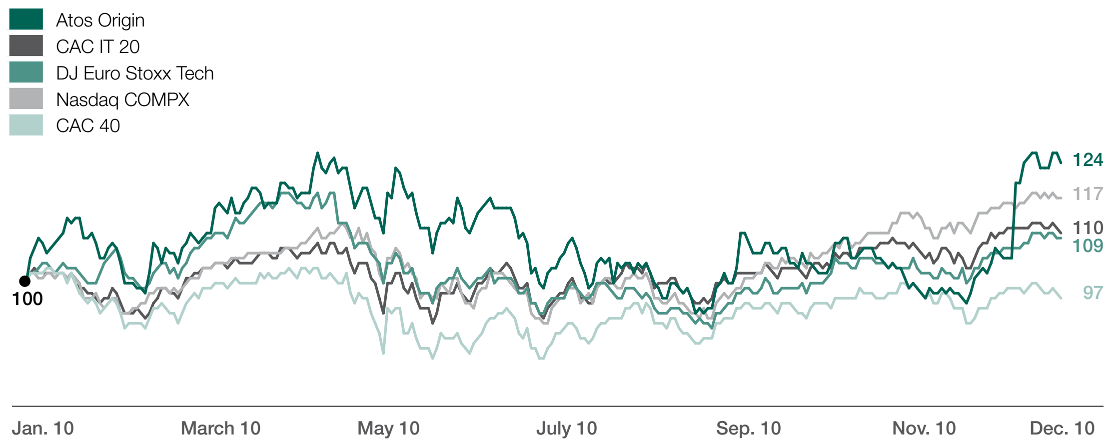
A.6 Stock market overview

During year 2010, Atos Origin stock price recorded a +24% growth, while the French reference index, the CAC 40, recorded a -3% decline. The technological sector performed better than others in France, as reflected in the +10% and +9% performance recorded in 2010 by the CAC IT and DJ Euro Stoxx Tech.

In the US, indices performed better, with for example Nasdaq posting a +17% growth in 2010, after the +44% reached in 2009.

In this context, after the 2009 rally, 2010 appeared more as a stabilization year for listed companies in Europe. Therefore, Atos Origin outperformed the market, the gap having particularly increased following the announcement of the deal with Siemens, showing the trust of investors in the management's ability to meet its upcoming challenges.

Share performance in comparison with indices (base index 100)



B. ATOS ORIGIN POSITIONING IN THE IT MARKET

B.1 Overview

B.1.1 Market trends

The IT services market is changing quickly, and Atos Origin has classified the drivers of this evolution into ten key trends that are reshaping the industry. On top of the eight trends identified in 2009 and detailed in the previous report, the Group identified two new themes that now request its full attention, Mobile Internet and Social Networks based on the Web "2.0".

We begin with a focus on Cloud computing, which remains a key evolution of the decade.

B.1.1.1 Cloud services: commodification and fragmentation of IT

The Group believes that the rapid growth of Cloud Computing is the one of the most relevant aspect of change for the IT industry in the decade.

The Gartner[1] research institute describes Cloud Service characteristics as "a style of computing where scalable and elastic IT-related capabilities are provided 'as a service' to external customers using Internet Technologies". For Atos Origin, Cloud Services refer to any service delivered to clients over the Internet on a pay-per-use basis. Cloud Services are a continuum of existing services, classified in four functional layers:

- **Business Process as a Service** (BPaaS): helpdesk, CRM, and card management
- **Software as a Service** (SaaS): SAP applications, SalesForce.com and Microsoft BPOS
- **Platform as a Service** (PaaS): middleware including database and transaction processing platforms, on-demand development environments
- **Infrastructure as a Service** (IaaS): processing, storage and networking on-demand

Although still maturing, these services are being delivered today, and some analysts are predicting that 25% of IT services will be coming from such non-traditional models: business uncertainty has increased demand for utility or on-demand services, and the Company believes that the flexibility of the Cloud Computing solutions are a well-suited solutions for its clients' needs.

Players in the Cloud include systems integrators or IT services companies, among which Atos Origin will be a European leading player, but also new entrants such as Google or Amazon, who leverage on their massive customer base, targeting mid markets by Cloud based offerings and SaaS.

As the entire value chain is getting increased more opportunities to interact with the client, the Group expects further changes in the competitive landscape, such as Software editors, who indicated they would offer their software based on these principles, or Telecoms groups, who have large customer bases and who want to move up the value chain.

Offering Cloud services will require mastering several and complex issues:

- **Security:** Data security will be transferred under the control of the Cloud services provider. Some standards for security of Cloud services are starting to emerge. Almost all public Cloud services vendors use some form of multitenant in their software, in which a shared system provides services and storage with a small number of system instances: this will request as well attention and Cloud services providers will have to face the challenge of gaining customers trust.
- **Location of Corporate Data** is a major issue for many organizations, the storage being sometimes not in the country of the customer, or not even on the same continent, and sometimes it can also be split in several datacenters in different locations in order to provide continuity of the service in the event of a system failure.
- **Service Availability** is largely under the control of the service provider too. These providers will give high guarantees of availability.
- **Services Orchestration:** Taking advantage of Cloud services, enterprises will be able to manage multiple activities traditional delivered by internal IT systems, outsourced and managed services, up to a growing number of Cloud services. These different services will require the establishment of an orchestration player, position that Atos Origin wishes to stand.

Atos Origin believes that the quality of the business relationship with the client, and the good understanding of its needs will still continue to be the key factors for value creation. Cloud Computing, in its different and complex forms, will be another way to deliver IT services that will need integration with legacy systems and management of the resulting quality of services, security or interoperability, thus creating new business opportunities for IT services companies.

With the launch of Atos Sphere, the Cloud offering of Atos Origin now constitutes a unique and comprehensive set of services that bring to its customers access to its deep understanding, firepower and knowledge, accumulated over the time.

B.1.1.2 Mobile Internet and Context Aware Computing

Accompanying the Cloud revolution, another massive change is already underway: the emergence of Mobile Internet as a mainstream delivery medium. IDC and other analysts differ on the exact numbers involved, but there is consensus on the main point: that by 2014, more than half of the accesses to the Web will be coming through smartphones and mobile internet device than from regular fixed internet connexions. The Mobile Internet is an opening new era for distributed applications. Together, Mobile Internet and Cloud will place user experience at the centre of differentiation for any organization that deals with its customers, partner organizations or its own people via the internet.

Beyond the change of paradigm, resulting from this level of interaction with others, users will benefit from the connection with smarter context aware applications. Access by everyone to everyone and anything through mobile devices will radically change our user experience and information processing capability. In interacting with the surrounding world, users will expect the "system" to deliver appropriate content to the end device, allowed by the connection bandwidth available and understand the user's location and context at the point that service is delivered. This "context aware computing" will be capable of understanding everything known by the "system".

Payments through these innovations will be impacted too: the extent to which advanced mobile phones are influencing commercial transactions both directly and indirectly is quite significant. Major retailers are increasingly using mobile as another marketing or distribution channel, and mobile payments is an experience that can modify a consumer's attitude towards its propensity to spend. The growing number of smart phone applications and increased user adoption may also provide a boost for mobile payments:

- Smart phone as a payment acceptance terminal: there are number of vendors offering various technological solutions to enable merchants to accept payments using their smartphones
- Smart phone as a facilitator for P2P lending
- m-Internet payments: smartphones and WiFi access is already encouraging many major merchants to utilise mobile technology as a way of promoting, selling and enabling payments

Atos Origin, with its offering around Smart Mobility services, brings to its customers, public bodies or enterprises, various means to leverage this fantastic opportunity.

(1) Gartner: one of the world's leading Information Technology research and advisory company.

B.1.1.3 Social Networks

"Social networking" has become one of the major source of attention for the IT industry in 2010. The potential for computer networking to facilitate new forms of interaction between individuals or companies was suggested however a long time ago in the United States. In the late 1990s, user profiles became a central feature of social networking sites, allowing users to compile lists of friends or contacts, and search for other users with similar interests, such as Friendster, then MySpace or LinkedIn later.

Facebook, launched in 2004, has since become the largest social networking site in the world. In 2010, It is estimated that there are now over 200 active sites using a wide variety of social networking models. The same year, many events have highlighted the power of social networks used as handy tools toward social or political means. Their low cost model is also behind their widespread presence in professional environments, as they can be used as database for recruiters, as public or private platforms for collaborative content sharing when colleagues are located in various offices, tools for Customer Relationship management, etc. Companies can even use social networks for advertising in the form of banners and text ads.

Payments means will benefit as well of the social computing phenomenon:

- **P2P payment solutions:** These are already being touted by many leading sites, providing decisive value added service to other services.
- **P2C payments:** Some networking sites are now enabling person to commerce payments.
- **Content monetization:** Virtual goods, music downloads, online gaming are all typical examples where virtual content has a real value which has to be paid for in real money; micro-payments cost efficient systems such as e-wallets are increasingly used.
- **Virtual Currency:** The rise of social networking sites has given rise to the so-called consumer payment institution as sites such as Facebook and Twitter edited their own payments platforms.

Applications for social networking sites have extended toward businesses and brands are creating their own, high functioning sites, a sector known as brand networking. It is the idea a brand can build its consumer relationship by connecting their consumers to the brand image on a platform that provides them relative content, elements of participation, and an audience measurement system. Brand networking is a new way to capitalize on last trends as a marketing tool.

Atos Origin believes it is very well placed to benefit of these trends and provide services to facilitate enterprises adoption of similar techniques ad increase exchanges with partners on a safe way. Its offering around Social Computing will enable its clients to fully exploit this new phenomenon.

B.1.1.4 Content Management and collaboration

One of the most visible trend in the IT industry in recent times has been the explosive growth of digital information: enterprise data double every eighteen months to two years. In the coming years, Atos Origin expects this growth trend will even accelerate requiring additional effort and services to be utilized to both secure as well as store this data.

The growing volume of information should be multiplied by ten in the next five years, while our ability to read and assimilate data do not follow the same trend. In the future, the need for the company to distinguish and extract relevant information quickly and easily will grow as well.

By 2013, more than 25% of the content seen by information technology users should consist of pictures, video, audio or hybrids information including text. Growing demands for incorporating rich information assets or institutional applications will generate increasing requirements in technology and infrastructure.

Managing this growing volume of information is now strategic, to increase worker productivity through greater collaboration, to respond more effectively to compliancy mandates through intelligent archiving and to enhance significantly corporate decision making.

This will require a more intense scrutiny of existing enterprise information and content management systems and will necessitate new approaches being deployed from the strategic to the architectural level in order to combine both companies structured and unstructured information into one holistic entity.

Atos Origin which has had a long history in deploying Enterprise Content Management for its customers wants to be in the forefront of this new trend in order to help its customers' gain the competitive advantages that effectively managing and leveraging their information can deliver.

In addition, the Group encourages (with all application providers of Enterprise Content Management) industrial proposals leading to adopt standards that will facilitate information sharing despite the structure and content of disparate data repositories.

B.1.1.5 The growth in multi-sourcing and offshore

For many years, large players have increased their low cost delivery capabilities and large Indian players have made several entries on Continental Europe. Atos Origin is seeing both Western and Indian service providers ultimately heading towards the same delivery model.

This model consists of an organization with wholly owned or held with partners delivery centers in alternative locations around the world, a network of on-site, on-shore, near shore and offshore.

Some analysts are now more mitigated in predicting an offshore service delivery increase, even with lower delivering costs. This evolution would not be sustainable, taking only into account the costs of labor taking, because of inflationary pressures, rising labor costs and changes in exchange rates. The future success of global delivery networks will depend less on the availability of low-cost resources and more on the quality of skills, tools, methodologies and alliances.

The growth numbers for the Indian service providers, that was over 25% per annum started to slow down from 2009 but is still active. After 2009 challenges, namely for those having a strong customer base in the US, manufacturing or banking, Atos Origin anticipates a slow down but expect them to keep leading the growth in 2010. The Group expects the market share of the leading Indian providers will remain relatively small in Europe.

B.1.1.6 Increasing drive for cost effectiveness (industrialisation through Lean techniques)

Most of the IT services companies have launched strong programs aiming at decreasing their operating cost, on one hand by simplifying their operation and reducing indirect non productive workforce, on the other hand with productivity gains, i.e. using latest technologies and tooling to become more efficient (automation in infrastructure management, software based solutions to develop code and collect demand from customer with streamlined processes). Lean techniques, developed first for manufacturing industries (Six Sigma), are now promoted throughout the IT services market, mostly in the managed operation sphere.

B.1.1.7 The drive for sustainability expanding beyond Green IT

Atos Origin has seen a strengthening in 2010 of interest to act for sustainable development. Cost reduction, compliance with new regulations, shareholders pressure and brand development have been the main drivers in the private sector. Offerings in Governance, Risk management and Compliance (GRC) have become numerous. Besides the response to higher expectations of citizens, offers were also extended to the public sector, with the implementation of technologic solutions in favour of the environment and energy savings. Tough economic conditions of 2010 have accelerated this trend toward cost containment.

B.1.1.8 Decrease cost of IT through Outsourcing

Globalisation, multi-sourcing and industrialisation are well established market trends. Together they have had a deep influence on the IT services market over recent years. Customers have also been demanding more sophisticated value propositions, for example, increased flexibility through "pay for use pricing" and key performance indicators based on business outcomes. This has been coupled with more end to end processes, that scope IT support, Consulting, Systems Integration and Managed Services capabilities.

B.1.1.9 Growth of demand for BPO (Business Process Outsourcing)

The initial strong growth of BPO has been fuelled with enterprises outsourcing basic processes, HR, accounting, first in US and UK, but progressively in Continental Europe.

Atos Origin sees now others potential increase in the demand for BPO:

- Enterprises widening the scope of the non core processes up to procurement, finance, Customers Relationship Management (CRM), and then to business industry specific processes, such as claim management in the insurance, billing in telecom, etc.
- Public organizations, with the increasing control of public spending, looking as well to externalize the classic non core processes. The Group believes this emerging trend to grow in the coming years.

B.1.1.10 Consolidation and Big movements within the industry across the value chain

The movement of consolidation in the industry has continued in 2010 with several large transactions reported. This consolidation is a deep trend running through the global technology industry as clients look to allocate their IT spending to a smaller number of suppliers of Software, Hardware and Services. This year, big acquisitions have mainly concerned software vendors which have decided to expand their range of offerings along the stack. A few transactions have exceeded EUR 1 billion in this domain.

As a result, the market has been reshaped as compared to year 2000, with large players leveraging on comprehensive range of offerings, and benefiting for some of them of a global footprint.

B.1.2 SIS acquisition

In line with this consolidation movement, in the European IT Services industry, a major deal has been announced on 15 December 2010 by Atos Origin and Siemens: the two companies reached an agreement to form a global strategic partnership. Siemens will contribute its Siemens IT Solutions and Services, the SIS entity, for a total amount of EUR 850 million to Atos Origin in order to create a European IT champion. As part of the deal, Siemens will receive 12.5 million of Atos Origin shares and become for a period of at least five years the second main shareholder of Atos Origin with a 15% stake. Siemens will also receive a cash payment of EUR 186 million. Siemens will subscribe a five year convertible bond of EUR 250 million.

The transaction was subject to a consultation procedure with the Working Council of Atos Origin, which issued its opinion in January 2011. It also obtained the US and European antitrust authorities approval in March 2011. The operation is expected to close by early July 2011 after approval from Atos Origin Shareholders.

B.1.3 Market sizing and competitive landscape

B.1.3.1 Overall market size

According to Gartner[1] latest study, the Information Technology market in 2010 is estimated to be worth almost EUR 2,500 billion, out of which Telecom is 60%. Net of currency effects, it has been resuming growth at 4%, due to Telecom equipment and services being at +3% to +4%, Hardware has overperformed after the recession and is back to growth with +7% change, Software at +4% to +5%, both compensating IT services lower growth at +3%.

Excluding IT Hardware, Software and Telecom, the IT services market reached in 2010 approximately EUR 595 billion. Direct hardware and software support activities are EUR 109 billion of the IT services market in which Atos Origin is not present. That leaves approximately EUR 486 billion of "available" market ("professional services") targeted by the Group, of which close 1/3rd is in Europe, i.e. EUR 143 billion, the Group's principal market today.

(1) Gartner: one of the world's leading Information Technology research and advisory company.

IT Services market-hardware and software exclued

Market by region – 2010	Total (EUR billion)
United States/ Canada	203.9
Latin America	17.9
Western Europe	142.9
Central – Eastern Europe	6.4
Middle East and Africa	8.4
Asia/Pacific	36.0
Japan	70.2
Total	**485.7**

Sources: Gartner Dataquest IT Services Market Databook, January 2011 for Professional services figures (consulting, development and integration, IT management, process management). Currency rate of 0.761 EUR per USD.

B.1.3.2 Competitive landscape and new expected position of Atos Origin

According to analysts Atos Origin was ranked 17 in the world and seventh largest IT services company in Western Europe in 2009 with a market share of 3.3%

The new group combining Atos Origin and SIS will become part of the most important worldwide players. According to Industry analyst surveys, the new company should be ranked as #1 European player with revenue generated on the IT market in Europe.

B.1.3.3 Main competitors in Western Europe

In the largest European countries, the main competitors of Atos Origin are IBM, HP, and Accenture for the US based providers, and Capgemini Logica, T-Systems and Indra for the European players with focus on specific countries.

Countries	Main Competitors
United Kingdom	British Telecom, HP EDS, Capita, IBM, Fujitsu, Accenture, Cap Gemini, Logica
Central Europe	T-systems, IBM, HP EDS, Accenture
France	Capgemini, IBM, Logica, Accenture, Sopra, Steria
Benelux	Cap Gemini, Getronics KPN, IBM, Logica, Ordina
Spain	Indra, IBM, Accenture, Telefonica, Fujitsu

B.1.3.4 Market size and market share in Europe

According to Gartner, based on 2010 estimated figures for external IT spending for Professional Services, market shares in each main country and service line are presented below, reflecting the strong impact of the acquisition of SIS to the new positioning of Atos Origin, the European champion.

	Market size		Atos Origin		New Atos	
(in EUR billion)	2010	weight %	2010	market share %	2010	market share %
United Kingdom	43.6	31%	0.9	2%	1.4	3%
Germany	30.7	22%	0.5	1%	1.9	7%
France	19.5	14%	1.6	8%	1.6	8%
Benelux	14.5	10%	1.3	9%	1.4	10%
Italy	9.0	6%	0.0	0%		
Iberia	10.2	7%	0.3	3%	0.4	4%
Central Europe - Nordic	14.5	10%	0.1	1%	1.1	7%
Rest of Europe	0.7	1%	0.02	2%	0.1	10%
Europe	**142.9**	**100%**	**4.7**	**3.3%**	**8.2**	**6%**
Consulting	17.3	12%	0.2	1%	0.2	1%
Systems Integration	49.5	37%	1.7	3%	2.9	6%
Infrastructure Services	54.7	38%	1.8	4%	3.9	7%
Process Management – HTTS BPO	21.3	15%	1.0	5%	1.2	6%

Source: Gartner: IT Services Worldwide Sept 2010; for Professional services only. 1 USD = 0.761 EUR Currency rate of 0.786 EUR per USD.

B.1.3.5 Overall perspectives

Industrial analysts expect the market to keep growing in Europe at a 2-3% rate, while the recovery has already started in the US. In Asia (Japan excluded), the growth rates are close to 10% and analysts expect this trend to continue.

In 2011, they also expect an increased focus on specialisation and vertical industry capability. If significant business uncertainty continues then enterprises will increasingly seek to reduce risk by turning to service providers they trust.

As mentioned earlier, new entrants are now entering the traditional infrastructure service markets with very packaged offers, providing basic services, targeting first mid size markets, before moving up in the value chain. Cloud Services and SaaS are expected to meet strong growth in 2011.

Alliances will continue to be an increasing feature of winning new and innovative business – with IT service providers teaming up with industry specialists, technical specialists, or their direct competitors.

Last but not least, highly competitive, specialist offerings (innovative / customer fit / price) will be increasingly important to increase market shares, and maintain growth over the next couple of years.

B.1.4 Classical IT evolution

Gartner has revised its growth forecast for IT Services Europe. In September 2010, Gartner projected an updated growth in 2010 at close to 3% in IT services for professional services spending in Europe, and this to continue in the future.

(in EUR billion)	2009	2010	Growth 2010 / 2009
Consulting	17.0	17.5	+2.9%
Systems Integration	48.2	49.7	+3.0%
Managed Services	53.2	54.6	+2.6%
Process management	20.2	21.2	+4.8%
Professional services in Europe	**138.7**	**142.9**	**+3.0%**

Source: Gartner Sept 2010 : IT Services Worldwide Forecast 2000-2013 - 1 USD = 0.72 EUR in 2009, 0.761 EUR in 2010. Professional services include Consulting, Systems Integration, Managed Services and Process Management (HTTS and BPO for Atos Origin), but exclude hardware and software maintenance and support).

B.1.4.1 Consulting

Even if it remains moderate, recovery has been stronger in France, the UK and the Belgium than for other European markets. The Netherlands has stabilized but recovery is still uncertain. The Spanish market is still under intense pressure. In most European countries, prices have slightly improved over H2 2010 but are still significantly below what they were in 2009.

In terms of industry-sectors, Financial Services, Energy Utilities and Health are the hottest market in all countries. Public Services has seen a sharp decrease in both volumes and prices, although costs reduction initiatives launched by central and local governments may offer some interesting opportunities.

Throughout 2010, we have seen three trends that started in 2008 and we believe will continue moving forward:
- Customers are hiring consultants to internally manage their transformation initiative like IT consolidation, Lean, Procurement, or the building-up of shared-service centers.
- Some customers are switching from buying projects to buy consultants on a secondment basis, that they manage themselves.
- Customers want to buy smaller projects focusing on delivering cost reduction and effectiveness improvement with a quick pay-back.

In addition, over H2 2010, we have seen more demand for projects aiming at implementing innovation in the fields of Cloud computing, sustainability, Machine to Machine, Enterprise Content Management, smart grids.

To benefit from these trends Atos Consulting has:
- re-organized its operations along three practices: Business Innovation, Operational Excellence, Information System Excellence,
- built a portfolio of offerings to meet new customer demand,
- implemented marketing approaches with dedicated sales campaigns.

B.1.4.2 Systems Integration

The Systems Integration market faced less adverse market conditions during the course of 2010 in comparison with 2009. A lot of enterprises across many industries had still to cope with revenues decrease. Numerous IT projects postponed or cancelled in 2009 started slowly to resume in 2010, sometimes via cautious engagements in professional time and materials contractual forms, or small pieces at fixed price.

The SI market is driven by two forces:
- On one hand, more and more industrialization with tooling, processes, to cope with the demand of lower prices and productivity gains,
- On the other hand, more and more industry expertise, to provide customers with leading edge solutions helping them at resuming growth and show differentiation.

Strong pressure on tariffs has been met by Systems Integration players, some contracts having to be renegotiated to meet customer demand for lower TCO[1].

However, according to analysts, the Systems Integration market would have restarted in the range of 2% to 3% in 2010.

Nevertheless, Atos Origin remains convinced that the Systems Integration market will continue to enjoy steady and significant mid and long term growth in the future. Growth will be driven both by an increase in technology usage and the addressable market, and demand for facilitate implementation of Cloud Services on selected domains of Group's clients.

Technology usage and thus requirement for Systems Integration services will be boosted by spread of communities and Web 2.0, context aware computing, mobility, machine to machine security and identity management.

Addressable market size will be boosted by many factors including increase penetration of outsourcing in continental Europe, enhance reliance of public sector, health care domain as well as utilities on IT service providers as well as a boost of demand in BRIC countries (Brazil, Russia, India, China). The development of Cloud computing will in addition even boost further the addressable market as it will open the SMBs (Small and Medium Business) market to systems integrators.

B.1.4.3 Managed Services

Market growth in Europe for IT managed services has been estimated at exceeding 3% in 2010 by the research and advisory company Gartner.

2011 and beyond are expected to be good years for IT Outsourcing and BPO in Europe, although decision cycles are likely to be on-hold for some, and many buyers will be looking for faster ROI and increased flexibility. Re-negotiation of existing contracts, to cut costs and increase flexibility, may provide opportunities for consolidating scope and increasing the length of contracts.

Notable trends during 2010 included:
- "Add on" business with existing customers,
- A growing demand for Cloud Computing from the public area,
- A significant growth of migration to virtual environments, as a way to offer flexibility & reduce costs,
- An increase in offshore IT outsourcing,
- Environmental exigency development, mainly with energy effectiveness.

The Group expects these trends to continue in 2011. Overall, cost reduction and skill shortages remain major drivers for outsourcing. Therefore, economies of scale will drive the ability to provide service at a reasonable cost. However, there is also a demand for service providers to have industry knowledge, to have flexibility and to bring innovation.

In a difficult economical environment, the request for "one stop shop" services to transform and operate all or part of an Information System is expected to continue its observed growth. As clients ask for innovation, industry domain expertise will be paramount into selecting the right outsourcing partner.

(1) TCO: Total Cost of Ownership.

B.1.5 Critical IT evolution

B.1.5.1 Card payment and SEPA implementation

In order to fix the partitioning of national banking activities, and more specifically regarding legal and technical aspects, the European Commission asked the Banking industry to build the SEPA, for "Single Euro Payments Area".

This project aims at creating a European standard for payments, so that anywhere within the zone, Direct Debits, Card or transfer payments can be treated with the same pace, same safety and same billing conditions than a domestic transaction. The objective is to provide European residents and companies common deposit and payment in euro in the same conditions regardless of the EU countries.

The Banking industry has defined the Core SEPA schemes for transfer payments and Direct Debit. The one regarding Transfers was been successfully launched in January 2008. As from November 2009, banks have gradually implemented SEPA Direct Debit services. For Card transactions, the SEPA framework has been agreed and is in the process of being implemented by banks, card schemes and card processors. The European Commission and the European Central Bank have also mandated that a critical mass of national credit transfers, direct debits and card payments should also be migrated to SEPA payment instruments by the end of 2010.

Despite significant progress already made, there is still a long way to go. Only 15 of 27 EU member states were able to pass the Payment Services Directive into national law by the November 2009 deadline. SEPA Direct Debit (SDD) also has a significant hill to climb in order to be fully operational by the end of 2010.

From a Card Industry perspective, there is much work to be done. By December 2010, the SEPA Cards Framework should be implemented. This defines the principles for all card transactions within the Eurozone and requires the full implementation of EMV Chip and PIN security standards in all euro countries. Card issuers must align their legal, technical and commercial framework for card transactions in euro throughout the SEPA area to comply with the SEPA cards framework. At the first quarter of 2010, 71% of cards, 77% of POS terminals and 93% of ATMs in the EU 27 were EMV compliant (there being variations from country to country).

Within the concept of SEPA the European Union has strongly encouraged the development of a European card scheme to challenge the competition with existing players (MasterCard and VISA).

This has resulted in the development of three different initiatives:

- **Monnet** is a scheme driven by banks as they do not want to be excluded from this important market. Initially started by a group of major French and German banks, earlier this year banks from 10 countries agreed to extend the scope of the project across Europe. However, the Group has see any concrete outcome with the participants still discussing many elements.
- **PayFair** on the other hand has already begun a pilot project in Belgium, privately owned and that claims to be completely neutral.
- **EAPS** (Euro Alliance of Payment Schemes) has taken a pragmatic approach by linking country-specific card schemes together. For example, currently there are bilateral agreements between Italy and Germany and Germany and the UK, enabling cross-border withdrawals at ATMs in those countries.

Finally, the payments market liberalization allow the creation of Payment Institutions. The number of certified PI in Europe is quickly increasing. Many UK Payment Institutions have EU passports and we notice intense activity in mainland Europe, particularly from niche players in the prepaid and remote payments services.

B. Atos Origin positioning in the it market
B.1 Overview

Atos Origin

B.1.5.2 Mobile payments and other trends on the Payment Market

Mobile payments

Mobile payments have also attracted the attention of European regulators. Aware of the complex and fragmented eco-system, the EPC published a Roadmap for Mobile Payments which explores how mobile payment services can be delivered through cooperation between service providers active in the banking industry and the new players emerging in the mobile arena. The document prioritises mobile NFC contactless card payments but also address some aspect of mobile remote payments. The EPC is working closely with the GSM Association (Global System for Mobile Communications).

The EPC also has internet payments in its sights and is currently working on an e-payments framework which aims to enable a customer to purchase goods from any Internet merchant in the Eurozone using his own local bank account. At the time of writing the framework was still to be published.

Other trends in the Payment Market

The Group has identified several other areas that will affect the payment market:

- E-commerce and thus Internet payments continue to enjoy significant growth and some interesting alternative payment methods are beginning to appear. However, payment methods still tend to vary from country to country.
- New channels are quickly adopted by users: smartphones, PC, new payment devices.
- Over recent years the adoption of contactless cards for public transport access has increased. Now, we are also beginning to see a move away from proprietary systems towards contactless payment on Visa or Mastercard model.
- Cross border transactions are still in development.
- Prepaid is a term covering a variety of market sectors, business models, products and vendors. Generalisation may be dangerous as sectors and geographies vary widely. Nevertheless, prepaid mobile top-up is now ubiquitous; likewise gift cards and to a lesser extent open loop general purpose cards are available generally. What we are now beginning to see are FIs starting to take an interest in other prepaid applications, such as government benefits and payroll and vendors from more mature markets such as the United Kingdom entering mainland Europe.

B.1.5.3 Consolidation and movements in the payment markets

The dynamics of the Payment market are basically around two phenomenon: the polarisation of the industry on selected elements of the value chain and the intensification of the competition. In 2010, major transactions have concerned North American and British players.

In this context, Atos Origin has reinforced its position through the acquisition in India of Venture Infotek, the leading independent player in the Indian payments market. Created in 1991, Venture Infotek operates in merchant acquiring, card processing, loyalty programs, government benefits programs on behalf of the Indian banks and major retailers.

With circa 35 per cent market share, the company employs almost 500 staff and represents a unique opportunity to enter one of the world's fastest-growing payments markets

This transaction is fully in line with the strategy of the Group to grow its HTTS activities and to realise acquisitions in the payments area. Atos Origin is acquiring a company in its core business located in a country where the Group is already working with large customers, and employs 4,000 staff including specialised teams in payments solutions. Venture Infotek will reinforce the Group solutions and teams for payments in Asia, as Atos Origin systems are already used by a large number of leading banks in China and in other south-east Asian countries.

B.2 Strategy, organization and objectives for 2011

B.2.1 Mission & vision

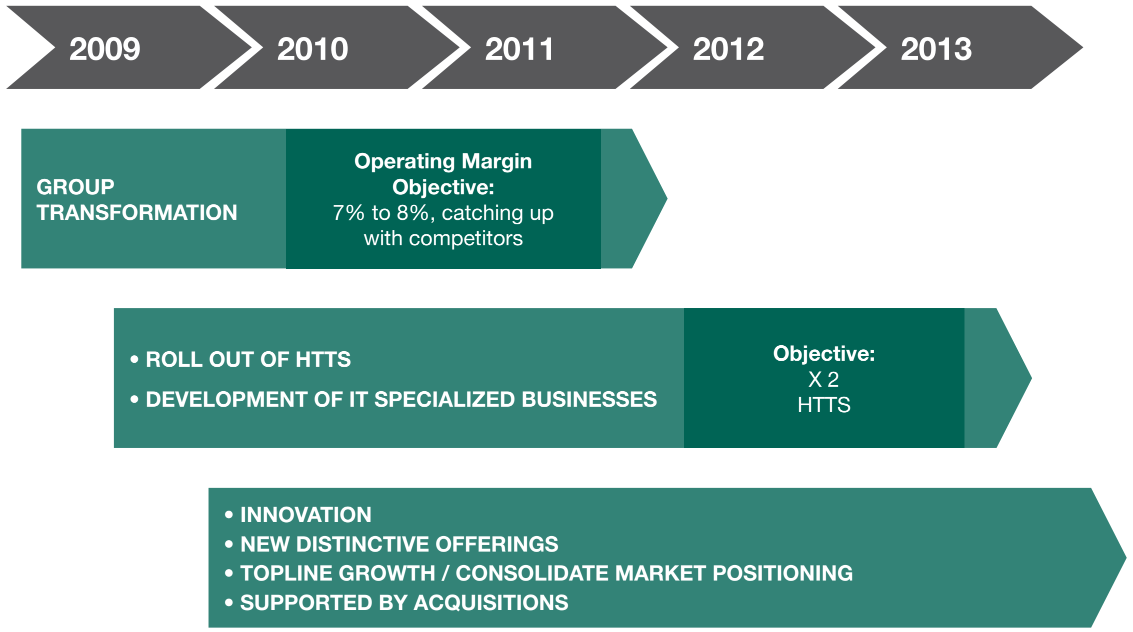
In a very competitive landscape subject to a strong price pressure, the Group has started to develop in 2009 a strategy based on two main streams of actions, aiming at:

- Restoring margin and improving the Classical IT business, where the key drivers of this are operational excellence, a high utilization of resource, and the industrialization of processes.
- Resuming growth with a first priority to reinforce Group's leadership in payments and e-services in Europe, under the HTTS initiative.
- And then developing differentiation based on the Group's strengths and strong assets, such as Atos WorldGrid, Medical BPO, as well as solutions in health, transport, and manufacturing.

Through the acquisition of SIS, Atos Origin will strengthen its means to reach these goals, as it will benefit from an increased scale, both on the Classical IT side with of a more global footprint, and on the Critical IT area by leveraging on a new set of opportunities to increase differentiation, focusing on industry expertise and innovation.

This vision is supported by a reinforced attention given to the Sales strategy. In parallel, the Group pursues its effort in its ambitious Corporate Social Responsibility program, with the ambition to be certified A+ according to the GRI standards.

The graph hereafter illustrates the deployment of the strategy:



B. Atos Origin positioning in the it market
B.2 Strategy, organization and objectives for 2011

B.2.2 TOP Program evolution

The TOP Program (Total Operational Performance) launched at the end of year 2008 represent the first step of the strategy, "the group transformation". After reaping its first benefits in 2009, it pursued to deliver its promises as it contributed in the Group financial performance in 2010, with an increase of the operating margin rate by +107 basis points in twelve months and a free cash flow reaching EUR 143 million after EUR 117 million in 2009. This was achieved thanks to a tight identification of improvement areas in the delivery model, combined to a quick implementation of new processes, so as to bring value to all group stakeholders.

The TOP Program is a three-year Program and will continue through to 2011. At the end of 2009, the Company launched new programs focused on improving the sales effectiveness, and employee "Well Being @ Work", covering among others Talent management, training, and mobile working.

B.2.2.1 Cost Optimization

Non IT costs

In 2010 cost reduction carried on with the same momentum as 2009, with significant savings from budget being delivered in non-personnel costs. One of the biggest projects delivering benefits in 2010 and well beyond is the Paris estate consolidation and the move to our new Headquarters in Bezons, near Paris. This project involved the relocation of more than 4,500 employees from six different facilities across Paris and has not only delivered real estate but also significant facilities management benefits. Substantial real estate consolidation projects have also delivered benefits notably in United Kingdom and Spain.

Travel costs despite offshoring and globalisation of the business have dropped again as we encourage employees to use technology such as teleconferencing and OCS to control demand.

With Atos Origin's globalisation and the associated standardising of systems, purchasing has continued to benefit from greater visibility on spending with this year a better focus on spending control and compliance with Group policy as well as driving category management principles.

IT costs

Maintenance costs (Hardware and software) have been reduced not just off the back of moves to third party vendors but also thanks to detailed specification work on answering time, maintenance schedules, etc.

Hardware sourcing focussed on cataloguing the group standard products in collaboration with our Global Managed Operations teams. Work on driving compliance continues through the Capex committee.

B.2.2.2 Lean Management

Implementation

Since the inception of the TOP Program, Atos Origin has adopted the principles of Lean Management, which enable the Company to leverage the skills and creativity of its staff to pursue simultaneously three goals: operating more efficiently, improving quality of service, and enhancing "Well Being @ Work".

This disruptive approach has been pioneered in all areas of the Atos business throughout 2009, starting with ticket-based activities such as service desks, then expanding to project-based and non-repetitive topics such as application development. 2009 and the first half of 2010 were dedicated to building momentum through the declination of Lean Management techniques into a corpus of repeatable tools and methodologies, and the training of over 170 full time in-house Lean experts.

By the end of 2010, over 9,000 direct staff operate under Lean Management principles. Each employee has seen its daily activities change after one of the nearly hundred 3-month Lean projects conducted by the Group. These individuals are also equipped with action plans to further improve and reach optimum productivity within 12 to 18 months.

The group ambitions to accelerate the rollout of Lean Management in 2011, aiming at placing over 16,000 staff under Lean Management by the end of 2011.

The continued use of Lean management provides a competitive advantage to strengthen operations, develop customer loyalty through increased service quality, attract and retain top talent. The program is deployed across all countries where the Group operates and is seen as a powerful lever to industrialize working practices.

Sustainability of the method

In parallel to driving close to a hundred Lean transformation projects, the Group has developed a robust set of mechanisms to sustain the impact of Lean management and to embed continuous improvement into the Atos Origin culture.

These mechanisms include a central team in charge of auditing and maintaining operational best practices on each site following a Lean Management project. This team also constantly upgrades the Lean approach and trains the Lean experts in the latest techniques.

The community of site managers having undergone Lean transformations (Lean Commodores) is constantly increasing and is supported by Lean Coaches who are local resources trained in Lean Management and in charge of maintaining the pace of the transformation on a local level. Last, Lean Management will be embedded into new manager's trainings.

Workforce management tools and teams have been reinforced in order to ensure monetization of the work capacity freed up through efficiency gains. This essential mission ensures that staff made available through efficiency gains is reskilled as needed, then positioned on new contracts or as replacement to subcontractors, in order to minimize restructuring costs while building positive momentum in the staff.

Finally, the Group is also enhancing its change management effort, focusing on the areas of the business where the transformation and industrialization are the most disruptive, in order to enhance staff support to the transformation, motivate teams and boost its "Well Being @ Work" efforts.

Continuation in 2011

The Group will continue to roll-out Lean Management in all its operations in 2011 and beyond. The ambition is to place another 7,000 direct staff under Lean Management practices by the end of 2011, reaching over 16,000 in all areas of the business and all geographies.

New areas of operational efficiency and quality will also be tackled as part of Lean Management, such as the optimization of end-to-end customer operations that cut across multiple operational units and geographies. The application of Lean Management practices in such a way will aim at improving efficiency further than in each unit taken separately, while drastically improving customer satisfaction through a reduction in service time and increase of service quality.

B.2.2.3 Offshore

Managed Services

At the end of 2010 Managed Services offshore capabilities are covering most of the MS services (service desk, monitoring, server and application management, workplace and network) and are located in India, Morocco, Malaysia, Poland and Surinam.

The current footprint is based on strong and specialised center of expertise taking into account the language requirements especially in the service desk activities.

A significant growth of staff and volumes have been achieved in 2010, the overall offshpore activity doubling since end of 2008.

The strategy is not only to deliver on going services from the offshore centers but also to develop technical expertise, projects and service management. A strong action plan has been implemented in 2010 and will go on in 2011.

The MS offshore centers are part of the MS Global Factory. They are fully integrated in the end to end service management and delivery processes and are benefiting from the factory efficiency improvement plans (including roll out of lean).

Systems Integration

At the end of 2010, Atos Origin Offshore Service Strategy in Systems Integration is made of the three following main centres:

- India: 14 production lines around various technologies,
- Morocco: Stronger nearshore capabilities to support French Speaking Customers too,
- Argentina: An offshore centre dedicated to provide services to Spanish speaking customers and address the US with a low cost services business model in the same time zone.

A plan build in five steps has accelerated offshoring in Systems Integration while improving efficiency, service quality and profitability:

- Ramp-up of the Service Delivery Platform – standardized processes and tools worldwide, so that the Company can off-shore quickly and efficiently.
- Move to the "factory approach"; to create a catalogue of services at pre-defined tariffs that guarantee delivery and make it eAsiar for Global Business Units to price solutions for their clients. This should replace the previous system where fees were calculated on a pro rata basis.
- Standardize transition processes from on-shore to off-shore – manage the transfer of existing long-term business cost effectively and without any disruption to service.
- Define principles for new operating model in India – benefit from economies of scale and deliver improved service by reorganizing the Indian operations by technologies and/or business domains. For example, there will be teams focussed on the test factory, SAP upgrades and applications, in addition to focus on service lines for applications management.
- Develop training and sales collateral in order to help the sales and account teams to master and manage more effectively the off-shore services in all new deals, implement new training program for program managers to master the complexity of Distributed Delivery.

This was first implemented in India.

Strong attention is paid as well at developing centers having similar language capabilities to the demanding Countries. To answer this need, we have strengthened our development:

- In **Morocco**, to meet the increasing demand from French clients to deliver more services off-shore by French speaking technology experts, the Company has further improved and strengthened its off-shore center in Morocco. In September 2009, the Company moved into a brand new, purpose built, technology Campus, "Casa Nearshore", located close to Casablanca; increased the size of the Group Systems Integration team and its Managed Operations team to serve clients. In 2010, the Group has applied the same approach than the one implanted in India.
- In **Argentina**: To meet demand from Spain, the Group has decided to strengthen its Systems Integration offshore capabilities in Argentina, as banks and large international Group headquartered in Spain are looking at developing their operations in South America.

Continuing in 2011

The Group intends to further develop its offshore mix to meet growing customers demand to enjoy both skills and location to implement complex projects and outsourcing services.

B.2.2.4 "Well Being @ Work"

The "Well Being @ Work" initiative was launched at the end of 2009 by Thierry Breton, with the ambition to attract the best talents, encourage personal development, increase managerial commitment and motivation among staff, as well as enhance integration with our 'One Company' philosophy.

“Well Being @ Work” covers all environment of the future workplace, the specific tools for remote working, training, talent management as well as enabling new levels of collaboration and flexible way of working. The Well Being @Work initiative has been designed the seven following initiatives:

- Where we work (Working organisation)
- The way we work (Working conditions)
- Management’s role and behaviour (Management 2.0)
- The way we reward employees (Recognize & Reward)
- And increase their abilities (Skills & Competencies)
- The Group’s identity (Communication and Social Links)
- And the values we want to share (Corporate & Social Responsibility)

Early January 2010, a Well Being @Work Council was created. It is composed of around 30 young employees of Atos Origin with high potential coming from all the countries, representing various skills and functions The Council meets physically every quarter and extensively uses and tests new tools for collaborating virtually with one another. Its mission is to share new ideas on how to improve the Atos Origin attractiveness in promoting environments and innovative methods of work by anticipating the employees’ future expectations.

Coordinated by Philippe Mareine (General Secretary), Jean-Marie Simon (EVP Human Resources) and Marc Meyer (EVP Talent Management and Communication), the Well Being @ Work constitutes one of the TOP Program initiatives. First significant deliverable of this program concern the new Group’s Campus, in particular the new headquarters in Bezons.

The ”Well Being @ Work” will be a key driver for Siemens IS cultural and managerial integration.

For further information, please refer to the Section Corporate & Social Responsibility our to the Group’s Corporate Responsibility Report.

B.2.3 HTTS development strategy

Hi-Tech Transactional Services, of which the payment activity, represent the heart of our ambition to develop a strong distinctive position in the critical business services, with a specific focus on payments and e Community Services. Since end 2009, Atos Origin has launched a specific development initiative to develop Hi-Tech Transactional Services activities in all geographical areas where the Group operates, leveraging the assets and capabilities of Atos Worldline, and deploying the specific model HTTS which underlies the profitable growth story of Atos Worldline. 2010 has seen the HTTS teams engaged in discussions with their clients in all our geographies of the Group and generate, on top of the sustained development of Atos Worldline, an additional growth potential with the first significant customer signatures.

Atos Worldline has developed over the years, a strong portfolio of differentiating assets and activities in the three domains of Electronic Payments, e-Community Services and Financial Markets. A solid track record of sustained growth in these areas is the first pillar of the development ambition.

Furthermore, the profitable development of Atos Worldline since many years is based on its specific and successful business model, based on a strong production model, and innovative revenue model.

Definition of the production Model

The production model is based around three core assets types:

- A set of software assets, standard generic building blocks, common to many services and applications across the various markets, e.g., account and card management, messaging infrastructure, authentication, archiving, rules engine, publishing… A critical aspect of these building blocks is them being built within a common architecture and development framework, allowing interoperability and easy assembly to design more complex applications.
- A collection of business knowledge assets, concentrating the market expertise accumulated over the many years of partnering with Group’s customers. These assets, developed from a base of the above mentioned software assets will be reused and enhanced between the customers and geographies in the specific market sector. Some examples of these business knowledge assets are Card Schemes, Fees Management, Mobile Internet Publishing, Rich Media management, e-Commerce sites.
- A base of industrial production assets core to the efficient end-to-end service delivery model of HTTS. Based on the significant effort by Atos Worldline teams into defining the appropriate optimal infrastructure and production architecture for secure, high-volume, scalable and compliant transaction processing, the production assets comprise the dedicated state-of-the-art datacenters, associated service help desks, PCI compliant processing environments, with all security and archiving services. As a significant by-product, the industrial production assets have strongly influenced the design of the software assets, in order to ensure the applications developed deliver efficient and cost effective production costs, in a clear Build-to-Run approach specific to the HTTS business model.

The assets of the production model are designed to be able to be combined and recombined to solve the various requirements of its customers, and to be able to deliver additional services and innovation to clients who are already customers of this model.

Leveraging this production model, Atos Worldline has also defined a specific revenue model, based on key business metrics aligned with the success of the service and of the customer’s activity, establishing thereby a strong partnership with its customers. Since revenues are based on volumes, aligned with the success of the offered services, Atos Origin shares both the risks and the benefits with its clients, and strives to provide low set-up costs for new services. This structuring pushes the Group to really align its services and the day-to-day collaboration of its teams with those of its clients, towards raising the quality and value for end-users, and increasing the user experience in order to create more and more volume every day.

In a nutshell, based on this industrial and yet flexible production model, and a revenue model based on creating a win-win partnership with its clients, the HTTS model is a further way to deliver IT value to Atos Origin’s customers.

This model is based on:

- the full control on design & architecture of applications & services delivered;
- the processing of the services in controlled, self-designed and mutualized datacenters;
- a strong focus on structured one-time development and reusability for multiple customer services;
- a price structured along business metrics relevant to its customers’ success;
- a framework of commitments aligned with the joint success of the delivered service.

It is this business model that the HTTS teams of Atos Origin are promoting into their respective markets, through the roll out of Atos Worldline capabilities, through the further development of existing local assets that are already compliant to the business model, and through the identification of new opportunities to apply this business model to solve critical business challenges of our customers.

Rolling-out HTTS

During the summer of 2009, Atos Origin has presented its ambition to strongly develop the HTTS activities, and has launched the strategic development initiative to roll-out the HTTS business model beyond the current geographical footprint of Atos Worldline (Belgium, France and Germany). The approach is for the group to leverage all the geographies of the Group where Atos Worldline is not operating today, the strong customer relations that have been built over the years by the local Atos Origin operations, and the various local assets in payments and beyond which are very close to the successful business model of HTTS. Therefore teams have been structured and mobilized during the late 2009 in all major European countries of the group and in Asia Pacific, supported by the required governance aspects implemented at Group level to ensure joint effort and dedication of Atos Worldline and the Country management teams towards this strategic development.

Operational since 1st January 2010, the HTTS teams in the countries where Atos Origin operates have continued to develop around their local HTTS assets, essentially in Asia, Spain and in the UK, and have actively been engaging with customers on the benefits of the further way to deliver IT benefits that the HTTS business model represents. These country teams are supported by a strong dedicated team of experts from Atos Worldline, who provide sales support and deep solution knowledge around the Atos Worldline assets and capabilities.

During the year, and parallel to all customer dialogues, the Country HTTS teams have continued to train the local account teams regarding the HTTS offering portfolio, and this specific business model. Several hundreds of Atos Origin employees in client facing, sales and business development roles have been through trainings or workshops raising their awareness and understanding of HTTS, allowing them in turn to engage with their customers and further identify new opportunities to apply the HTTS business model to customer business challenges.

In the last quarter of 2010, the first significant new customer contracts in new HTTS geographies have been awarded. This demonstrates the existing appetite of the market for this further way to deliver IT value, and the potential for future growth of the HTTS activities.

Globalising the Payment Platforms to remain competitive new environment

In 2010, Atos Worldline processed almost three billion payment transactions in its domestic markets - Belgium, France and Germany. In order to strengthen its position in Europe and to prepare for the SEPA market, Atos Worldline initiated the strategic IT Globalisation Program which in 2009 was incorporated into the TOP Program. It aims to deliver the first truly pan-European payment processing platforms for Acceptance, Acquiring, Issuing and Clearing and Settlement.

Over 2010, these global payment processing platforms have been designed and developed to meet the requirements of its international customers for cross-border processing, front and back office, including full regulatory compliance and fraud management.

With its global platforms, the Group aims at significantly increasing the number of processed transactions in the coming years, by growing the business in its existing markets – Belgium, France and Germany – and by expanding the business into other markets where Atos Origin has a strong presence.

Anticipating the future

For over 35 years, Atos Worldline has believed innovation must be embedded in the very DNA of its organization and therefore has been implementing a strong strategy of anticipation of new technologies and uses, supported by a pro-active investment policy.

The "Worldline Innovation Network" fosters innovation-friendly attitudes, perspective making, knowledge sharing and entrepreneurship. Innovations are highlighted and recognized internally through annual Innovation Awards.

Thanks to sustained investments in R&D, Atos Worldline has continuously demonstrated its ability to provide its clients with a reliable vision of the future so that they benefit from the leading-edge technical solutions and platforms. The teams are heavily mobilized to explore and evaluate emerging technologies as well as to conduct pilot projects together with customers.

The research covers all major domains related to mass transaction management: from strong security technologies to next generation networks, including human-machine interfaces, advanced internet applications, mobile and contactless devices, payment terminals and architectures, machine learning, natural language processing, social networks, digital identity management, etc.

B.2.4 Client at the core of Atos Origin

In order to better address its clients' needs, the Group launched a program named GAMA (Global Atos Origin Market Alignment). The objective of this Program is to bring Atos Origin in a leading position in respect to Go to Market, and to implement a consistent global sales organization across the world in terms of market sector verticals and Sales skills.

The Group has selected its five major market sectors where operates: Public & Health, Energy & Utilities, Financial Services, Telecom & Media, Manufacturing/ Retail & Transportation.

B.2.5 Innovation

The last item of the Group strategy is focused on innovation and distinctive offerings.

B.2.5.1 Developing Global Key Offerings, "GKO"

In 2010 the GKO program continued the roll out started in 2009, despite the difficult economic conditions. As part of the development of its differentiation portfolio, twelve Global Key Offerings have been developed with a strong support of the India center.

For each GKO, a dedicated organisation has been set up in 2010. This new organisation is placed under the responsibility of a GKO manager, who ensures the continuous review of the business cases, the supervision of the launch of offerings on a global basis. A GKO Delivery manager is in charge of the technical design, the global delivery model and frameworks and insures that each GBU is able to deliver its GKO. Finally a GKO marketing manager is looking out for the training and collaterals required for the sales force and the joint marketing plans with partners.

Training has been another key area in which a lot of time and energy has been spent in order to promote to the sales (and delivery) force about the value of the GKOs. Training programs have been rated and they appeared to be very effective to the participants. GKO Offerings workshops have been organized on a six week basis in our main European countries. Overall more that 2,350 sales people have been successfully trained.

As described in the section Innovation, several Proofs of Concepts have been as well very quickly prepared thanks to the new set of skills the Group has built in India (Android in mobile technologies, BPM and Cloud orchestration, etc.)

R&D effort of the Group will continue as one of the pillars of Group's strategy is the building of IPRs in the selected new industry verticals, that beyond HTTS and the successful launch of Atos WorldGrid, it wants to further promote, such health, transport, telecom. This effort will be done leveraging Group's offshore footprint, optimizing our skills and cost structure.

Please find hereafter the detail for our GKO, that are also available on our corporate website at: www.atosorigin.com.

Nuclear Instrumentation & Control

Atos Origin provides Nuclear & Utilities industry clients with proven monitoring and command control systems, simulation and predictive maintenance platforms in a design-build-operate offering, building on strong partnerships with leading players. Here Atos Origin's solution, part of Atos WorldGrid portfolio, ADACS, is the leading on-line computerized command control solution. This approach has been recently recommended by the International Atomic Energy Agency as the state of the art approach for safety procedures.

In 2010, as well as new business in France and the Netherlands, the main focus has been on China: two contracts have been signed for the delivery of two pairs of digital control systems (DCS) to the China Nuclear Power Engineering group and also for the delivery of two full-scope simulators. Atos Origin has also established the BTPC (Beijing Technology and Projects Center).

Smart Grid and Smart Metering

Atos Origin's Smart Metering solution is an end-to-end solution, involving a full information system and telecommunication infrastructure, which provides:

- Secured and remote acquisition, configuration, maintenance and operation of industrial and residential smart electricity meters;
- Meter data management functions, up to smart grid and customer information functions.

Atos WorldGrid which has been launched in 2010 leads one of the world's largest Smart Metering project – the one for ERDF. In France, the company has delivered the final software that will allow ERDF to manage 35,000 000 meters. It has also provided an interoperability test lab for ERDF. Pilot is underway with already more than 200,000 meters installed by ERDF out of the 300,000 targeted. In Spain, the Atos Origin consortium has started the OpenNode Smart Grid Project for the European Union (7th R&D Framework Program). In China, we have won a Smart Metering pilot project for 100,000 meters through our alliance with ZTE.

Next Generation Intelligent Networks (NGIN)

Atos Origin provides telecom operators with Next Generation Intelligent Networking platforms that allow traditional Value Added Services to be supported in a both existing GSM infrastructure as well as new networking infrastructure (IMS – IP Multimedia Subsystem) while facilitating the introduction of new services going forward. The NGIN is oriented to enabling Telecom operators to attract new business customers and raise the ARPU from existing customers.

Atos Agile Manufacturing (AAM)

Formerly Manufacturing Execution Systems (MES), this 'GKO' was renamed in mid-2009. AAM assists manufacturing clients in reaching their business objectives such as Innovation Excellence, Manufacturing Excellence, and/or Supply Chain Excellence. Based on a unique method, developed within its AAM CoE, solutions like SCE, MES, LIMS, PLM and Asset Data Management are tightly linked to these business objectives making the value directly visible (Business Case approach). The approach also covers the capability to implement, deploy and integrate these Manufacturing IT solutions with a Business IT landscape (including ERP).

Enterprise Content Management (ECM)

Atos Origin offers services to large enterprises or public bodies to address issues related to Compliance, Collaboration, and share of all types of multimedia content (Capture, storage, content analytics, etc.)

In 2010, Atos Origin has built a very large Document Management System for a European Defense department (65,000 users, 7 million docs per year) that optimizes information flows, accelerates the collaborative work establishment, and preserves the ministry documentary production with an electronic archiving process compliant with the legal archiving regulations. The content infrastructure is based on a Microsoft Sharepoint platform. Atos Origin has rolled out an ECM Service Catalog that industrializes deliveries of SI activities in a distributed mode.

As a 2011 extension, ECM has a specialization when the content is Media oriented. « New Media Asset management" (MAM) addresses mainly audio, video and other new media content including social media content Atos Origin is providing consultancy, design, build and run of Media Asset Management functionalities or system from the archive and preservation up to the publication (and going through downloading, renaming, backing up, rating, grouping, optimizing, maintaining, thinning, and exporting) of Media files on Internet, Intranet, or other channels.

Adaptive Workplace

Adaptive Workplace provides flexible desktop and end-user support services. It combines core workplace and service desk services with seamless solutions, regardless of this mode of supply (on-line services, management of virtual desktop, applications and software "on demand",...).

These services allow the end user to work anywhere, anyplace, and at any time. Atos Origin's extensive and innovative portfolio ranges from traditional desktop outsourcing to private and public Cloud-style solutions, such as "Atos in a box". A standardized offering results in consistently high levels of end user experience, together with cost effective and sustainable methods. The working environment is changing and the Adaptive Workplace is ready for this change, with solutions to support a truly mobile workforce, including new device types (iPAD) and the BYO concept already available. Adaptive Workplace has already been successfully deployed at many clients worldwide enabling them to achieve cost reductions up to 40% on workplace management costs. Atos Origin currently manages more than 900,000 devices.

In 2010, revenue has grown by a factor of 6 in the shared Cloud workplace offering, 'Atos in a box', and the Group has also secured major new workplace contracts worldwide. Gartner's latest Magic Quadrant's for Desktop Outsourcing and Help Desk Outsourcing services in Europe places Atos Origin among the leaders. We believe that our positioning highlights the clarity of our vision and the quality of our solutions for workplace services, confirming us as a market leader.

B. Atos Origin positioning in the it market
B.2 Strategy, organization and objectives for 2011

Identity, Security and Risk Management (ISRM)

Atos Origin's end-to-end innovative approach to information security addresses the full threat landscape and partners with leading security technology providers (McAfee, Oracle, Novell,…) to integrate proven technology into compliance and security solutions that ensure the appropriate level of security for each customer.

Identity, Security and Risk Management is addressing business risks through the integration of proven information security technology. Identity, Security and Risk Management integrates security solutions into customers' business and IT environments to enable controlled business risks, improved operational efficiency and reduced costs.

To ensure the appropriate level of security to each customer, the reliability of the information system and to adapt to the client's regulatory safety and compliance specific needs, the offer includes coverage of risks and is produced in partnership with five major suppliers of security technology (McAfee, Oracle, Novell,...).

In 2010, GasTerra, the Dutch natural gas trading and distribution firm, became the first new customer of Atos High Performance Security services.

Finally, Atos Origin was awarded Identity Management Solution of the year in the European Identity Management Conference 2010 as well as receiving the award for Cloud Security Solution of the year from Novell. Atos Origin has also been assessed by the market analysts Gartner as an upper quartile player within the EMEA security services market place for the second year running.

Testing & Acceptance Management (TAM)

Atos Origins TAM offering is based on a Service Catalog of services that are provided by Atos Consulting, Professional Services and Managed Services. The vision behind TAM is organizing Test, Acceptance and Move-to-Production in an integrated and standardized way to enable industrialization and further cost reduction of these processes in order to deliver a quality assurance solution to the customers.

Atos origin's unique approach is designed in such a way that it balances up the time, cost, risk and quality dimensions of Software Development Activities and Application Management Activities to manage changes in the IT landscape.

In 2010 more than twenty new logos have been reached, thanks to the benefits of one Global Service Catalog and a strong reinforce of the TAM community with a relevant internal communication.

These business success highlight the value added of our offer, which was awarded as N°1 in France in the Test market from Pierre Audouin Consulting this year.

Atos Sphere, our Cloud Services offering

Atos Origin is delivering a full portfolio of Cloud Services under the branded name Atos Sphere.

To accompany our customers in this new kind of services, we first offer a "Cloud Opportunity Assessment", aiming at helping our customers to identify advantages from the Cloud in their business and to build their roadmap.

Other Atos Sphere services are delivered according to the three "classical" layers of Cloud services:
- **Infrastructure as a Service** (IaaS): we deliver on-demand computing, storage, backup and network services from Cloud platforms already deployed into our own Datacenters.
- **Platform as a Service** (PaaS): we provide Test and Development platforms delivered on a fully on-demand model, with provision of hardware and software tooling including project management suites and specific packages.
- **Software as a Service** (SaaS): we offer a wide range of SaaS from Microsoft, Business Objects, Novell, Axway and other vendors, and also from Open Source. These services not only include the provision of the software packages but other services such as security, backup, integration with other applications, users management, Service Desk, reporting, orchestration.

Our Atos Sphere X-aaS services are available either as:
- Shared Cloud (customers on shared infrastructure in our Data Centres),
- Private Cloud (customers with dedicated infrastructure in our Data Centres), or
- Dedicated Cloud (customers hosting their own Cloud infrastructure in their premises)

The Group also deliver Cloud services for end users devices through Virtualized Desktop offerings, and we offer ready-to-use virtualized desktop environments through Atos in a Box offering which successfully continues its deployment in the European market.

All our Cloud Services meet green environmental regulations, and can be delivered, on request, with a zero-carbon footprint through certified carbon offsetting by external body.

Sustainability Solutions

Sustainability has become a strong element of the Global Key Offerings portfolio of Atos Origin, leveraging the effort to be in line with its own CSR.

In 2010, the Company has developed and promoted several new technologies. As a leading IT services company, Atos Origin can also support future developments in areas such as faster processing, lower energy consumption, greater efficiency and miniaturization of components may continue or leverage scientific innovations such as Control and Command for Complex systems (Smart-Grid, energy efficient buildings, and traffic management), Alternative Delivery Models, collaboration and knowledge management, and decision support systems. Our clients now require IT partners who understand the future social and economic environments and who can provide services that are innovative and sustainable. Therefore the objective is to be a globally performing IT services company and recognised as a credible, trusted, innovative sustainability service provider.

2010 Achievements: Client approved case studies with leading sustainable clients: Akzo Nobel, DSM, HMRC, Home Office, EDF Energy, Baker Hughes. Over 250 client-facing Atos Origin staff received initial sustainability solutions training. Sustainability Solutions portfolio defined and launched, fact sheets and white papers published and high profile speaker presentations at global events.

Social Business Solutions (New in 2010)

In a relatively short time-frame, online social networking has grown from a disruptive trend to claim a position as one of the most common online activities- in front of email and search. With the exception of marketing functions, many enterprises still struggle to find ways of dealing with the challenges this poses internally and externally, and have difficulty finding new ways of creating value in a changed environment. To help its clients deal with challenges and create value, Atos Origin will develop a portfolio of social business solutions; addressing current customer's pains and gains, looking for solutions through social networking concepts, technologies and services, and offering these as integral solutions through alternative delivery models and agreements.

Obviously, this offer is not just about Facebook and the likes, but it actually addres real business issues and relies on social concepts, technologies and methodologies to improve business performance. Implementing 'social business solutions' will have the objective of cost reductions through optimization of communication and collaboration within and across organizations, and/or finding new value by tapping into the 'potential of the crowd'.

Smart Mobility Services (New in 2010)

Mobile devices have transformed the lives of more than four billion people. Now there is great interest and excitement that embedded mobile connectivity, in everyday devices.

This smart mobility will deliver transformative benefits to citizens, consumers, businesses and society as a whole. And it has already started with Transportation solutions, remote monitoring technologies for healthcare, smart shopping applications, etc.

As a disruptive technology Atos Origin sees Smart Mobility as a real opportunity for future business growth in a number of areas. Atos Origin has the expertise and relevant experience to play in any part of an emerging Smart Mobility Service Ecosystem depending on client requirements.

In 2010, Atos Origin had a role on this new IT computing cycle with some consulting studies, SAP mobile implementations, HTTS activities (around payment and ticketing) and began to design some vertical mobile solutions (around e-cars parc management, Smart Metering and healthcare).

Furthermore, the company generated some business with a dedicated global communication in July, the restructuring of a mobile subsidiary in Iberia Tempos21 and a huge on-going telematics opportunity for Renault which could lead to one of the biggest and innovative reference on this market.

In 2011, Smart Mobility will be promoted as a Global Key Offering, re-enforcing its current activities, emphases verticals solutions and build a complete end-to-end enterprise approach will be the key development elements for Atos Origin.

B.2.5.2 Investing in innovation in the long run

In 2010, Atos Origin has launched a new IPR (Intellectual Property Rights) policy with a dedicated patent management process. This aims to better control the development and the use of our IPRs and disseminate them across the organization to improve the customer perceived value of our customers and increase our business performance with innovative proposals. This also lowers our operational cost by reusing our own assets rather than buying third party technologies. In that respect, Atos Origin has decided to capitalize some key R&D internal project as they should generate recurring revenues in the long run.

Through the TOP Program, the Company has set up a systematic approach to identify R&D projects and ensure that they would be recognised both internally and externally. It has also enabled the Company to benefit from subsidies specifically granted for R&D.

The customers remain at the heart of the Group focus, and as such, Atos Origin has conducted a great number of innovation workshops and events together with clients and partners. Those workshops and events, along with proven proofs of concept, are essential success factors for product and service innovations, as they also enable to maintain close relationships with all innovation stakeholders, their incorporation into the eco-system and the launch of new key ideas.

Conditioned by the closing of the transaction between Atos Origin and Siemens, both companies have decided to allocate EUR 50 million each to R&D, with the ambition to accelerate innovation and notably to develop jointly new differentiating offerings.

In this context, ten potential joint development projects have already been identified, including communication platform for remote acquisition of train maintenance data, integrated solutions for electric-car parc management, etc.

B.2.5.3 The Scientific Community

The Scientific Community is currently a network of some 60 members, representing a mix of all skills and backgrounds, and coming from all geographies where Atos Origin operates. Its aim is to help Atos Origin anticipate and craft its vision regarding upcoming technology disruptions and the new challenges faced by the industry. Sharing this vision with its clients and investing on the related findings, Atos Origin intends to help its clients to make critical choices regarding the future of their business solutions. In 2009, the scientific community has studied ten key identified challenges for its industry and its clients. In addition, the community is working on eight building blocks as user interface, process, context, social graph, data brokerage, etc. which combined with the ten challenges constitute the five-year vision for Atos Origin called "Journey 2014".

In 2010, the Scientific Community has concentrated on:

- implementing with customers the concepts developed in Journey 2014 by building "proof of concepts",
- preparing supports for external communications in line with the CEO Press Conferences,
- designing "the Future Centre" to present our Vision to customers, partners and staff,
- and initializing Open Innovation vis-à-vis students through IT Games to be organized in 2011, Universities through the creation of Chairs and Start up with an Atos Origin incubator.

More than 10 proof of concepts have been implemented in the domains of Smart Mobility, Cloud Orchestration, Social Network Analysis, Business Process Modelling, Identity as a service, Smart Metering, Creative Lean, Risk Assessment in Solvency 2, etc. Participation of customers to these proof of concepts program has generated opportunities for new business in innovative fields.

Having experienced the challenges and building blocks to real situations that demonstrate the theory in practice, the Scientific Community has delivered a new version of "Journey 2014" focussing on "Simplicity with Control", a 60-pages document to be made available to our strategic customers, our main partners and our staff. For the same audience, eight White Papers have been published on adjacent topics.

The "Future Center" has been designed and will be implemented in 2011 to demonstrate next to the Bezons Show Room the various proof of concepts supporting our vision as well as preparing with customers and partners a common approach to implement their vision. The "Future Center" will be accessible from every large premises of Atos Origin and will be key to support an open innovation culture within Atos Origin.

The Scientific Community has operated internally using the cooperation principles sometimes called "organization 2.0" with tasks chosen and not assigned, peer rating, collaboration tools.

With the basis of Journey 2014, Scientific Community can pump prime a process of Open Innovation targeting, Students, Universities and Start up's.

Extending the reputation of Atos Origin in the Olympics, the IT games will address a few universities in the main countries where the Group operates to identify students who can contribute to the development of Smart Mobility applications using, as needed, the concepts and tools developed by Atos Origin.

The best teams will be rewarded through several distinctive experiences including invitation to Summer Olympics in London and industrial implementation of their ideas. Universities are for most of them willing to anchor their research into industrial reality. Smart Mobility will be the first theme to create a chair with a yet to be announced university in 2011. Finally, as announced in the CEO Press Conference in July 2010, Atos will be launching an Atos Origin Incubator to support start-up financing take-off.

B.2.6 Quality

To align with the extension of distributed delivery of services across onshore, nearshore and offshore capabilities, The Groups' Quality organization had to adapt to contribute to continuous improvement of services delivered to our clients.

The decision was made and implemented in 2010 to incorporate at a country level, a Quality correspondent network strongly integrated at a Service Line level.

Whereas the country Quality correspondent are focusing on customer Service Level Agreement achievement and satisfaction, the Service Line is working to improve the back office in efficiency, quality and fluency.

As a result, distributed sourced projects and ongoing services benefit from a unique Quality Management System per Service Line implementing common way of working for all Atos Origin staff to deliver our offerings seamlessly end-to-end, delivery site notwithstanding. For this, it implements a common set of processes, guidelines metrics that are supported by our standard tool set. The roll out will cover all locations in 2011.

This ensures:
- Constant measures, reviewing the effectiveness of our delivery and using this input to implement a continuous improvement loop to improve quality, performance and predictability of our deliveries for the benefit of our customers.
- To become a learning organization – something that has been developed can be shared and re-used by other parts of the organization.
- To be more flexible in moving work to the most appropriate location based on skills, proximity and cost requirements Of course, the maturity and compliance of our standard processes and usage is constantly being assessed against Industry and international such as ISO 9001, ISO 20000, ISO 27001 as well as CMMI 3 / 5.

Another example of this focus on end to end improvement is the review by Delivery Line Global Quality Director, on a weekly basis, of action plans for all accounts that do not achieve 98% or more of their SLAs (and we plan to extend the threshold to 100%).

Thus we enforce strongest commitment to Quality and proactive problem management of Atos Origin.

B.3 Sales and Delivery

With the implementation of the 'GAMA' program, Atos Origin intends to have a strong industry focus and a comprehensive Go to Markets approach, together with a coordinated management of the business. This section summarizes the Group's five key markets.

B.3.1 Markets: description of context, achievement and ambition for the five identified verticals

B.3.1.1 Financial Services

Context

After a tough 2009 year, most financial institutions in Western Europe and APAC experienced a return to profitability in 2010. However, it is important to highlight here that those institutions have still had to face two kinds of challenges:
- Make significant efforts to integrate the entities acquired during the intense mergers and acquisitions period, in order to streamline the organization and get benefits from the synergies,
- Anticipate the regulatory evolution, in order to be compliant as soon as the laws are voted, in terms of risk management, capital ratios, reporting tools, transparency, etc.

Technology offers key solutions to answer some of those needs, with services such as Business Process Outsourcing (BPO), Master Data Management, Platforms for risk and compliance, etc.

What's new in the Financial Services vertical at Atos Origin?

In overall terms we have strengthened our focus on delivering four areas of value to banks and insurance companies:
- **Business agility in new customer services** – utilizing business solutions from HTTS. We see high market demand for e-Services, mobility and internet banking. For example, Atos Origin delivered a new iPhone based mobile banking solution to a leading French Bank, resulting in the 2nd largest downloads on launch on the website, increasing customer acquisition in a key target segment.
- **Increasing flexibility and reducing cost in core processes** – by leveraging industrial scale and expertise or outsourcing processes. Examples include: HTTS Payments, Life & Pensions Closed Book utility business models.
- **Transforming and reducing the cost of IT** – through leveraging our global factory model for IT outsourcing of Applications and Infrastructure. Also delivering Cloud services in selected IT domains to provide a more flexible "pay per use" business model.
- **Meeting Risk and Compliance Regulatory demands** – we launched our Consulting led Solvency II offering in Europe to assist insurance customers with the complex operational implementation of a new compliant target operating model.

Atos Origin ambitions

The Group aims at enhancing its presence in the financial sector. As a result, the Group will continue to take actions to develop its portfolio of solutions, offering companies more stability, resilience, and a competitive advantage. Clients should boost their spending and we expect this to increase demand for Atos Origin products and services.

In terms of customers, the Group priority will still be to continue to leverage synergies and grow its international accounts as a priority by delivering end-to-end services.

Finally, the Group continues its progressive action to expand its footprint to high-growth geographies such as APAC, South America and Middle East.

B.3.1.2 Public Services & Healthcare

Context

2010 has been a critical year for the Public sector: in order to minimise the impact of the global crisis on their economies, most Governments have established austerity policies and Lean management techniques to contain public expenditure and maintain a low level of deficit and national debt.

In this context, there has been a drive to enhance technologies, through the use of Shared Services, Pay-as-you-go offerings or outsourcing. However, European states have also been facing higher unemployment rates and therefore seem to be more reluctant to cut existing positions.

In a nutshell, on one side the contracts signed with Administrations in 2010 have reflected a lower bargaining power for contracts renegotiations, and on the other side the new signatures tend to show that the rise of new business areas for IT Services companies mentioned by the Governments (especially in the UK) may really be materialized into new deals, as long as they bring a solution with better value for money.

What's new in the Public Services & Healthcare vertical at Atos Origin?

In this vertical a major step has been made to achieve the aspiration of becoming a real global market. By definition a public sector seems limited by geographical borders, but the economic circumstances inspired us to leverage solutions and best practices around the globe, connect our customers internationally and support all colleagues working in this market without hesitation. In several geographies new business plans were made for entering sub markets due to the availability of reference material and thus enhanced credibility.

Outsourcing and off shoring begin to be prominent topics on the agenda of public sector and healthcare customers. Our portfolio and services are well positioned to help our customers to draw benefit from this important change in this market.

Atos Origin ambitions

The existing cost pressure influences the way Atos Origin aims at growing. As a major player in the IT Outsourcing domain there is a lot of business to win here. Executing the "cost management and cost optimization" marketing and sales campaign is an important cornerstone for growing our business too, as the portfolio we have perfectly fits. Looking at geographies, it is expected that the newer Atos Origin' Public Services and Health geographies will benefit of all results we achieved in the major European countries.

Combining the current services with relevant HTTS portfolio gives even more opportunities to enhance the business and intensify the strategic relationship with our customers.

Our position as a major player in Europe should help us enter the markets of the new member states of the EU. We are also convinced that our existing business in the Ministries of Defence in several NATO member states will also give us a solid foundation for reference needs.

Finally, the existing global communities (Defence, e-Government, Healthcare and Education) will enable us to leverage best practices around the globe and increase the re use of specific, vertical solutions.

B.3.1.3 Telecom & Media

Context

Although relatively resilient to the difficult macroeconomic conditions of the preceding years, European telecom markets suffered from the combination of a lack of revenue catalysts and price pressure. However in 2010 the margins were protected thanks to the effects of the tight cost cutting program implemented previously. Regarding revenue evolution, fixed line sales revenue decline is still ongoing, but mobile's revenue started to bounce back at the end of 2009.

In this context, Telco & Media organizations seek to:
- Gain differentiation with Business Solutions aiming to support core processes of their own clients,
- Leverage on their existing customer base as well as their existing network infrastructure in order to add more value beyond pure connectivity services,
- Increase the cost effectiveness as well as efficiency of their internal IT infrastructure through outsourcing initiatives. In 2010 Atos Origin was named #1 in customer satisfaction in telecom IT outsourcing for the second consecutive year, after an in-depth survey by analyst Black Book (part of Datamonitor) and was also recognized as the Database Partner of the Year at Oracle's Partner Network (OPN) France Partner Specialization Awards business in the Telco & Media vertical.

Developed telecom markets show saturation patterns with market penetration of over 130% on mobile contracts and low organic growth potential. In those mature markets, the declining pricing power, as well as inter-operator termination fees and new capital expenditures on Next Generation infrastructure are still weighing on Telecom operators. However, increasing volumes may offset the topline overall.

On the very contrary, emerging markets provide a healthy foundation for growth and attract substantial capital investments in the battle for tomorrow's market dominance. Despite far lower market penetration levels than the European and North American ones, low budget handsets and flexible prepaid tariff schemes will be the drivers for growth in the coming years.

What's new in the Telecom and Media vertical at Atos Origin?

The vertical has been a group pioneer in moving to the "GAMA" market organization by vertical to:
- Sell to all existing and targeted Telecom and Media companies worldwide through a better coverage of our customers, increasing revenue and market share outside Europe
- Limit the local offerings use and create a worldwide Telco & Media specific range of services answering the international need of our customers
- Optimize and streamline the processes with the creation of a global delivery Center of Excellence to gain in efficiency

Atos Origin ambitions

The Group has identified key areas to address in this market in the future, main ones being the following:
- Support telecom & media players secure their core business in the customer management, in MVNO solutions, Next Generation Access,…,
- Engage with Service Providers in footprint expansion (Innovation process enhancement with the support of Atos Origin Scientific Community for Digital content, Cloud solutions,…),
- Help Telecom companies in their ambitions to enter new markets (particularly for opportunities in cross industries businesses such as e-health, car mobility, connected home, smart utilities, etc.),
- Drive operational efficiency (implementation of industry best practices through process improvements, organizational excellence, Shared Services Centers offerings, etc.)

Finally, to fit to these needs in a business environment remaining challenging with increasing regulatory constraints and new entrants to appear, Atos Origin will focus on two elements to be recognized as attractive for Telco & Media organizations on their way forward:
- Aligning the portfolio to the priorities of customers in order to better perform the optimization of internal operations, as well as support the evolution of their Go-To-Market approaches,
- Operating a selective extension of the current offering portfolio to support core IT transformation initiatives.

B.3.1.4 Manufacturing, Retail & Transportation

Context

In 2010, the Manufacturing market, followed by the Transportation and Retail markets have steadily recovered. Many companies leveraged 2009 to consolidate their operations and sharpen their capabilities in operational efficiency and customer intimacy. Building on the cost savings programs achieved in 2009, projects which had been stopped or put on hold were resumed in 2010, with a renewed focus on innovation and discretionary investments in capabilities to win new customers, develop new markets, products and services while also confirming commitment to sustainability.

In this context, Manufacturers' priorities have been:
- The optimization of their operations by an increase in their agility (without compromising their product quality) and thanks to the availability of data so as to be able to respond to the fluctuating markets and changing needs but also to anticipate and act on changing conditions;
- The Management of the complexity and innovation around the development of their products with the right product lifecycle management strategy;
- Taking advantage of globalization in the value chain with improved sourcing models turning supply chain management as a competitive advantage;
- Extending the customer experience through the use of customization tools for products;
- Becoming more sustainable, to remain compliant with the increased regulation, and to fulfill the expectations of the company stakeholders (clients, employees, shareholders, suppliers, etc.)

Retailers focused on strengthening their position by focusing on existing customers, increasing their loyalty programs, personalizing their customer interaction and attracting new shoppers, also by going "green". They looked to:
- Build and extend Business Intelligence capabilities and the use of analytics tools;
- Leverage on efficient data applications such as CRM and planning, forecasting and merchandising systems;
- Make processes more sustainable, to reduce their carbon footprint while saving on transportation costs;
- Empower their staff with the implementation of human capital management technology optimizing deployment and recruiting.

Regarding transportation companies, one can observe that they aim to become less fuel dependant and to be rather eco-friendly, to optimize their asset utilization to contain costs and to accelerate the use of web-channels for sales, customer service and tracking.

In this context, those organizations seek to:
- Improve planning tools to maximize their use of assets,
- Lower costs and gain in cost flexibility,
- Become more sustainable and green,
- Leverage technology in their operations as well as for customer facing processes,
- Improve customer centricity for better visibility & connectivity.

What's new in the Manufacturing, Retail & Transportation vertical at Atos Origin?

In July 2010, Atos Origin launched a new suite of Smart Mobility services to enable organizations to exploit and benefit from the latest advances in mobile technology, improved connectivity and the increase in the availability of data.

In Manufacturing:
- In January 2010, Atos Origin launched Atos Sphere PLM, evidence of Atos Origin's commitment to providing innovative Sourcing Solutions;
- In February 2010, Atos Origin launched M4MES, a proprietary Atos Origin methodology for delivering business value in plant operations.

In Retail:
- In December 2010, the important contract around the management of the IT infrastructure and services for Karstadt was renewed.

In Transport:
- In March 2010, Atos Origin acquired Shere, a leading provider of integrated self-service, web and desktop systems delivering services to the UK rail and hospitality markets;
- In July 2010, Atos Origin launched in the UK www.redspottedhanky.com, an online travel retailer which is a major milestone in the Group's strategy to grow revenue based on the number of transactions recorded,

Atos Origin has also expanded its geographic footprint and capabilities to service Manufacturers in APAC, South America and in the Middle East.

In 2010, embracing the economic and environmental challenges, Atos Origin's focus on its customers' business imperatives was reflected in its own performance. Atos Origin emerged from the crisis better positioned against the competition, especially in Western Europe.

Capabilities to support our customers in delivering business value in mission critical domains was strengthened and recognized by customers and market analysts alike.

Atos Origin ambitions

Atos Origin is looking forward to leveraging on the momentum achieved during the last few years. Atos Origin's unique capability to deliver increased business value in mission critical domains was reflected in Atos Origin's performance. The Group emerged better positioned from the crisis compared to the competition, and especially in Western Europe. This was the result of how the Group embraced the economic and environmental challenges, and focused on customers' and on their business imperatives.

In 2011, Atos Origin, will continue to focus on delivering business value to its customers in Manufacturing, Retail and Transportation and to leverage its unique capabilities in mission critical domains. With more than over 10,000 skilled professionals in Manufacturing, Retail and Transportation systems and operations will continue to serve its world-class clientele including: Adidas, Ahold, Air France / KLM, Akzo Nobel, Alstom, Amadeus, ASML, Auchan, Canon, Paccar/DAF, DSM, EADS, Johnson Controls, L'Oreal, Lufthansa, LVMH, Michelin, NXP, Océ, Philips, PPR, Procter & Gamble, PSA, Renault-Nissan, Rhodia, Safran and Sanofi Aventis.

The Group has identified key areas to address in these markets in the future, including:
- Supporting Manufacturers in their processes to drive them towards sustainable manufacturing excellence notably with the launch of Global Key Offerings around Atos World Manufacturing (Manufacturing Execution Systems, Product Lifecycle Management and Supply Chain Management), and diversified offerings around Sustainable Manufacturing.
- Launching innovative solutions for Retailers, aimed to support customer, channel and experience management,.
- Leveraging our global presence in the Transport market and launching innovative offers focused on Journey Management, Operations & Infrastructure Management and (Travel) Retailing.
- Enhancing capabilities to serve global clients wherever they do business and to strengthen our position in geographies with long-term, sustained growth potential, like South American and Asia Pacific.

B.3.1.5 Energy & Utilities

Context

The Energy & Utility industry is for the first time at the verge of a massive transformation which should impact traditional business models: first of all, the growing pressure for de-regulation is an imperative for change. Second, in the context of a growing scarcity of natural resources, and of more and more Green concerns, finding a well balanced mix of traditional and renewable energy-sources combining the security of supply are highly prioritized business drivers.

In this context, Energy organizations seek to:
- Reduce costs in their traditional business activities,
- Diversify investments in new sources of energy in order to explore and prepare for coming change,
- Optimize and maximize in areas of proven recoverable reserves, production of current reserves, product delivery and time to market,
- Mitigate risks regarding substitute energy sources

In the abovementioned context, Utility companies seek to:
- Drastically change their traditional business model to comply with regulation and policy; to manage themes as energy efficiency and end-users becoming producers and to compete with new entrants,
- Transform into a customer-driven "Information Company", comparable to the telecommunications-industry, to retain end-users through state of the art customer intimacy.

Just like the global economy, and despite its recurring profile of the business, the Utility-sector has also suffered from the economic downturn. This has led enterprises across the sector to freeze discretionary spending on development projects, and to delay major investment plans. At the same time, end user energy consumption has decreased over the last years.

What's new in the Energy & Utilities vertical at Atos Origin?

The vertical has been focusing on sector-specific offerings and an organizational structure to enable faster profitable growth, through:
- The establishment of Atos WorldGrid, an international entity of Atos Origin launched in early 2010 to globally provide real-time IT-services. Atos WorldGrid has a leading position in innovative initiatives across the Energy &Utilities market,
- The launch of a global competence center for SAP Industry Solutions, mainly focusing on enterprise-wide integration of real time data into customer care and management information systems,
- The development of strategic partnerships.

Through the establishment of Atos WorldGrid, the international entity of Atos Origin launched in early 2010 to address globally the business critical IT of E&U market, Atos Origin reaffirms its overall strategy to address specific markets with highly differentiated replicable solutions to enjoy a stronger profitability in the Energy & Utilities market. Atos WorldGrid provides IT services in areas where IT is the core of the business: oil, gas, water and electricity and all innovative initiatives across the E&U market. For each E&U market, Atos WorldGrid develops, integrates, installs and maintains a comprehensive portfolio of solutions in order to cover the whole value chain from the production, transport, storage, to the distribution and then retail.

The first Atos WorldGrid subsidiary was created in France in August 2010. Atos WorldGrid was officially launched in Brazil during the SENDI event in Q4 2010. This year was also created a Join Venture between ZTE Utility (70%) and Atos Origin BV (30%) in China to promote smart grid solutions for a power distribution network operator in mainland China. Atos WorldGrid also contributed to major innovation projects such as MedGrid in France and is the unique IT shareholder of the MedGrid company.

Major deals were signed in 2010 in France, including a contract with GRT Gaz (for physical dispatching/ SCADA), with EDF (web portal for the mass market), and two in China, one in Hanan for the management of the nuclear plant's Digital Control System, and one in the South of the country for the first smart meter management pilot project of a major coastal city.

Atos Origin ambitions

Based on the strategy that has set in, the group has clearly defined a roadmap to further gain positions in this market. Main areas are:
- Supporting Energy & Utility companies with their main business themes such as resource optimization, regularity compliancy, energy sources sustainability, Smart Utilities and supply security;
- Supporting Energy & Utility companies with their massive transformation towards a, customer centric organization, managed with efficient database;
- Further expanding its footprint in emerging countries.

For Atos WorldGrid, the Group has also set high ambitions. In the first quarter of 2011, the launch of two additional Atos WorldGrid subsidiaries in China and in Spain will be effective.

For the year to come, Atos WorldGrid will focus on three domains:
- The promotion of smart grid solutions and the related customer oriented information system in fast growing areas like Asia, Brazil and in Occidental Europe.
- The promotion of Digital Control System (DCS) for nuclear plants in China through a consortium headed by Invensys.
- The promotion of a new generation of physical and commercial dispatching to comply efficiently with the coming deregulated market rules.

For each domain, Atos WorldGrid will continue to create strategic partnerships with major E&U players to offer the best end-to-end solutions for its customers.

B.3.2 Marketing approach

The transformation and the globalization of the marketing function has been a key focus area of the group in order to ensure future growth. As a global function, strong reporting lines have been implemented from the local marketing teams to the corporate level; on the corporate level the Global Head of Marketing reports to the Global Head of Sales.

Beyond organizational changes to improve efficiency and to create a strong alignment between marketing and sales, the transformation of marketing – which is one of the TOP Sales projects – is characterized by three aspects:
- Global campaigns: Marketing campaigns are being developed globally in order to ensure both efficiency of marketing operations as well as a global consistency of marketing messaging; campaigns are being adapted locally in order to reflect local market needs when necessary. During 2010, various campaigns were developed and pushed.
- Sales training on offerings and campaigns: Since its long standing client relationships are key assets of the group, client proximity is a key sales objective. Consequently, an in-depth understanding of client needs and client business processes combined with a vast knowledge of IT and technology are key requirements for Atos sales and consultants. Since Q2 2010, the marketing function has taken over the responsibility of constantly training sales on new offerings and initiatives as part of marketing campaigns. In 2010, the marketing function delivered more than 2.000 trainings.
- Portfolio development and sales support material: As part of the verticalisation of the go-to-market, marketing has been streamlining the existing offering portfolio and has been linking portfolio elements to market drivers and clients' needs. Sales support material has been developed for more than 150 global offerings including the group key offerings; tools enabling the sales force to guide clients and prospects through the Atos offering portfolio in new ways will be released in H1 2011.

B.3.3 Consulting

The mission of Atos Consulting is to deliver tangible sustainable results to its customers, by helping them to transform their behavior, business models, processes and IT to reap the full benefits of technology adoption and deliver innovation and improved effectiveness.

The Atos Consulting value proposition is based on blending industry-sector expertise, process innovation expertise, technology expertise and Transformation acceleration expertise.

Atos Consulting delivers the "Design" component of the Atos Origin "Design – Build – Operate model". It is leveraging Atos Origin's global expertise and assets and is considered as another channel to deliver its expertise to clients, next to Systems Integration, Managed Services, BPO, and HTTS offers.

As such, Atos Consulting:
- is the focal point for Atos Origin's expertise in Process and IT Transformation,
- contributes to manage change and transformation on Systems Integration and Managed Services projects,
- is Atos Origin's engine for helping clients to innovate and transform
- drives Atos Origin's consultative selling approach on targeted accounts.

In order to ensure both a strong industry focus and a leverage of knowledge on cross-industry issues, Atos Consulting is organized around Markets and three practices (Business Innovation, Operational Excellence, and Information System Excellence) made of 15 Centers of Excellence. These Centers of Excellence are developing functional expertise across Markets while Market teams are developing industry specific expertise and vertical oriented offerings.

B.3.4 Delivery Lines

B.3.4.1 Hi-Tech Transactional Services

A unique expertise

The strategic initiative of developing Hi-Tech Transactional Services activities, launched in the summer of 2009, is heavily based on leveraging the Atos Worldline Global Business Unit. Leader in end-to-end services for critical electronic transactions, Atos Worldline is specialized in:

- Electronic payments services - issuing, acquiring, terminals, card and non card payment solutions & processing,
- e-CS – e-Services for Customers, Citizens and Communities - client service processes, messaging, web platforms and digitization, trust and archiving services,
- Financial Markets - clearing & settlement, brokerage services and asset management.

Atos Worldline has acquired a strong position as a professional European Partner of the banking, telecoms, retail, public sector and healthcare markets.

Since 2010, the deployment and structuring of HTTS teams in the key European countries of Atos Origin and in Asia Pacific has complemented the HTTS portfolio of activities with significant new capabilities in the areas of Payments, and e-CS.

Electronic Payments Services

Atos Worldline is a European leader in payment services with over 35 years of experience and in-depth expertise of the payment industry in main European countries. It covers the full value chain of payments, ranging from issuing, acquiring, terminals, card and non-card payment solutions and processing. The company delivers end-to-end payment solutions to help its clients better anticipate the major European regulatory challenges and optimize the performance of their end-to-end electronic transactions.

Payments Acquiring
Atos Worldline develops and processes tailor-made acquiring services for all types of payments. By acquiring the Group means: receiving electronic financial data from merchants related to a payment transaction, and processing that data. Atos Worldline expertise includes:

- Payment transaction processing including central acquiring;
- Visa/MasterCard European commercial acquiring licence;
- Remote payments management;
- Development of payment technology solutions;
- Authorization servers, data collection management;
- Development, sale, renting, installation of payment terminals;
- Call center: contract, fraud and claim management;
- Gateways to international payment networks;
- SEPA mandate and direct debit management.

Payments Issuing
Atos Worldline develops and process tailor-made issuing services for all types of payment. Issuing covers: processing and management of cardholders' transactions. This expertise includes:

- Card management system: debit, credit, corporate cards,
- Prepaid card, international co-branded cards, fuel cards
- Consumer credit
- Authorization servers
- Call center management for cardholders, Cardstop
- Payment solutions dedicated to eCommerce: virtual cards, top-up accounts, 3D Secure
- Contactless, mobile payment
- Real time fraud management.

Interbanking Payments applications
Atos Worldline develops state of the art interbanking payments applications, Real Time Gross Settlement and Account Clearing Houses solutions, widely deployed in Europe and worldwide.

Significant expertise in Electronic Payments is also available to our customers and Asia Pacific, where Atos Origin is the leading solution provider to the Asian Banking industry.

e-CS, e-services for Customers, Citizens and Communities

Atos Worldline has more than 30 years of experience and expertise in the development of e-Services for Customers, Citizens and Communities, including the development of tailor-made Customer Relationship Management (CRM) services fully combined with technology-driven multi-channel solutions (Internet, mobile and voice services).

The usage trends governing the e-CS domain are a continued appreciation by customers of consumer self-service facilities as they tie up fewer human resources and yet deliver higher user satisfaction. A second generation of tools serving ever new channels is about to be implemented, catering for a coherent, seamless and more engaging consumer experience. Huge quantities of data are created on e-commerce, community and e-document platforms as well as e-mail systems; the need of storing this data in a structured way is becoming more and more essential.

Mobility has become a significant source of business for Atos Worldline and Atos Origin, with many mobile services and applications realized for our customers, bringing large successes with applications in mobile banking, transportation, public services, mobile media and mobile payment. By generating new transactions on existing platforms and new cases of use for transactional services, mobility will be a strong contributor to future growth.

Atos Worldline and Atos Origin's HTTS solutions help its clients optimize their client relations and transactions through all interaction channels.

Client Service Processes & Loyalty
The services provided in this area are geared to improve the customer relationship, hence business performance of customers. They allow clients to interact with their customers through many channels (voice, web, mobile, kiosks, SMS...). They also provide means to retain and up-sell to the most profitable customer segments and cater for business intelligence on user profiles and behavior.

Messaging
Messaging solutions represent secure core mail systems for ISPs and Telco and confidential communication channels for public and commercial organizations especially banks, complying with Basel 2 requirements. Messaging enables convergence of voice and mail channels and support "anytime, anywhere, any device" usage.

Web platforms
Web platforms are based on Web 2.0 internet content management systems on top of which are added dedicated business engines such as e-commerce applications, trading systems, e-administration platforms or ticketing services. In order to serve the growing market of mobile internet, those platform functionalities have been extended to mobile devices and guarantee a perfect mobile internet user experience with all handsets available on the market.

Digitization, trust and archiving services
These services foster the transformation of paper-based processes into e-document workflows (ex: e-Invoices). They offer state-of-the-art technology, compliant with European legislation on strong user authentication and electronic signature based on PKI (Public Key Identification). Storage and complex archiving processes round off the digitization value chain. As Trusted Third Party the company offers these services requiring the highest infrastructure security, process expertise and regular certification as external service provider in a cost efficient way.

Market Specific Transactional Service Platforms
Based on the control of its self designed solutions and services portfolio, Atos Worldline and Atos Origin HTTS teams have developed dedicated service platforms to cater market specific needs of new high volume of critical transactional services. These tailor-made dedicated service platforms leverage the agility of our teams to combine our assets while ensuring security and reliability of the industrial processing environments delivering the customer services. Examples of such platforms cover as diverse areas as traffic speed control, national health record systems, and transport ticketing.

Financial Markets Services

Atos Worldline expertise in Financial Markets covers global markets throughout the investment process – asset managers, private bankers, brokers and intermediaries, exchanges, clearing houses, CCPs (Central Counter Parties) and CSDs (Central Securities Depositaries).

Based on its in-depth business understanding of the industry dynamics and its leadership towards new collaborative technologies, Atos Worldline turns its capacity for innovation into value-in-use solutions, allowing to face new market challenges and offer new solutions to cover the entire lifecycle of securities, investment funds and derivatives. These solutions cover the following domains:

- Real-time market information;
- Online brokerage and Innovative Front to Back office Services;
- Securities and Derivatives Clearing and Central Counter Parties (CCP) Solutions;
- Securities Settlement and Depositary Solutions;
- Advanced multi-asset Portfolio Management System.

Processing billions of electronic transactions

Atos Worldline offers strong industrial processing capabilities that enable to process 15 billion electronic transactions per year on its main highly secured data-centers in Europe. Atos Worldline fully interconnected datacenters run 24/7. Commitment to offering best quality services is demonstrated through strong Service Level Agreement and compliance to ISO 9001 standards.

This industrial processing capability and unique value proposition is also leveraged for all Atos Origin customers as the deployment of the HTTS offering portfolio into the geographies of the group progresses.

Selected volumes processed in 2010 by Atos Worldline

Payment	e-CS	Financial Markets
28 million credit & debit cards	2 billion calls (IVR & contact centers)	280 million trade orders
2.2 billion acquiring transactions	1 billion SMS (Short Messages Services)	EUR 450 billion assets under management
570,000 terminals	60 million e-mail boxes	
415 million remote payment		

Continuous innovation

Through its unique value proposition, Atos Worldline focuses on delivering innovative solutions and services that help its clients advance their business strategies to meet today's business agility and competitive challenges:

Atos Worldline offers its customers a unique value proposition and helps them differentiate themselves by:

- High quality end-to-end services,
- Strengthened productivity and cost efficiency through volume aggregation mainly across Europe,
- Customized solutions and price per transaction, based on clients' business criteria,
- Leading edge services through strong R&D focus and long-term commitment,
- Successful and unique approach with key clients through a "win-win" model, offering to share investments and revenues.

Every year Atos Worldline wins prestigious market awards in recognition of its continuous commitment to research and development of leading edge solutions. Awarded solutions cover expertise in areas such as mobile payments, secure IPTV payment, online CRM, paperless solutions.

B.3.4.2 Systems Integration

2010 has been a very rewerding year for Atos Origin's Systems Integration services. The Group has strengthened and widened its portfolio of offerings, while constantly focusing on the globalization and industrialization of its operations so that it can design, build and operate practical and robust solutions in a seamless manner.

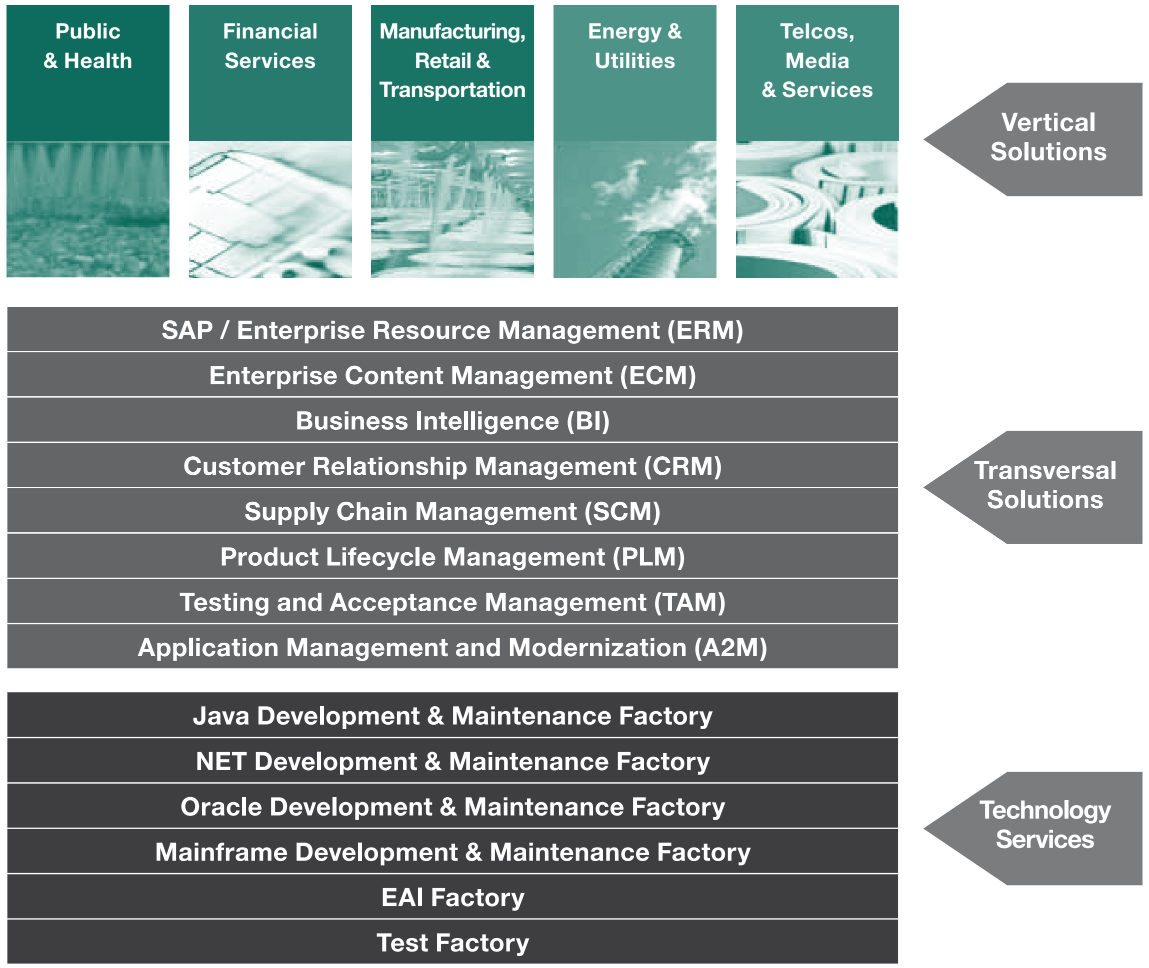
Portfolio

2010 has been a cornerstone for Atos Origin SI offerings. There has been a constant and powerful focus on structuring Systems Integration offerings as the basis for increased added value for Atos Origin customers, as well as a source of increased growth and profitability, and also a formidable foundation for industrialization and leveraging of AO global delivery system.

SI offerings are now structured across three strategic segments:

- Vertical offerings that are specialized by industry market and that directly target performance improvement of vertical industry-specific business processes as for example supply chain optimization in manufacturing, web marketing in consumer goods, billing in utilities.
- Functional or cross industry offerings such as Testing and Acceptance Management (TAM), Enterprise Content Management (ECM) or ERP solutions for support functions such as Human Resource Management System, payroll system or financial management system.
- Technology services, that deliver end-to-end Systems Integration Application Development and Maintenance services for different technology like Java, .Net, MVS, EAI and also for Independent functional testing.

SI offering structure is detailed in the diagram below:



Vertical offerings

Atos Origin designs and builds industry-specific solutions, which require both a very deep level of industry knowledge and technology competences. These solutions are designed and built either using market software package such as SAP, Oracle, Line Data (back office banking solutions), Cordys (Business Process Modeling), etc. or software developed by AO Origin engineers (examples are Grid management systems for utilities or payments solutions).

Transversal offerings

Transversal offerings enjoyed a double-digit growth in 2010 demonstrating the value creation for customers.

In 2010, Atos Origin enhanced its positioning particularly on these transversal offerings: Testing & Acceptance management (TAM), Enterprise Content Management (ECM), Application Management & Modernization (A2M), Business Intelligence (BI) and SAP.

While TAM and ECM are detailed in our Global Key Offerings, Application Management, Business Intelligence and SAP Practice are described hereafter.

Application Management & Modernization (A2M)

More and more customers are confronted by ever increasing cost and complexity of their application portfolio in order to satisfy the demand of their customers, own people as well as suppliers. The main lever is better management of existing application, simplification and modernization. By applying the "innovate, expand, optimize & manage" approach tuned to the business lifecycle of applications, Atos Origin brings measurable values to clients' applicative environment and improves its alignment with business objectives while significantly reducing costs and improving quality of service. Application management customers include Blue Chip Company worldwide such as ChemChina, Procter & Gamble, Renault, SFR, KPN as well as several UK ministries.

Business Intelligence

Atos Origin covers all activities from setting up a BI strategy for an enterprise up to delivering change management. It performs all activities to arrange metadata management, master data management and to provide day to day operational support. Solutions range from simple point solutions providing reporting functionality on top of an ERP implementation, to solutions that generate an integral customer profile. This enables the organization to maximize the value of every customer via solutions supporting full closed loop performance management systems based on forecast applications. Over 1,000 specialists deliver high value BI solutions to our customers on a day to day basis.

SAP

Despite the economic downturn affecting the IT Services Industry, Atos Origin's Global SAP Practice has achieved over 15 percent year on year growth and can now rely on a pool of 4,400 consultants worldwide. Atos Origin focused on providing an end-to-end service capability (projects, applications management and hosting/ Cloud based services) with real devotion to a personalized client service. A new global "One Way of Working" has been rolled out to the business to ensure consistency of approach and a seamless partnership for our global clients in terms of onshore, nearshore and offshore services.

Atos Origin helps its customers to generate increased value from their SAP investments by improving the business performance of their processes and reducing the total cost of ownership of their SAP systems. Atos Origin's global portfolio of SAP service offerings is now being taken to market and delivered consistently on a global basis. In the near future, Atos Origin will deliver more and more of its services on an "On Demand" basis. The traditional strength of Atos Origin SAP practice has been in manufacturing but the Group is now beginning to branch out successfully in financial services and utilities. Apart from a strong regional presence in its core mature markets (Western Europe), Atos Origin SAP practice is undergoing strong growth in Latin America and Asia and is developing domestic businesses in India and the Middle East.

Technology Services

These segments of service consist on standardized application development by technology. Atos Origin value proposition is to offer standardized, cost competitive and high quality commitment development factory by technology to customers around the globe. Technologies covered include Oracle, EAI, MVS, .Net.

More than 4,000 engineers work in these highly automated global delivery centers including India, Morocco, France, Germany, Spain, the United Kingdom, the Netherlands, Argentina and China.

Globalization and Industrialization of process

Distributed Delivery

In order to address the demand of increased quality, scalability, predictability and flexibility at a lower price point, Atos Origin has enhanced its distributed delivery model based on:

- A framework of global processes named "Global Delivery Platform", that are embedded into an integrated set of tools providing end-to-end control and visibility across the delivery line – regardless of geography;
- An access to all the tools through a central "Shared Service Center (SSC)" which allows all users to manage consistent real-time information and material for their application maintenance and development activities and helps them to control the process through predefined and customizable automated workflows;
- Specialized Organization units Software Delivery and Maintenance Centers organized by technologies and specific skills; Centers of Excellence organized around specific product and industry knowledge;
- Consistent end-to-end metrics to measure production, productivity and quality by technology integrated into a seamless management system.

The integration of the tools enables the company's workforce to follow delivery processes, from business requirements to design and build of the software in a controlled and efficient manner regardless of where a specific part of the process is executed.

Overall, efficiency gains are generated in the Global Factory based in its international delivery centers via standardization, common tools and processes, repeatable processes and solutions, and economies of scale. Currently, 11 factories are delivering end-to-end Systems Integration service offerings.

Industrialization

In order to capitalize the economies of scale of the distributed delivery model and the Global Delivery Platform, we deploy Lean Management techniques, that identify inefficiencies (waste) throughout the process allowing engineers to focus on the creation of value for their customers and get rid of non-productive activities. Atos Origin is a pioneer in the use of Lean techniques for Systems Integration.

Atos Origin's customers benefit from:

- Standard productivity and quality measurements with committed improvements;
- Output based pricing (Function Points/Unit of Work);
- Full price and quality transparency;
- Capacity to work anywhere according to client's needs.

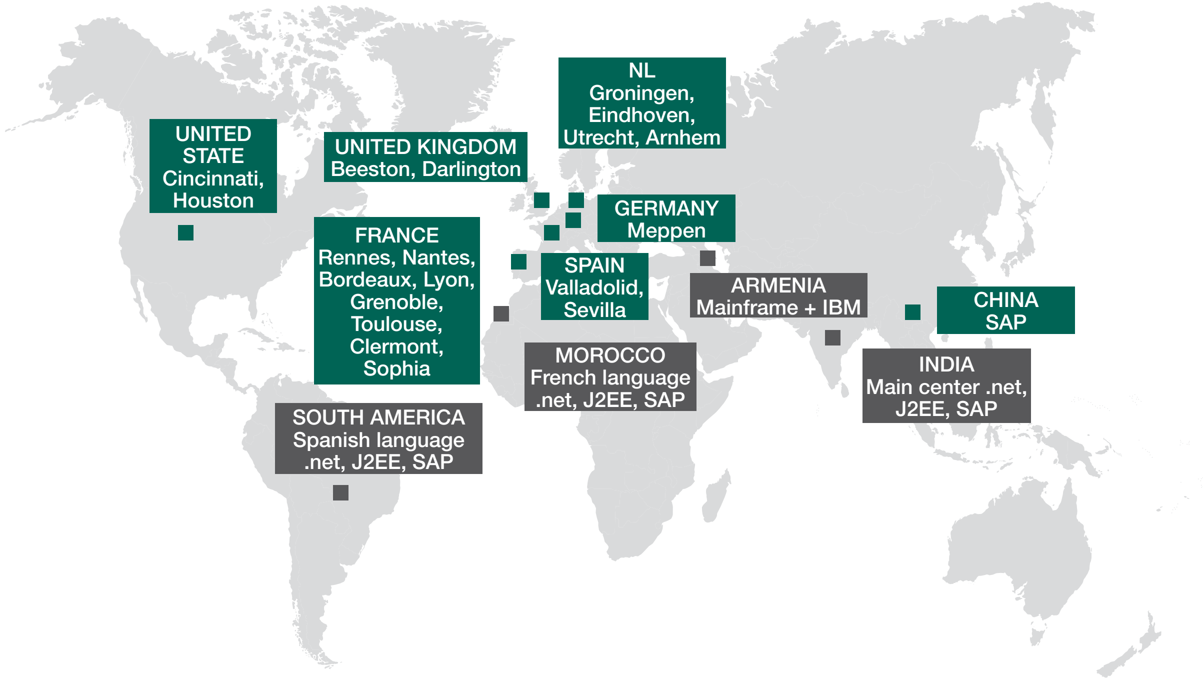
To harmonize the processes and services quality across geographies and service lines, Atos Origin has built a Group Quality Management System. During the Paris Motor Show in October 2010, Atos Origin was presented by Renault as the winner of the Renault Global Award for Facilities and Services (software applications), being described as giving "a shining performance in terms of quality-cost-delivery. It is a best-in-class supplier for Renault."

Offshore and Global Sourcing

Atos Origin Distributed Delivery model heavily depends on its nearshore and offshore capabilities. In 2010, Atos Origin Systems Integration has strongly increased its nearshore and offshore presence:

- The headcount reached a total of more than 230 in Morocco.
- Indian operations have now reached 3,450 staff in multiples centers at the following four locations: Mumbai, Pune, Bangalore and Kolkata. In 2010, Atos Origin also opened a new center in Chennai for Renault.
- It opened an offshore center in Argentina notably to serve Spanish speaking countries and the United States.
- In 2011, Atos Origin will broaden the capabilities of its SAP center in China.
- Atos Origin continues to deliver Mainframe technologies and niche skills from Armenia.

The map below shows Atos Origin's nearshore and offshore Systems Integration capabilities:



Cloud Strategy for Systems Integration

Atos Sphere, which is supported by Atos Cloud Infrastructure and offers notably the three following Cloud services: SAP Regression Testing, Data Management, and Product Life-cycle Management (PLM).

Moreover, Atos Origin is constantly adapting its existing portfolio of offerings to cater for the increasing demand for Software-as-a-Service, e.g., TAM on Cloud, ECM & Collaboration on Cloud. In October 2010, Atos Origin signed a worldwide agreement with SAP BusinessObjects to deliver SAP BusinessObjects on-demand exclusively. For this purpose, a true SaaS model was created, allowing clients to use BusinessObjects on a per-user / per-month subscription pricing model.

B.3.4.3 Managed Services

Description of activities

Atos Origin specializes in managing and transforming the IT operations of its clients. This includes the management of clients' entire information and data processing systems, covering datacenters, network and desktop support operations, identity access and security systems, application management and implementing processes and tooling that enable clients to benefit from state-of-the-art technology in a flexible environment to gain competitive advantages in their business.

Atos Origin is a leading European outsourcing company and has as well a significant position in the rest of the world. Atos Origin provides 24/7 "follow the sun" infrastructure and application management and support through its global network and have unrivalled experience in major roll-out programs covering complex and multi-site solutions including SAP and CRM applications.

With the TOP Program and the current actions of all teams, Managed Services reinvented itself in order to grow profitably in the short term, and to implement a new organization leveraging the best practices and the investments of the whole Group to drive innovation and value creation to our stakeholders in the long run.

Managed Services Portfolio

Atos Origin can provide all the "design, build, and operate" elements of a complete outsourcing solution. The scope includes datacenters and office-centric services, and ranges from hardware support to business application management. The company specializes in transforming the IT infrastructure and business operations of its clients to improve their efficiency. The outsourcing services are supported by proven organizational structures, processes, and tooling, which are ISO 9001 and ISO 27001 accredited, ensuring consistent service-level delivery worldwide.

Among the Managed Services portfolio, some offers have been classified as GKO. Those offerings (Adaptive Workplace, Cloud Services through Atos Sphere, Identity Security & Risk Management) are detailed in the dedicated section of this document. The others are described hereafter:

- **Mainframe Services:** Providing of a fully managed mainframe environment delivering processing, storage, transaction processing, database services and timesharing. Activities are charged on a per-use basis. The latest mainframe technologies are delivered from our mainframe datacenter, located in Essen, which is one of the Europe's largest. Providing local technical and business interfaces, Atos Origin is skilled in transition benefits from the latest technologies. They allow a rapidly scalable and sustainable solution combined with clear, cost effective and predictable pricing.
- **Infrastructure Solutions** – infrastructure management and hosting services available across all our regions ranging from remote infrastructure management, secure data centre hosting to utility services. These infrastructure solutions continue to be offered separately to our Cloud services however our ability to combine both traditional infrastructure and Cloud services for our clients is important. Infrastructure services are continuously focusing on cost efficiency, sustainability, resource consumption, security and regulatory compliance through our global factory improvement programs.
- **Application Hosting** – The goal is to combine TCO reduction, regulatory compliance, business continuity, and continuous improvement of customers' application landscapes. Atos Origin has deployed a unique scalable and flexible growth model. Service delivery is globally standardized, based on the Information Technology Infrastructure Library (ITIL) compliant and globally deployed Continuous Service Delivery Model (CSDM). The Application Hosting portfolio covers the ERP Application Management and Collaborative Application Management with global services based on SAP, Oracle, and Microsoft technologies. Delivery models vary from customer-dedicated solutions to fully flexible on demand concepts (SAAS).
- **Infrastructure Professional Services** – these services address all customers, whether outsourced or not. The Group provides Technical Consultancy, with high skilled consultants on topics like IT Governance, Security or Green IT. The Company also performs ICT Transformation Services, with a particular focus on virtualization projects for servers, desktops, storage.

Delivery Model evolution: 2010 has been a key year in delivery organization for Atos Origin

Into a global delivery model
A model was developed in Managed Services to align all efforts to serve our customers within GAMA model.

For the latter, the Global Factory model, set-up as a "functional" organization in 2009 swapped into an operational organization in 2010. Its structure is simple, with six practices that are managed globally:

- IT Infrastructure Services (ITIS), encompassing Datacenters, Server Management, Storage management, Enterprise Monitoring Centers.
- Mainframe Services (MFS), including Application technical services for Mainframe.
- Workplace and Service Desk (WSD).
- Application Technical Services (ATS), including Database & Middleware Services.
- Network and Security Services (NSS).
- Service Management Tools and Processes (SMTP).

Concrete projects were achieved with increased efficiency
For the IT IS practice, for example, the aforementioned first release of Sphere services, our Cloud offering, is a key step for our development and the offering of professional, secure Cloud services to our customers. This set of services is consistently delivered from onshore regional datacenters and with support from India. Building on the same expertise, a global virtualization initiative is launched, a way to offer a carbon-sensible way forward to our customers with ageing systems and reduce unneeded crowding of Datacenters. This very busy year also saw completion of tests and start of roll out of monitoring & alerting system (MONA) for all countries and technologies. Finally, Monitoring centers rationalization was completed, with onshore consolidation with at most one centre per onshore country, and consolidation in three offshore locations : Malaysia, Morocco and Poland (for Network services).

For the NSS practice, 2010 saw the move of all international calls to our global network, a very significant achievement with the growth of the offshore component of our delivery model. Similarly, key dataflow was moved from Internet to our own global network, with improved performance and availability.

All practices ran Global Requests for Proposals, resulting in the selection of two global suppliers for each major king of equipment or services. Thanks to this, on top of cost improvements, our customers will benefit from more consistent support and reduced dependency.

The new model is supported by a new integrated Quality & Security organization. All countries achieved "ISO 9001: 2000" and "ISO 27001" certifications. Most of our relevant services and locations also got SAS70 generic reports.

Right shoring progress
Managed services achieved quantitative and qualitative progress in its offshore delivery capabilities:

- From a **quantitative point of view**, offshoring grew in 2010 from 1,500 to 2,200 positions worldwide.
- From a **qualitative point of view**, each practice defined its offshoring model (right shoring of each service component), and action plans were setup and launched in each offshore site (Poland, India, Morocco…).

Ensuring a worldwide consistent quality level in service delivery is a key success factor for implementing Global Sourcing strategies. The Global Delivery capabilities include offshore service desks and support centers in India, Malaysia, Poland, Surinam, Morocco and Brazil. These complement its existing onshore and near-shore delivery centers. The Global Sourcing Centers operate at the highest levels of ISO 9001.

B.4 Human Resources policy and talent development

B.4.1 Fundamentals

For Atos Origin, our employees are the most precious assets. With their expertise and their high level of competencies, they are able to provide our customers with first class services. They extend the image of excellence of the Group and they substantially contribute to the image, competitiveness and the profitability of our company.

Initiated by the top management, a very strong focus has been put on people development. Indeed, more than ever through a tough economic downturn, it is essential to preserve the employability of our staff in order to ensure that they have the prospect of moving from one technology to another, to move from one service line to another, or to give them the opportunity to learn from other cultures through short or long term assignments abroad.

Technologies are evolving rapidly and we need to be able to respond to our customers' future needs. Thus, it is crucial that our employees have the highest levels of knowledge on the market.

Group HR actions, together with HR strategy and programs, aim at maintaining the employees' motivation and development, as well as their retention. Operations and strategy are focused on the motivation of our people and federating within the organisation, making them proud of their valued contribution.

From the recruitment of our employees to the end of their career, the HR team, together with group managers, have the responsibility to accompany these individuals throughout their professional evolution. The objective is to take into account the potentiality of our people, together with their aspirations, in order to provide them with the professional development they expect. Because PEOPLE CARE is not just a word at Atos Origin, we work within the spirit of the expression: "give the best to your people and they will provide you with the finest".

B.4.2 Talent attraction

Attracting new employees continues to have its importance in order to consistently present our employer value, Group strategy and the career opportunities within the Group. We have continued our presence at recruitment fairs and through job boards throughout our main locations.

In particular, we have launched the Talent Search Program to provide internships and graduate positions so that new talents have the opportunity to gain work experience and get to know Atos Origin and in this way, bring in new technologies and skills into the Group.

In recruitment, we have focused on the centralization of the function within each country and on the implementation of a new global eRecruitment system. This allows candidates to apply directly online and it allows our recruitment service and hiring managers, to manage the end to end process with the candidate online as well.

We also benefit from a better view on open positions worldwide and on the availability of candidates that have either applied for a specific position or made a speculative application.

In 2010, more than 6 600 new employees were hired for ongoing needs as well as meeting the demand from some of our key areas of business growth.

The HR team is well embedded in the organisation & has contact with the operational teams at all levels. For the last 4 years the implementation of the HR transition program has ensured that from HR Business Partners through the special teams and within, the service delivery of the HR Shared Service Centres now badged PeoplePoint, we support our Managers & Employees thus ensuring that they are able to work in a free and committed way. Using a variety of tools the basics are in place so that all employees are free to maximise their knowledge and skill.

B.4.3 Talent Development

With an average of 4.23 learning days per employee throughout the year, Atos Origin has again substantially grown its Learning & Development effort in 2010 vs. 2009 (+33.8%), and aims at increasing even further in 2011, up to 5 to 6 days per employee on average.

Atos Origin's corporate learning pursue a number of key objectives, such as enhancing people employability, improving operational excellence in Sales and Delivery and driving innovation, inventing and ingraining a new management culture and growing the future leaders, helping to integrate and globalize the organization.

In order to ensure that every Atos Origin employee can benefit from the Learning & Development (L&D) opportunities which support those objectives, we have started deploying in 2010 our new L&D Portal. This platform is an innovative Learning Management System through which people can search for the training they need to enhance their skills and career from a catalogue of thousands of internal and external, online or classroom-based courses, apply directly for courses, view their personal dashboard, and build their training plan. But our L&D Portal will also help us develop further informal learning (e.g. eLearning on-demand, videos, podcasts, and other embedded assessments or learning assignments), which is the most valuable approach to leverage the fantastic potential of our people as knowledge workers. The deployment of Atos Origin L&D Portal will be completed as early as the 1st part of 2011.

In 2010 Atos Origin pursued its global e-learning Program, which provides all employees with access to the best available online learning libraries, offering 5,000+ courses in a wide range of topics, such as English language, IT, project management, leadership, and custom content on the company's offerings, tools and processes.

This program gives our people the opportunity to further develop their skills both professionally and personally, to ensure that they master the latest technologies and soft skills to meet the needs of our clients today and in the future. In 2010, the volume of online learning within Atos Origin grew from 16,000 to nearly 60,000 hours.

Atos University, the company's corporate university, also launched some new strategic training programs in 2010. Some examples of those are:

- The GOLD Program, an international Talent development program supported by HEC Paris, which is an 8 months blended learning cycle including seminars, eLearning and task force project work on innovation challenges, attended by 40 high potential employees from the Group.
- The Global Distributed Delivery program, a blended learning program featuring eLearning, coaching and seminars, aimed at developing the mindset and skills for thousands of engineers - and particularly project managers - to work effectively in the new distributed value chain.
- The HR Business Partners program, another blended learning cycle involving a series of workshops, webinars and on-the-job learning sessions, over an 8 weeks cycle, to build the mindset and skills of our HR community, and make it a truly strategic partner of our businesses.

B.4.4 Workforce Management

To serve our clients, Atos Origin strives to always have the right number of people with the right skills available at the right location at the right cost. This requires a combination of strong strategic workforce planning and dedicated operational resource management. Workforce Management coordinates the globalization of these functions and develops processes, standards and tools that enable Atos Origin to match skilled people to work.

In 2010 one unified global Resource Management process has been defined. This now serves as a strong basis for consistent systems development and implementations that progressively enables us to construct resource matches across country and internal business unit borders.

To enable globally consistent capture of the skills that are required to do the work for our clients as well as the skills of our current staff a uniform skills catalogue is deployed across the organization.

Atos Origin uses instruments like 'lean' and 'off-shoring' to eliminate redundant activities and waste in regular operations in an on-going drive for operational excellence. Workforce managers engage on a frequent basis with line management and initiative leaders to ensure transparency is created concerning changes and possibilities for freed-up staff and to ensure that the anticipated savings are captured in actual practice.

B.4.5 Talent reward and Retention

Our approach to reward is based on a total package that includes a fixed salary, a variable bonus for eligible employees and benefits aligned with market practice. Key individuals may also receive Long Term incentives such as stock-options and performance shares.

As a company, the aim of our reward policy is to recruit, motivate and retain key contributors wherever they are located, whatever their position. Reward is one of the cornerstones) to deliver our strategy and achieve operational excellence, at individual, team and company level. Therefore, to ensure our competitiveness and make sure our compensation packages are in line with market practices, we conduct an annual benchmarking exercise with our competitors in the ICT (Information and Communication Technology) and High Tech sector and monitor trends in the labour market.

Recognition is also a cornerstone of our strategy as a company. We have identified the best practices in the Reward area and developed initiatives through our "Well being @ Work" initiative to allow managers to recognize outstanding employee performance in the Group. As an example, we have introduced in 2010 a new Award called Success Story which rewards the best team projects. The first teams have been reward in March 2011.

Financial and Personal objectives are set each semester in line with the Group objectives. Our policy is to ensure that all objectives are SMART (Specific, Measurable, Achievable, Relevant and Time-related).

Our global bonus policy is therefore reviewed each semester to align objectives and guidelines with business strategy to deliver the best performance for our shareholders.

B.4.5.1 Performance management and Human Resources Annual Review

Performance Management

Performance appraisal is key in the people development process. With two performance review cycles per annum, Atos Origin Managers are playing a key role in this process while being fully supported by our HR Business Partner' team. One of the aims is to identify training needs for each of our employees and build programs that will allow them to further develop.

We have therefore raised the profile on training all our managers on our performance management tool and philosophy.

Each Atos Origin employee worldwide is now appraised according to our performance management cycle. It is made up of four constituent elements: objective setting, mid-year review, annual appraisal and an individual coaching and development plan. This core mechanism is supported by tools defining and measuring performance, competencies and capabilities.

Human Resources Annual Review

Annual HR review is a very important part of our talent management program. Indeed, it presents the opportunity to identify new talents and to build succession plans across the group.

The people review and succession planning ensure that our strategic and operational business goals are translated into our people processes. It allows the HR team to act as a business partner for the managers and to accompany them in their business development plans.

B.4.6 Employee and management shareholding

Atos Origin encourages employee and management shareholding in order to reinforce the sense of belonging to one community and develop the entrepreneurial spirit, thereby aligning internal and external stakeholders' interests.

Three stock option plans granted in 2009 in favour of the Top 400 managers of the Group, whose aim is to implement TOP (Total Operational Performance). A further grant was made on December 31, 2010 to a limited number of key managers including new Top Leaders.

As in 2009, this plan is structured in three categories (category 1, category 2 & category 3) that will vest on three vesting dates at three increasing exercise prices.

This plan is strongly tied to financial performance:
- Options have subscription prices representing a premium over the share price of Atos Origin shares calculated at grant date, which constitutes in itself an external performance target to achieve for such options to be "in the money".
- Performance criteria based on key financial indicators (Operating Margin, Cash Flow) have to be met to vest Tranche 2 or Tranche 3.

This plan was approved by the Board of Directors of Atos Origin SA pursuant to the authorization granted in the nineteenth resolution of Atos Origin shareholders' meeting date May 26, 2009.

Vesting date for this plan is as such:
- July 1st, 2011 for category 1;
- July 1st, 2012 for category 2;
- July 1st, 2013 for category 3.

Subscription prices for this plan are the following:
- Category 1: EUR 40,41;
- Category 2: EUR 48,11;
- Category 3: EUR 57,74.

This plan granted 374,500 options to 18 participants.

Overall, the employee ownership (mutual funds and corporate savings plans) moved from about 0.5% of the Group's share capital in 2005 to 3.6% as of December 2010.

B.4.7 International mobility

With our customers' demand for us to be present, and offer competitive advantage in, an ever increasing number of locations across the globe, and our desire to extend the global reach of our service offering, International Mobility is an essential vector of our business strategy.

Whether it be for career management or business critical reasons, Atos Origin is committed to individual development through international exposure, and currently has several hundred employees working outside of their regular home location. Our philosophy in this respect is not only to integrate International Mobility within the wider career management cycle, but to serve our clients better with human resources presenting competitive edge with broadened understanding of international issues and culture, as well as superior language skills and heightened international work practice awareness.

The last twelve months have presented particular challenges related to the economic climate, which mean that communication and promotion of the significant value of International Mobility to the business and its clients, has become increasingly important. In order to leverage best value, reflect the changing business landscape, and further align organisational and individual motivations, we have been through a thorough review process of applicable Policies and service delivery structure. This process has resulted in a certain number of changes, currently being implemented, designed to stream-line our delivery structure, improve the assignee experience and provide better cost effectiveness and control to the business.

B.4.8 Pensions

Atos Origin provides pension benefits in several countries where it operates. These benefits are usually provided by associated pension funds, insurance companies or directly by the Group (book reserves). There are two types of pension benefits that Atos Origin offers to its employees: based on defined contributions and based on defined benefits. Atos Origin has a preference for defined contribution systems which are the more prevalent in its industry sector and provides its employees with the most flexibility. Defined benefits plan that Atos Origin has granted to its employees are accounted for in accordance with the international accounting standard IAS19. Pension funds are usually legally separate entities with their own governance structure, independent from Atos Origin. The related assets and liabilities are nevertheless included in Atos Origin financials, as stipulated by IAS 19.

Atos Origin improved its capacity to monitor the risks embedded in associated pension funds, and increase its cooperation with such external bodies, by installing a Global Pension Steering Committee as well as Local Pension Steering Committees in the countries where it has significant plans. In 2007, a Group Pension Investment Committee was established to further develop this governance model. All aspects of the management of pension benefits which are under company control have since been subject to specific internal control rules as part of the Group book of internal controls.

Atos Origin has a dedicated team in place to supervise its existing pension arrangements with the support of local pension managers, also providing technical expertise to business managers in outsourcing deals. The team also monitors developments worldwide and amends pension arrangements in respect of new legislation and regulations, and participates in Trustee boards or investment committees to the extent possible.

In 2010, Atos Origin continued its efforts towards harmonizing pension benefits and reducing related financial risks, in cooperation with its independent pension funds.

In the United Kingdom, Atos Origin created effective July 1st, 2009, a single Trustee company to manage its main pension schemes, in order to improve the efficiency of dedicated committees and avoid the duplication of advisers and costs. The new Trustee Board has endorsed and continued the de-risking plans undertaken by previous Trustee companies which has been fully implemented in 2010.

In the Netherlands, following the agreement reached with the Pension Fund on a 5-year recovery plan in July 2009, Atos Origin has continued the collaboration with the various governance bodies of the Pension Fund to review the investment strategy and related processes in order to secure the recovery of the funding ratio.

B.4.9 Communicating with representatives

The European Work Council (EWC) is well established and well recognized within the Group. It allows Atos Origin management to share strategy, changes and concerns with the employees' representatives at European level and bring transparency, cooperation and trust between the participants. It is an opportunity to exchange ideas and very often, to find solutions for global issues. Three face to face meetings have been held during the course of 2010 and continuous communication has been maintained between top management and EWC & Select Committee throughout the year.

B.4.10 Communicating internally with employees

Internal Communications initiatives in Atos Origin contribute to develop the coherence, the human relations and the sense of belonging in the company. The long term objective of the Internal Communications is to contribute to develop an environment where each employee around the world can express his potentialities, and work efficiently with the colleagues to meet at best the client's needs. The Internal Communications daily effort is to encourage them to take an active role in the transformation of the company, proposing ideas, taking new challenges and stimulating innovation. It has a key role in building the Atos Origin new way of working and develop the ambitions of the "Well Being @ Work" program.

In 2010 we created different channels and networks through which all employees can communicate and collaborate with their colleagues. With FISH each employee can propose their ideas and their colleagues can comment and contribute to make the ideas real. With AOwiki each employee can participate in projects by contributing or modifying contents, enabling people from different countries to work together. With the Atos 360° Live, the Atos Origin internal TV, the employees can broadcasts their international and local stories.

With OCS and LiveMeeting solution, the employees communicate to their network with voice, video, instant messaging and conferencing facilities. With Livelink they can collaborate and share documents with their colleagues, everywhere they are in the world. With the internal global magazine Connect and the refreshed intranet Source the teams and experts of Atos Origin can express their views on major trends and present their stories and their projects.

At Atos Origin we also encourage direct communications as townhall management meetings, informal breakfasts with talents and top managements, employees ceremonies in order to boost understanding of Atos Origin's strategy and vision.

Several initiatives and social events are carried out for promoting social cohesion and encourage engagements and participations in local projects. They play a key role in developing our global company culture and the sense of belonging of all the employees in one Atos Origin global community.

B.4.11 The Olympic experience

As the Worldwide Information Technology Partner for the Olympic Games, the year 2010 was a busy year for Atos Origin MEV (Major Event).

After having delivered successful services during the Olympic and Paralympic Winter Games in Vancouver, the Group participated to the Youth Olympic and Paralympic Games (YOG) that were hosted in Singapore in August 2010.

We are proud of our technology team members who have worked together in the true spirit of the Games. Our team is now fully focussed on the preparation for the London 2012 Games, but has also already started working on the next Winter Sochi 2014 Games.

For our employees, the Games are a once-in-a-lifetime opportunity. Joining such a complex, demanding but also rewarding project provides them with chances to meet and work with other highly talented and knowledgeable specialists from all over the world in wide-ranging fields sharing their skills and experience.

Each team member knows that they contribute to the Olympic success of thousands of athletes, millions of spectators, and billion of viewers.

B.5 Corporate and Social Responsibility

Environmental and societal challenges have become major sources of attention for the IT industry in the post crisis environment, as expectations for a sustainable development continue to grow.

In regards the environment, while in 2009 Information and Communication Technologies (ICT) products and services represented 2% of total CO^2 emission, some recognized experts state that the use of ICT could save up to 15% of CO^2 emission by 2020, which would translate into EUR 600 billion of energy cost savings (according to the Climate Group).

In relation to social networking and people mobility, it is estimated that there are now over 200 active sites using a wide variety of social networking models and by 2014, more access to the internet will be via smart phones and the mobile internet than via PCs with fixed internet. Web based services make it possible to connect people who share interests and activities across political, economic, and geographic borders.

We are living in a world where new technologies will further dominate the way we work, and the following year looks to be a pivotal point in what we understand to be the 'workplace' today. The top working talents' demands are changing. Increases in flexible options such as job sharing, childcare and a boom in individual entrepreneurship will be partnered with a lower reliance on geographic location, increased collaboration and a higher level of technical competence across the board.

Paradigm changes in our society make IT services companies like Atos Origin have then key players in bringing about IT enabled transformation, promote innovation & "Well Being @ Work" and make possible behavioural change in companies' approach and attitudes towards sustainability.

B.5.1 Vision & Strategy

Atos Origin's global corporate responsibility strategy is based on three axes that guide actions and choices in light of rapidly changing environmental, social and economic conditions.

B.5.1.1 Leadership in IT for Sustainability

In 2010, following the economic crisis, our clients have faced fundamental and permanent changes in the way they do business. Over the next ten years, the successful and surviving businesses will be those that embrace sustainability.

Atos Origin's ambition is to be recognized as a world leader in providing innovative IT solutions to help its clients become more sustainable. Atos Origin wants to become 'best in class' not only for its own operations but also in the way it serves its clients. By embedding sustainability in our own company as part of the Group's DNA, we automatically ensure that it is similarly embedded in all the propositions we make to our clients.

B.5.1.2 Corporate responsibility at the core of Atos Origin business and processes

Atos Origin's Corporate Responsibility program, launched in 2009 as part of the Group's TOP Program is overseen by the Group's General Secretary, who reporte directly to the Chief Executive Officer, Thierry Breton.

Atos Origin's sustainability challenges are around operating in compliance with the best international responsibility charters, implementing global policies to reduce its carbon footprint, contributing to the well being of its employees and to the development of social communities as well as developing innovative and sustainable solutions that meet the demands of its clients and their desire to improve their own sustainable performance.

All corporate responsibility strategic decisions, investments, partnerships are presented and discussed on a regular basis at Atos Origin Executive Committee level.

In 2010 a Sustainability office has been put in place. Under the responsibility of the General Secretary, it is composed of an international team of around 15 people including 10 countries head of corporate responsibility as well as service lines representatives.

B.5.1.3 Identifying challenges, establishing priorities, measuring performance

Atos Origin communicates regularly with its stakeholders in order to alert, mobilize and identify their main issues. In 2010, the Group launched a materiality process of social and environmental key performance indicators in order to identify the challenges considered by the market and its main stakeholders as key for Atos Origin to be managed and communicated in its Corporate Responsibility report.

A total of ten challenges across four main categories have been identified and prioritized according to their impact on stakeholders and their potential likelihood to happen. The detailed mapping with "de facto" recognised standard guidelines defined by GRI has allowed the selection of 37 significant KPIs on which global reporting has been focused. They provide series of statistics against which to measure our sustainability progress and also indicate how we are hitting our sustainability targets. The whole process has been conducted and validated by an external third party.

In 2009, Atos Origin became the first company in our sector to join this world de facto standard in sustainability reporting. In 2010, thanks to proactive stakeholders dialogue and materiality exercise we have been able to measure our success in strengthening our sustainable performance.

B.5.2 Mission and Commitments

Atos Origin's sustainability program mission is developed in four different domains of action:

- **Governance, Ethics & Compliance:** Implementing corporate governance best practices, ensuring compliance with international regulations and guaranteeing respect of ethics in business and in the relationships with Group's stakeholders.
- **Social Responsibility:** Launch of a "Well Being @ Work" ambition aiming to improve employees working environment and composed of several social projects (remote and flexible working, social links, collaborative working environment, learning and development, diversity schemes,…).
- **Environmental Commitment:** A global program aimed at measuring, monitoring and reducing the Group's impact on the environment (carbon, energy efficiency, renewable energy, waste, purchasing, travel…).
- **Business Development:** Accompanying our clients on their journey toward sustainability and bringing about IT-enabled transformation and behavioural change in our clients' approach and attitudes towards sustainability.

B.5.2.1Corporate Responsibility Commitments

From the materiality test and continuous dialogue with its stakeholders, the Group has drawn up key commitments that are described below.

During 2010, Atos Origin continued to focus on implementing actions and programs and followed its sustainability program roadmap in order to achieve its targets:

- Operate in compliance with sustainable best practices and international standards and anticipate new European regulations.
- Continue to invest in and develop our People, contribute to their "Well Being @ Work", and commit to good Corporate Responsibility.
- Improve our environmental performance and reduce our carbon footprint by a minimum of 15% by 2012 from our 2008 position and within comparable scope.
- Support our clients on their journey toward environmental excellence.
- Undertake proactive dialogs with our main stakeholders.

B.5.3 Achievements of 2010

Below is a selection of the key achievements in 2010. Please refer to the Corporate Responsibility report 2010 for a complete overview.

B.5.3.1 Operating in compliance with sustainable best practices and international standards

Atos Origin's support to the United Nations Global Compact

Following the publication of its first ever Corporate Responsibility Report 2009, Atos Origin has taken the step of committing to the United Nations Global Compact (UNGC).

In July 2010, Thierry Breton, Chairman and CEO of Atos Origin signed this high-level strategic policy initiative which is for businesses that are committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labor standards, environment protection and anti-corruption.

Atos Origin is committed to making the Global Compact and its ten principles part of the strategy, culture and day-to-day operations and to engaging in collaborative projects which advance the broader goals of the United Nations.

Atos Origin embodies the Global Compact's principles by implementing a series of actions which are reported in our Corporate Responsibility Report 2010. Actions include for instance the development of a new Code of Ethics, which has been communicated to all Group's employees in December 2010.

Complying with best reporting standards

In 2009, Atos Origin was the first IT company to join the Global Reporting Initiative (GRI). In 2010, the Group produced its first corporate responsibility report according to the GRI guidelines and it has been rated the Application Level B+ in accordance with the GRI reporting criteria.

Showing leadership in Sustainable IT

In 2008, Atos Origin joined the Green Grid, a consortium of IT manufacturers and users that take action to promote sustainable development on a national, European or world level. In 2010, the Group reinforced its commitment by becoming a proactive member of the organisation.

At country level, there has also been extensive participation in key working groups and reports around Sustainable and Green IT. In France, for instance, as a member of Syntec Informatique, Atos Origin contributed to the publication of the Green Books on Green IT and Carbon accounting and in Spain it developed jointly with IDC a report on "ICT as a key factor in cost optimisation".

B.5.3.2 Contributing to the well being of our people – A responsible Employer

Early 2010, on the initiative of Thierry Breton the "Well Being @ Work" program was launched at Group level. This is part of the Group's transformation Program TOP with the objective of imagining new ways of working, intensively using new technologies while matching the social expectations of employees and the "Y generation".

"Well Being @ Work" covers all aspects of the future workplace, from implementing efficiency through management processes, delivering specific tools for remote working, and covering training, talent management as well as enabling new levels of collaboration and flexible working.

Early 2010, a "Well Being @ Work" council was implemented. It is composed of around 30 young Atos Origin employees with high potentials from all the countries where we operate. Their mission: imagine new working methods; define with the company professional links and relationships of the future and anticipate with a visionary approach our clients' future expectations.

Coordinated by Philippe Mareine (General Secretary), Jean-Marie Simon (EVP Human Resources) and Marc Meyer (EVP Talent Management and Communication), the "Well Being @ Work" ambition will be one of the key drivers for Siemens IS cultural and managerial integration.

The initiative has been designed along an approach which namely covers all features needed to build the "company of the future". The Group has identified and rated 100 Best Practices in its organisation worldwide that cover the key "Well Being @ Work" challenges and is currently deploying most of them globally.

The way we work and where we work: implementing new working organizations within the group, facilitating the development of virtual communities, the easy access to collaborative tools and the development of remote working; enabling a convivial and innovative working environment, hence facilitating a better balance between work and personal life.

In 2010, all Atos Origin employees in the Paris region joined the brand new Group's French headquarters in Bezons. This Campus model is one of the first emblematic projects within this program which namely enables to strengthen the concept of "One Company" by getting the teams physically closer, by federating them around a single workplace; by improving teams effectiveness through collaboration and an increased sharing in order to better serve our clients; by creating pleasant working conditions improving conviviality. Other Campus models will be further developed worldwide.

In 2010, Atos Origin started the rolling out of a unified communication tool on a phased basis to all countries that will be further deployed in 2011. It provides new and improved ways to communicate and collaborate including video, voice, instant messaging, web conferencing, recording meetings and presence management and will help the group to achieve its zero email ambition within the next three years.

In some countries it has been agreed that employees can work formally at home for certain days of the week, for instance in France with the move to the new Campus in 2010. The number of remote workers in Bezons is in line with targets 2010 (10%), and we think to overachieve our goal in 2011 (20%). It is a voluntary program allowing people to work at home a significant part of their working time.

Management's role and behaviour: Accompanying the group towards a "Management 2.0". In 2010 Atos Origin has launched a Project "Management 2.0", which introduces the concept of Enterprise 2.0 describing an open, flexible, transparent and dynamic organization that is geared to meet the demands of tomorrow's stakeholders. The Well Being@ Work project not only provides arguments as to why changing the way the company works and upgrading management skills is a must, but also develops and implements an organizational change program and training programs to facilitate and increase the implementation of "Management 2.0".

The way we reward employees and increase abilities: Investigate new levers, in order to guarantee a higher recognition of employees and retain the best talents; facilitate and foster employee's knowledge and skills personal development all along their careers in harmony with their expectations.

As a company, we recognize that public and official awards are extremely important for motivation. Therefore we conducted in 2010 a review of our best practices in terms of recognition and reward and will deploy various reward schemes in 2011 at Group level, such as the recognition of individual or teams achievements by managers, or the recognition of team success with clients.

In 2010, Atos Origin further developed its Atos University program, with eight new global academies and the roll out of a new Learning and Development (L&D) Portal, with a first launch in France and accessible to around 12,000 employees. In 2011, the portal will be further extended to other countries. It offers a single online training catalogue to all employees worldwide.

Our values and identity place Atos Origin as a responsible actor with regards to its all stakeholders, strengthen the group identity and values and reinforce the sense of belonging to the company, to the same community.

As announced previously, in 2010, Atos Origin joined the United Nations Global Compact and published a new Code of Ethics, thus confirming once again its commitment to operating under socially responsible principles.

Building a sense of belonging to the community from the first day at work is essential to our culture. In 2010 an ambitious project of "rethinking" the corporate values has been launched with the aim of identifying a set of differentiating values that will represent Atos Origin as a whole: one worldwide company. The project seeks to integrate main stakeholder's expectations in the process, from employees' expectations to top management directives. Results of the project will be available in 2011.

In 2010 the Group developed a global framework worldwide in order to welcome its new joiners. Various initiatives are being implemented or reinforced in all countries aiming to favour new joiners social integration within the group and ensure that they feel expected, are provided with a proper work environment with necessary tools and information to be as operational as quickly as possible, etc.

In 2010, Atos Origin social engagement included 42 programs around the globe, involving employees from most of the countries where the Group operates and positively contributing to local communities and the society at large. This include projects where Atos Origin seeks to promote the use of new technologies in a responsible way, encourage the practice of sport among its employees to facilitate networking and share experiences, give confidence to young generations, promote wellbeing habits and rise funding to combat specific diseases in a decisive way to support the Millennium goals. Atos Origin social ambition is to be a major lever to enable society changes and contribute to progress thanks to the responsible use of ICT technologies.

For further details, please refer to the Group's Corporate Responsibility Report 2010.

Through the "Well Being @ Work" initiative, Atos Origin's ambition is to attract the best talents, encourage personal development, increase managerial commitment and motivation among staff, as well as enhance integration with our 'One Company' philosophy.

The "Well Being @ Work" initiative demonstrates that our employees remain our first priority and will underpin our ongoing transformation to become a more integrated and global company.

B.5.3.3 Continuing the Group's Green transformation – Improving our environmental performance

Atos Origin's environmental program aims to address all environmental impacts (air, soil, water, biodiversity) generated by its activities. In order to reduce dramatically its environmental footprint, Atos Origin addresses carefully the whole lifecycle of its activities (design of our needs and solutions; procurement of goods, IT equipment & services; usage and end of life).

Atos Origin has designed a program based around specific issues: energy and greenhouse gases, environmental protection and waste (including waste electrical and electronic equipment), innovation and new service offerings.

This mechanism is applied to all Atos Origin site locations worldwide. It includes the following initiatives:

- Carbon footprint abatement scheme (measuring, reduction, carbon offset, management and optimisation);
- Optimising energy consumption and the development of renewable energy supplies;
- Development of new sustainable policies (waste, green IT, Green Data-centre, risks and the environment, etc.) and adjustment of internal policies (purchasing, travel, vehicle fleet, etc.);
- Environmental Certifications scheme (ISO 14001, THPE [Very High Energy Performance]);
- Increase employees awareness (communication, training, events)
- Development of a network of partners enabling Atos Origin and its clients to adopt best practices.

Our carbon footprint: a plan in action

Our objective is to reduce our carbon footprint by 15% by 2012 (2008 baseline). From 2009 onwards, the Group's global carbon emissions already started to decrease by 3% from our 2008 position at comparable scope. In 2009, the Group's carbon emission figure gave us a starting point upon which to create a plan to reduce emissions across the business.

In 2010 we estimated our total emissions for direct and indirect energy consumption to be 122,589 tonnes of CO_2, thus a 13% reduction compared to 2009 at comparable scope and well above the 2008 Group's target; and in two years the accumulated reduction of carbon amounts to a total of 16%, at comparable scope. In addition of the objective, Atos Origin is developing an ecosystem made of Carbon expert companies (ex: ADEME, O2France, AECOM) to select the best partners for us and our clients.

We identified that over 50% of these emissions came from our 50 data-centers, making this a priority for reduction. In conjunction with our partner, Schneider Electric, we have instituted a programme to improve efficiency, optimize energy consumption and reduce component count, through initiatives such as virtualization. The objective is to achieve ongoing reductions year-on-year, compensating the remaining emissions through partnerships with proven specialists in carbon off-setting.

The first global IT company to offer carbon neutral hosting services

A first in the IT sector
Based on a successful experimentation conducted in one of our key data-center in 2009, we decided in 2010 to launch a Global Carbon initiative with all our Data-centers. To address specifically the carbon issue, Atos Origin will carry out a Bilan Carbone® (based on the ADEME tool) in all our Data-centers. Supported by an external company (O2 France, accredited by ADEME), the program aims at auditing 15 data-centers over 15 months (from Q4 2010 to end of 2011).

"Carbon Neutral" Datacenter
Atos Origin - not subject to regulatory restrictions on their greenhouse gas emissions - has decided to implement a voluntary offsetting mechanism. In 2010, Atos Origin decided to offset all of its Datacenters. The project selected is a wind power project located in India and validated to the "Voluntary Carbon Standard". The partnership has been signed at the beginning of 2011 with the Carbon Neutral Company.

Adhesion to the European Code of Conduct
This code aims at informing and encouraging data-centres operators and owners to reduce their energy consumption by being more efficient. In 2010, Atos Origin in the UK signed the European Code of Conduct on Datacenter Energy Efficiency, with objective of a Group's signing in 2011.

Deploying Green Policies worldwide to reduce the impact of our activties
During 2010 we developed and finalized a number of global policies concerning sustainability and corporate responsibility.

Below some highlights, please refer to the Corporate Responsibility Report 2010 for further details.

Waste Management Policy
In 2010, Atos Origin implemented a global waste management policy, in order to ensure that the collection, storage, transportation and disposal of waste are properly managed and recycled when possible so as to minimise the impact on environment and the risks to the health and safety of people.

Car Fleet policy
As from January 2010, the Atos Origin Car Management Policy does not allow cars with emission above 120g CO_2/km and leasing terms for cars having a carbon emission above 120g CO_2/km could not be renewed or extended anymore.

Smart travel policy
Atos Origin travel policy allows travelling when remote device of communication is not appropriate for the business purpose. The train is preferred for both economic and environmental reasons. However, video conferencing and conference call are strongly recommended for brief meetings, national or international. To encourage remote meetings, the Group has started the deployment of Microsoft Office Communication tool, thus enabling virtual meetings through chats, web or video conferencing, sharing of documents.

Certifications

Environmental Certification roll-out
Atos Origin has decided to implement the ISO14001 Environmental Management System in all countries where the Group operates (buildings and datacenters). Objective for 2010 is to have 35% certified by end 2011 and 80% certified by 2013.

B.5.3.4 Supporting clients on their journey toward sustainable excellence –

Sustainable Business

Atos Origin's mission is to become "best in class" not only for its own operations but also in the way it serves its clients. Atos Origin is fortunate enough to have a large portfolio of clients covering all aspects of the world economy, and who affect a significant portion of the world's population through their extended value chains and stakeholders. For example, both DSM and Akzo Nobel, the world's top two chemicals companies within the Dow Jones Sustainability Index, use our solutions to run their businesses more sustainably.

Key Achievements in 2010

A Global Sustainability Solutions strategy & portfolio

In 2010, Atos Origin launched its Global Sustainability Solutions strategy and portfolio, including 3 focus areas:

- Strategy: solutions that help evolve our clients' business models from a Firm of The Past to a Firm of The Future.
- Operations: solutions that enable Sustainable Operational Excellence.
- Infrastructure: solutions that embed sustainable platforms, infrastructure and technologies.

In each area we provide leading innovative solutions. Taken separately or as a complete portfolio, Atos Origin provides the innovation; solution-focus and long-term partnership approach to ensure our clients adapt and flourish in these increasingly volatile times. Atos Origin provides fit for purpose solutions in all of the below aspects of Sustainable Operational Excellence:

- Energy, Waste and Water Management;
- Sustainability Performance Management – Intelligent Sustainability;
- Maintenance Excellence;
- Governance Risk & Compliance, REACH;
- Sustainable Product Lifecycle Management.

Here are the key aspects of our Sustainable IT portfolio:

- Atos WorldGrid – Smart grid and smart meter technologies are an important part of the transformation towards a more sustainable future. This is an area that Atos Origin excels in.
- Atos Worldline/HTTS – Atos Origin is a world leader in providing the infrastructure to run transaction services in sustainable ways.
- Green IT – Ensuring the It function runs as sustainably as possible, we provide solutions ranging from Green Data Centres through to Green IT Strategies.
- Carbon Free Ambition – Atos Origin has a unique offer to measure, manage, reduce and offset the carbon footprint of aspects of your infrastructure (not limited to IT but all aspects of the business).

Please refer to our Corporate Responsibility Report 2010 for further information.

Sustainable Innovation & Social Business

Information systems are a useful resource when it comes to social business, public health and environment management. In 2010, the Group contributed its sustainable expertise and innovative solutions to these domains. Examples include Group's contribution to build renewable electricity production facilities on the South and East of the Mediterranean basin; ensuring the reliable production and distribution of drinking water for over 2 million inhabitants in the Paris region; developing an innovative solution for long-term preservation of cultural heritage, etc.

Training salespeople globally on Sustainability Solutions

In 2010, the Group increased its sales people awareness on Sustainability issues and launched a specific sales training program for its sustainability offering. Around 500 sales people from all Group business units were trained.

Accompanying our clients' sustainable transformation

In 2010, Atos Origin provided real leadership and helped its clients from all industry sectors to bring about a real transformation in what is one of the biggest IT transformational issues today – around sustainable transformation. Atos Origin supported various clients' operations and value chains to become more sustainable. The clients include, among others Akzo Nobel, Baker Hughes, and the International Olympic Committee and the Vancouver 2010 Organizing Committee.

C. FINANCIALS

C.1 Operational review

C.1.1 Executive Summary

Due to a decline in the IT budget from a large number of clients, particularly in the cyclical activities, and the impact of the Arcandor ramp down in Germany, revenue in 2010 came in at EUR 5,021 million representing an organic decline of -3.5% compared to the prior year. This performance was in line with the Group's full year guidance: a slight revenue organic decrease at a lesser extent than the one achieved in 2009 (-3.7%).

Order entry reached EUR 5,590 million, up +7% from previous year. Commercial activity increased principally in Benelux, United Kingdom, Germany / CEMA and Asia, due to both renewals and new businesses. The Book to Bill ratio stands at 111%, compared to 100% last year. During the last quarter, the Book to Bill ratio reached 125% in line with 120% committed to the market by the management.

Operating Margin reached EUR 337 million or 6.7% of revenue. This represented an organic increase of EUR +43 million or +107bps compared to previous year. The performance exceeded the high end of the Operating Margin guidance (+50bps to +100bps compared to 2009).

C.1.2 Operating performance review

The underlying operating performance on the ongoing business is presented within the Operating Margin, while unusual, abnormal and infrequent income or expenses (other operating income/expenses) are separately itemized and presented below the Operating Margin, in line with the CNC (Conseil National de la Comptabilité) recommendation n°2009-R-03 (issued on 2 July 2009) regarding the financial statements presentation.

In EUR million	FY10	FY09	Change vs last year	*Change vs last year (%)*
Statutory scope				
Revenue	5,020.6	5,127.0	(106.4)	*-2.1%*
Operating Margin	337.4	290.0	+47.4	*+16.3%*
Operating Margin rate	*6.7%*	*5.7%*		*+1.1pts*
Constant scope				
Revenue	5,020.6	5,201.5	(180.9)	*-3.5%*
Operating Margin	337.4	294.2	+43.2	*+14.7%*
Operating Margin rate	*6.7%*	*5.7%*		*+1.1pts*

The details from Operating Margin to operating income and net income are explained in the financial review, in the following chapter.

C.1.3 Revenue

C.1.3.1 Revenue profile evolution

In 2010, 75% of the revenue base was recurring (74% last year), deriving from multi-year outsourcing contracts (51% of total revenues), and including specialized businesses such as Hi-Tech Transactional Services (21% of total revenues in increase of 4 points), and Medical BPO (3% of total revenues, stable).

Europe remains the Group's main operational base, generating 92% of total revenue but in decrease by 2 points due to the combined effect of the revenue decrease in Germany / CEMA (-18%), Benelux (-6%) and Spain (-10%), and the growth in Asia Pacific (+10%).

The Group services and solutions add value across many industry sectors including Public & Health, Financial Services, Telecoms & Media, Manufacturing Retail Transport & Services, and Energy & Utilities. These five industry sectors represent 100% of the total revenue.

Financial Services reached +4% of growth in the context of recovery of the banking industry, while Energy & Utilities maintained previous year revenue. Due to government budget restrictions, Public & Health showed a slight decrease at -3% similar to Manufacturing Retail Transport & Services without the impact of the Arcandor ramp down. Finally, Telecoms & Media declined by -10% in an overall challenging environment. The other sectors suffered from the economic slowdown and, regarding Public & Health, from the overall cut in public expenses.

C.1.3.2 Organic growth

External revenue in 2010 amounted to EUR 5,021 million, representing a decline of -2.1% against statutory revenue of EUR 5,127 million last year. On a constant exchange rates basis which represents a positive impact of EUR 75 million, organic revenue decrease reached -3.5%, representing EUR -181 million over the period.

In EUR million	Revenue	
2010	5,021	
2009	5,127	
Exchange rates	75	
2009 Constant scope	5,202	
Statutory change	-106	-2.1%
Organic change	-181	-3.5%

C.1.3.3 Exchange rate and scope effect

By Service Line, exchange rates and internal changes of scope had the following impact on last year's revenue:

In EUR million	FY09	Fx rates	Scope	FY09 at Constant Scope
Consulting	248	2.1	-2.7	247
Systems Integration	1,894	31.0	-66.0	1,859
Managed Services	1,953	30.0	-38.4	1,945
HTTS	879	5.4	+107.0	991
Medical BPO	153	6.0		159
GROUP	**5,127**	**74.5**	**0.0**	**5,202**

The change of internal scope relates to the set up of the Hi-Tech Transactional Services in 2010, with the transfer of relevant contracts from the other Service Lines to this new line of activity as previously disclosed.

Exchange rate movements resulted in a positive adjustment of EUR +75 million on a comparable year on year basis, mainly from the British pound for EUR +35 million, US dollar and US related currencies for EUR +22 million.

C.1.3.4 Revenue per quarter evolution

in EUR million	Q1	Q2	Q3	Q4	H1	H2	Total
Revenues 2010	1,231	1,264	1,210	1,316	2,494	2,526	5,021
Revenues 2009	1,302	1,313	1,255	1,332	2,615	2,586	5,202
Organic change	-71	-50	-44	-16	-121	-60	-181
Organic growth	*-5.5%*	*-3.8%*	*-3.5%*	*-1.2%*	*-4.6%*	*-2.3%*	*-3.5%*

The slowdown in revenue showed a clear decelerating trend during the year, with -1.2% in Q4, flat excluding the Arcandor ramp down effect.

C.1.3.5 Revenue by GBU analysis

In EUR million	FY10	% total	FY09 CS(1)	Change	*Organic growth*
France	1,133	23%	1,128	+6	*+0.4%*
Benelux	938	19%	997	(59)	*-5.9%*
United Kingdom	904	18%	937	(33)	*-3.5%*
Worldline	867	17%	844	+23	*+2.7%*
GCEMA	475	9%	578	(103)	*-17.8%*
Spain	300	6%	334	(35)	*-10.4%*
Other Countries	405	8%	384	+21	*+5.6%*
GROUP	**5,021**	**100%**	**5,202**	**(181)**	***-3.5%***

(1) Constant scope and exchange rates.

France

France generated +0.4% of organic growth in 2010 with external revenue amounting to EUR 1,133 million. This organic growth was mainly driven by an increase of +3.0% in Systems Integration and +6.8% in Consulting, more than offsetting the -3.0% decline in Managed Services.

The revenue growth in Consulting mainly came from additional projects in Manufacturing Retail Transport & Services and in Energy & Utilities. Price pressure which led to a lower average daily rate in 2009, continued in 2010, but due to strong actions from the management, the utilization rate significantly improved to 75% in 2010 compared with 66% in 2009.

In Systems Integration, the revenue growth accelerated in the second half of the year at +3.5%, thanks to Energy & Utilities sector (+20%), mainly driven by EDF projects and despite lower revenue in Public & Health (-5.3%). The recovery in the Financial Services sector led to a +5.6% growth on a full year basis. Telecoms & Media increased by +1.2%. Average daily rate was slightly lowered in 2010 but utilization rate remained at a level above 83%, comparable with the level of 2009.

In Managed Services, revenue was down by -3.0%, due to a lower level of new contracts and a lack of cross selling on existing contracts. Expected orders were postponed, therefore there was no significant ramp up on new projects to generate additional volumes and revenue over 2010. However the decline slowed down in the second half of the year, with an organic decrease of -2.3%.

Benelux

Benelux decreased by -5.9% in 2010 with an external revenue reaching EUR 938 million. This decline was mainly driven by a drop of -27% in Consulting and -8% in Systems Integration, while Managed Services and HTTS remained flat.

The revenue decline in Consulting came from a lower market demand but also from a heavy tariff pressure. This Service Line's underperformance led to a change of the management team of this activity and refocus consultants on market practices.

After reaching -25% in 2009, revenue in Systems Integration declined by -8% in 2010. While the overall market environment remained challenging, prices in time and material practices stabilized in the second half of the year. The two main markets affected by the slowdown were Telecoms & Media with a reduction in KPN activity, and Financial Services.

Managed Services revenue was flat compared to 2009 thanks to the strong resistance of recurring businesses. The volume increase on current contracts, such as UVIT in Financial Services allowed to offset the lack of large deals awarded on the Dutch market and the contractual reduction of KPN volume.

United Kingdom

Revenue in the **United Kingdom** was down -3.5% in 2010. This decline is completely due to the moratorium decided by the new UK government on IT spending which ended for Atos Origin with the signing of the Memorandum of Understanding with the Cabinet Office on September 10th 2010.

Consulting revenue was almost flat at EUR 51 million following the 2009 complete reorganization of the practice.

In Systems Integration and in Managed Services, revenue declined respectively by -10% and -9%, year on year. This was linked to the freeze of orders during the moratorium in the public sector, affecting particularly customers such as NHS, Government Gateway, Ministry of Justice and Border Agency (Home Office). Revenue increased with DWP.

As part of the Group strategy to develop HTTS in new geographies, this Service Line revenue was up +42% compared to last year, mainly led by higher volume of transactions in the Financial Services and in Manufacturing Retail Transport & Services, including the contribution from Shere.

Medical BPO was flat with increasing volumes from DWP, offsetting a lower activity in the Occupational Health.

Atos Worldline

Atos Worldline reported a revenue of EUR 867 million with an organic growth of 2.7% despite the negative performance of Financial Markets. This activity inherited from Atos Euronext in 2008, was impacted by the ramp down of LCH Clearnet contract this year and the end of Euroclear contract in the second half of 2009. Excluding Financial Markets, the growth reached +4.4% fuelled by a significant increased number of transactions in Payments Services, particularly in Belgium and in Germany.

Revenue in France showed a slight increase thanks to the ramp up of the newly signed Health Personal File contract (*Dossier Medical Personnalisé*) and additional revenue with SMS activity which compensated the unfavorable comparison basis linked to the speed control device deployment compared to 2009.

Belgium revenue increased by +4% reaching a historically high level of number of transactions in Payments Acquiring businesses.

In Germany, revenue remained stable. Major processing contracts with German banks have been renewed in 2010 for another 5 year period.

Finally, revenue in India through the newly acquired Venture Infotek, contributed for EUR 6 million in Card Processing for financial institutions.

GCEMA

GCEMA includes Germany and Central Europe / Mediterranean / Africa.

Revenue in **Germany** decreased by -17%, mainly due to the ramp down of the Arcandor contract amounting EUR -69 million. Excluding Arcandor ramp down, revenue for Germany was almost flat.

Revenue in Systems Integration declined by -10% compared to last year with -4% coming from the Arcandor ramp down and -6% due to a reduction of volumes with E-Plus (German subsidiary of KPN) and British Petroleum, following the client budget restrictions this year.

Managed Services was the activity the most affected by Arcandor, materialized by a revenue decline of -22%. Nevertheless, excluding this effect, the activity in Managed Services grew by +2% due to the dynamic trends of our German clients in Financial Services.

Revenue in the CEMA region was around EUR 100 million in 2010 declining by -21%. The Group suffered in this region from a lack of critical size, particularly acute in South Africa, Turkey and Switzerland. Revenue in these countries dropped by circa -40%, consequence of a tight customer base fully in telecom sector where drastic cuts took place in projects activity.

However, the global contract signed by the Group with France Telecom benefited to Poland which saw its activity almost doubling in Project Services delivered to the TPSA Telecom operator.

Austria and Greece limited the decline of revenue in the range of -3% to -6%.

The planned acquisition of Siemens IT Solutions and Services (SIS) is expected to provide the critical size in each country of this region.

Spain

In **Spain**, the difficult market conditions pursued throughout 2010. As a result, revenue decreased by -10% at EUR 300 million. This economic downturn impacted all Service Lines.

While Consulting activities were particularly affected with -19% decline at EUR 44 million, due to a freeze of projects, mainly in the private sector, the decrease was contained in Systems Integration at -6% with a revenue reported at EUR 198 million. Price pressure continued in all sectors, but more particularly in Public & Health and Telecoms & Media. The tight workforce management allowed to maintain the utilization rate at a high level reaching 86% in 2010, stable compared to 2009.

The Managed Services activity was impacted by the ramp down with Telefonica. This Service Line represents 11% of the total revenue in Spain.

Finally, HTTS activities reached EUR 25 million in the Loyalty Cards processing businesses.

Other Countries

In **Other Countries**, revenue, amounted to EUR 405 million in 2010, up by +5.6% year on year.

Asia, including **India**, reported revenue at EUR 206 million, a +12% organic growth thanks to increasing revenue in Managed Services, deriving from a contract with a major financial institution which has been renegotiated at the end of 2009. Sales related to the Singapore Youth Olympic Games also contributed to the growth in Asia.

In **North America**, revenue reached EUR 88 million, decreasing by -6%. The situation was more difficult mainly in Systems Integration, with the ramp down of some Application Management contracts in Manufacturing Retail Transport & Services.

In **South America**, revenue decreased by -4% reaching EUR 76 million. The decline was concentrated in Systems Integration, especially in Telecoms & Media and Energy & Utilities. The new management aims at achieving an organic growth in line with the IT market local trend.

In the **Major Events** unit, revenue increased by +43% thanks to the successful delivery of the projects related to the Vancouver Olympic and Paralympics Games.

The **HTTS** activities continued to benefit from growing transactions in the banking sector, reaching EUR 36 million. Overall revenue was however flat against a strong comparative basis in 2009 that included one-time gains tied to the termination of a contract with a global insurer company.

C.1.3.6 Revenue by Service Line analysis

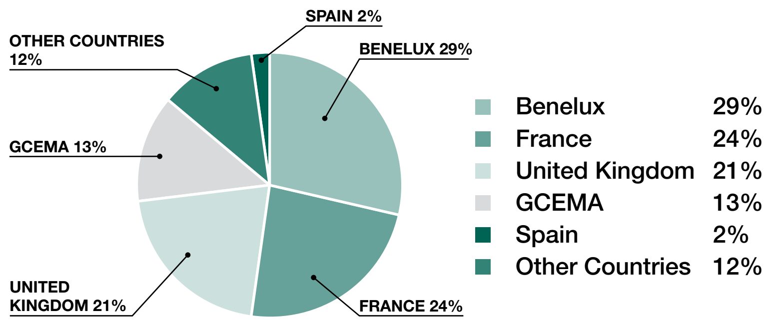
In EUR million	FY10	% total	FY09 CS(1)	Change	*Organic growth*
Managed Services	1,847	37%	1,945	(98)	*-5.0%*
Systems Integration	1,771	35%	1,859	(89)	*-4.8%*
HTTS	1,035	21%	991	+44	*+4.4%*
Consulting	208	4%	247	(40)	*-16.0%*
Medical BPO	160	3%	159	+1	*+0.6%*
GROUP	**5,021**	**100%**	**5,202**	**(181)**	***-3.5%***

(1) Constant scope and exchange rates.

In **Managed Services**, revenue in 2010 was EUR 1,847 million, representing 37% of total revenue down -5.0% compared to 2009. Two thirds of the decline was the result of the planned ramp down of activity with Arcandor, the remaining part was a consequence of the UK public sector moratorium ended in the last quarter.

During the fourth quarter of 2010, there was a slight decline in revenue of -0.8%. Excluding the impact of Arcandor, revenue grew +2.5%. Benelux returned to growth, up +9% and Asia was up +16% while France and the United Kingdom declined slightly, -5 and -3% respectively. As a result of EUR 16 million less with Arcandor, revenue in Germany declined EUR 15 million.

Managed Services

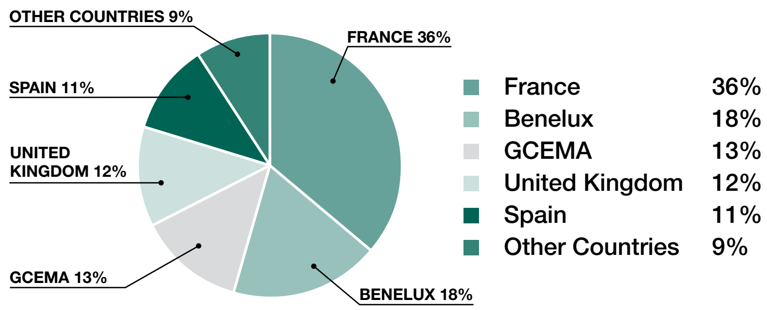


Systems Integration revenue was EUR 1,771 million, representing 35% of total revenue and an organic decline of -4.8%. On a full year basis France grew +3.0% and Other Countries +2.2% with +10% in Asia, while Germany, the United Kingdom and Benelux declined between -8% and -10%.

The breakdown of Systems Integration activities was the following in 2010:

- Projects: EUR 576 million representing 33 per cent of total (30 per cent in 2009).
- Time and Material: EUR 476 million representing 27 per cent (30 per cent in 2009).
- Application Management: EUR 718 million representing 40 per cent (40 per cent in 2009).

Systems Integration

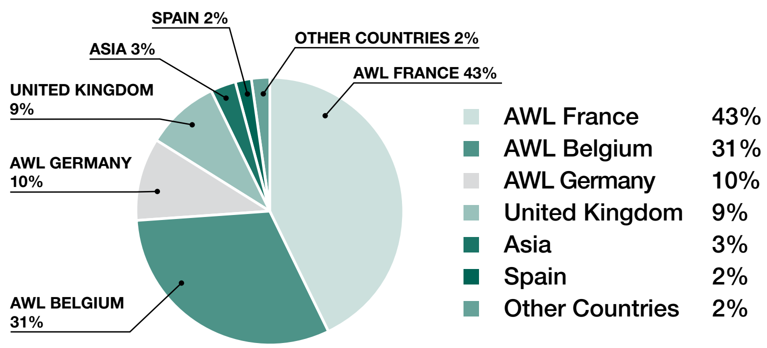


During the fourth quarter, revenue declined by -4.2%. France and Benelux posted growths of +1.4% and +2.5% respectively. Asia and Americas grew +21.3% and +5.5%. The main decline came from CEMA with less business in South Africa and Turkey in the telecommunication sector, and from the United Kingdom, following lower demand in the public sector. Revenue in Germany was almost stable.

Hi-Tech Transactional Services reported revenue of EUR 1,035 million representing 21% of total revenue, up +4.4%. The Payments activity posted a growth of +6.7% and Electronic Services of +4.2% while Financial Markets declined as anticipated, following the reorganization of this division inherited from Atos Euronext in 2008.

Including Venture Infotek, during the fourth quarter, as expected, revenue growth was +7.5% above the +5.5% achieved in the third quarter and the +2.2% in the first half of 2010.

HTTS

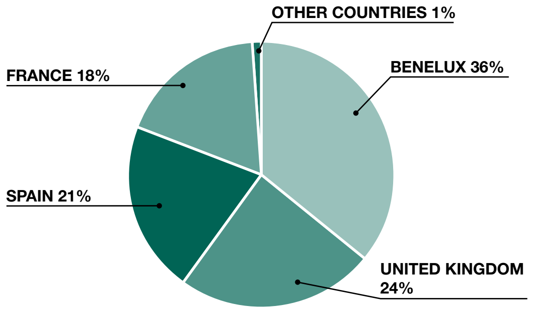


Consulting revenue was EUR 208 million, representing 4% of the Group revenue and an organic decline of -16%. France returned to growth and the United Kingdom was almost flat. Revenue decline was concentrated in the Netherlands where a new management is now in place, and in Spain still impacted by a strong price pressure.

In the fourth quarter, the trend was almost the same compared to the first nine months of the year. The market conditions remained tough even if first signals of recovery were noticed at the end of 2010.

BPO Medical revenue for 2010 was EUR 160 million, representing a slight organic increase, despite, as already disclosed, the delay of contracts linked to the Moratorium in the United Kingdom public sector.

Consulting



Benelux	36%
United Kingdom	24%
Spain	21%
France	18%
Other Countries	1%

C.1.3.7 Revenue by industry sector

Revenue performance by industry sector was as follows:

In EUR million	FY10	% total	FY09 CS(1)	% total	Change	*Organic growth (%)*
Manufacturing Retail Transport & Services	1,493	30%	1,611	31%	(118)	*-7.3%*
Public & Health	1,178	23%	1,209	23%	(31)	*-2.6%*
Financial Services	1,157	23%	1,114	22%	+43	*+3.8%*
Telecoms & Media	660	13%	736	14%	(76)	*-10.3%*
Energy & Utilities	533	11%	530	10%	+2	*+0.4%*
GROUP	**5,021**	**100%**	**5,202**	**100%**	**(181)**	***-3.5%***

(1) Constant scope and exchange rates.

The Group is organized in the five industry sectors described hereunder.

Manufacturing, Retail, Transportation & Services

Manufacturing, Retail, Transportation & Services is the first market with 30% of Group total revenue. This sector stands at EUR 1,493 million for the total year 2010, which is an organic decrease of -7%. The impact of the Arcandor bankruptcy, one of our main retail clients, represents more than 70% of this decrease which was limited to -2% excluding this client ramp down.

The sector is less concentrated than the other ones with 10 main accounts representing only 29% of the revenue. The revenue generated by these 10 accounts decreased by -13%, fully due to Arcandor.

Main Customers are Renault, Philips, NXP and Arcandor.

Public & Health

Public & Health is now the second market with 23% of revenue. This sector stands at EUR 1,178 million for the total year, down by -3% in organic growth.

Top 10 accounts revenue accounted for 65% of Public & Health sector representing a decrease of -2 points compared to 2009. These 10 accounts represent a revenue of EUR 768 million down by -6% from last year. Other accounts, mostly municipalities, compensated partially with an organic growth of +3%.

Main customers are French Ministries, the Department of Work & Pensions, the UK Ministry of Justice and French Social and Health Agencies.

Financial Services

The Financial Services sector representing 23% of total Group revenue, increased by +4% in 2010. This sector stands at EUR 1,157 million.

Revenue from the Top 10 accounts reached EUR 585 million representing 51% of the sector. The performance of the Top 10 accounts reached +13% organic growth.

Main customers are BNP Paribas, ING, Achmea and a large Asian based bank.

Telecoms & Media

Telecoms & Media represented 13% of total Group revenue. This sector stands at EUR 660 million, which was a decrease of -10% compared to previous year.

Revenue from the Top 10 accounts reached EUR 516 million representing 78% of the sector. These accounts are participating for more than 50% of the total decrease of the sector.

Main customers are KPN, France Telecom, Vodafone and SFR.

Energy & Utilities

The Energy & Utilities sector amounted to 11% of Group revenue. This sector stands at EUR 533 million, slightly increasing from previous year.

Revenue from the Top 10 accounts reached EUR 386 million representing 73% of the sector. The performance of these accounts reached +5% growth.

Main customers in this sector are EDF, Schlumberger, GDF, Total, Veolia, Delta and Nuon.

C.1.3.8 Portfolio

Group Order Entries totaled EUR 5,590 million in 2010. The book to bill ratio was 111%, above the level of 100% reached in 2009. During the fourth quarter of 2010, the Group reached a 125% book to bill ratio with EUR 1,650 million Order Entry, representing an increase of +39% compared to the fourth quarter of 2009.

Most recent new contracts and renewals signed were the following, particularly in Public & Health and in Manufacturing Retail Transport & Services: France signed a new contract in Infrastructure Management with Rexel, with EADS in Product Lifecycle Management (PLM), and in Managed Services with DGAC. In the United Kingdom, renewals with the public sector have been signed as expected in Medical BPO, with the Department for Work and Pensions and with Royal Mail, and in Managed Services with the Home Office. In the Netherlands, Managed Services contracts have been signed in the public sector and in Systems Integration with Phillips, ING, ABN•AMRO and Achmea, Atos Worldline signed Payments Processing and Payments Acquiring contracts with ING, Cortal Consors and ABN•AMRO. In Germany, the contract with Karstadt was renewed by the new owner until the end of 2012. The German operations also signed a contract with Neckermann for extended services. The sales activity restarted in Spain with contracts signatures in Systems Integration in the telecom and banking sectors. The Group also renewed its contracts with Petrobras in Brazil and Vodacom in South Africa.

The roll out of the HTTS Group initiative in the priority geographies has started in the first half of 2010. The primary focus was on generating sales leads and strengthening the pipeline with the aim of closing significant new deals in the next few months. A good commercial activity pursued in the UK through contracts signed with Leaseplan, and East Coast Main Line in Transport, and in Asia in Payments. First contracts leveraging Atos Worldline assets and capabilities were signed with Rabobank in the Netherlands and Nomura in the United Kingdom.

At the end of 2010, the un-weighted pipeline in HTTS, excluding additional very large opportunities, was in the range of EUR 500 million for The Netherlands, the United Kingdom, Spain, China and Germany.

In 2010, the Group decided to create a new international subsidiary – Atos WorldGrid – operating in France, Spain and China. Atos WorldGrid brings together the strong portfolio of solutions and the deep industry knowledge of Atos Origin in Smart Energy & Utilities.

At the end of 2010, full backlog was EUR 7.5 billion representing 1.5 year of revenue, an increase of +8% compared to 31 December 2009.

The full qualified pipeline at 31 December 2010 was EUR 2.7 billion, almost the same level as that of 30 June 2010, but lower compared to the EUR 3.0 billion one year ago.

C.1.4 Operating Margin performance

In 2010, Operating Margin reached EUR 337 million, representing a 6.7% Operating Margin rate. This level of profit represents an increase of +16.2% against the statutory margin of EUR 290 million in 2009. On a constant exchange rates basis, organic margin increase reached +15% representing EUR +43 million over the period. The Operating Margin rate improved by +107 basis points compared to 5.7% achieved the prior year, and exceeded the high end of the market guidance which was to increase the margin rate between 50 and 100 basis points.

In EUR million	Operating Margin	
FY10	**337.4**	**6.7%**
FY09	290.0	5.7%
Exchange rates	4.2	5.6%
FY09 constant scope	294.2	5.7%
Statutory change	47.4	
Change at same exchange rates	43.2	+107 bps
		+15%

In 2010, Operating Margin rate regularly improved over the year from 4.1% in the first quarter to a strong 7.9% of revenue in the second quarter, maintained at 5.8% in the third quarter while absorbing the reduction of volume during the summer time, and back up with an increase to 8.9% in the fourth quarter.

The Operating Margin rate achieved in the first semester at 6.0% of revenue was significantly higher than the performance of the same period last year (increase of +147bps) benefiting from the savings generated by the TOP program and the strong workforce management initiated in 2009.

The Group achieved in the second half a 7.4% Operating Margin rate, compared to 6.8% for the same period last year, representing an increase of +64 basis points.

Following the directive of the French accounting regulator (CNCC), this performance in 2010 includes the reclassification of part of the new French Business Tax (*Cotisation sur la Valeur Ajoutée des Entreprises*) for a total of EUR 18.2 million over the year. This tax was previously recorded in Operating Margin and is now classified in Income Tax.

In EUR million	Q1	Q2	Q3	Q4	H1	H2	YTD
Operating Margin 2010	51	99	70	118	150	187	337
Operating Margin 2009	46	73	66	110	119	175	294
Change at same exchange rates	+5	+26	+4	+8	+31	+12	+43
Percentage change	*11.0%*	*35.6%*	*6.1%*	*7.4%*	*26.1%*	*6.9%*	*14.7%*
Percentage to Revenue in 2010	4.1%	7.9%	5.8%	8.9%	6.0%	7.4%	6.7%
Percentage to Revenue in 2009	3.5%	5.6%	5.2%	8.2%	4.6%	6.8%	5.7%
Change in basis points	+61bps	+228bps	+52bps	+72bps	+147bps	+64bps	+107bps

From statutory to constant scope

The FX rates and internal changes of scope had the following impact on last year:

In EUR million	FY09	Fx rates	Scope(1)	FY09 CS(2)
France	44.7		2.4	47.1
Benelux	84.2	0.0		84.2
United Kingdom	82.1	3.2		85.3
Worldline	133.2	0.0		133.2
GCEMA	21.7	0.9		22.6
Spain	11.6	0.0		11.6
Other Countries	9.1	0.1	(2.4)	6.8
Total Central Costs(3)	(96.6)	0.0		(96.6)
GROUP	**290.0**	**4.2**		**294.2**

(1) Morocco was reclassified from France to Other Countries.
(2) Constant scope and exchange rates.
(3) Central Costs and GDL costs not allocated to GBU.

Exchange rate changes resulted in a positive adjustment of EUR 4.2 million mainly due to the British pound for EUR 3.2 million.

In EUR million	FY09	Fx rates	Scope(1)	FY09 CS(2)
Consulting	3.2	(0.3)	(0.7)	2.2
Systems Integration	94.8	1.8	(16.3)	80.2
Managed Services	106.8	0.7	(3.6)	103.9
HTTS	135.6	1.3	21.3	158.3
Medical BPO	19.6	0.8	(0.1)	20.3
Central Costs(3)	(70.1)	0.0	(0.6)	(70.6)
GROUP	**290.0**	**4.2**	**0.0**	**294.2**

(1) Some contracts have been classified in HTTS to reflect a consistent scope of activities between the Global Business Units, whereas they were previously classified in 2009 in the other Service Lines.
(2) Constant scope and exchange rates.
(3) Central Costs exclude the Services Lines costs.

C.1.4.1 Operating Margin by GBU

In EUR million	FY10		FY09 CS(1)		Deviation	
France	45	3.9%	47	4.2%	(2.5)	-0.2pt
Benelux	92	9.9%	84	8.4%	8.2	+1.4pts
United Kingdom	77	8.5%	85	9.1%	(8.2)	-0.6pt
Worldline	150	17.4%	133	15.8%	17.3	+1.6pts
GCEMA	10	2.2%	23	3.9%	(12.3)	-1.7pts
Spain	(10)	-3.3%	12	3.5%	(21.6)	-6.8pts
Other Countries	52	12.7%	7	1.8%	44.7	+10.9pts
Total Central Costs(2)	(79)	-1.6%	(97)	-1.9%	17.5	+0.3pt
GROUP	**337**	**6.7%**	**294**	**5.7%**	**43.2**	**+1.1pts**

(1) Constant scope and exchange rates.
(2) Central Costs and GDL costs not allocated to GBU.

France

In France, Operating Margin slightly decreased from 4.2% of revenue in 2009 to 3.9% in 2010. The improvement in Consulting and Systems Integration was not sufficient to cover the decline in Managed Services. The actions of the TOP program together with a strict control of hiring and an optimized workforce management led to an improvement by circa +60 basis points of the personal costs, and the optimization of non personal costs contributed to an improvement by +40 basis points. Nevertheless the lack of cross selling revenue in Managed Services, mainly during the first half of the year, had a negative effect on the Gross Margin.

The improvement of the Operating Margin continued in Consulting, benefiting from the +6.8% revenue growth and from the effect of the renewal of consultants initiated in 2009.

In Systems Integration Operating Margin improved by EUR 7 million in 2010 with both tight resource management and drastic cost base reduction. This improvement was reached despite some slippages in projects and a shortfall in revenue.

The Managed Services Service Line presented a decrease of EUR -10 million in Operating Margin which reached 3.2% of revenue for the full year. Profitability significantly increased in the second semester, representing 6% of revenue compared to 0.5% in the first half of the year, hit by a lack of cross selling revenue. The level of profitability reached in the second half of the year came from the cost base reduction through TOP program actions, lean management and increasing offshore initiatives.

Benelux

In the Benelux, despite the continuous decrease in revenue in 2010, the Operating Margin strongly increased at 9.9% in 2010 compared to 8.4% in 2009. This trend awarded the strong efforts made by the GBU as to reduce the cost base and staff in 2009 and 2010. Through the TOP initiatives, both direct and indirect costs remained under tight monitoring and their decrease have more than offset the slowdown in the revenue in a tough economic environment.

The actions on cost achieved significant results on maintenance and telecom costs, the rent and lease. Company cars related costs went down further to the renegotiation of the contract.

Personal expenses benefited in 2010 of the full year impact of the staff reduction initiated in 2009.

In Consulting, the Operating Margin declined by EUR -2 million. The performance has fallen back with the revenue and also with the price pressure. The average daily rate on the year fell by more than 3%. To restore the profitability of the division, the GBU announced during the last quarter a reorganization plan which will have a full impact in 2011.

In Systems Integration, the Operating Margin decreased from 8.7% to 8.4%. The drastic reduction of staff decided in 2009, combined with an increased level of invoicing of the offshore activity with large customers contributed to offset most of the decline in revenue.

In Managed Services, the Operating Margin overachieved the 2009 performance from 9.4% to 12.1%. The industrialization of the activity with the implementation of global factories as part of the TOP program, allowed the improvement of the performance.

United Kingdom

In the United Kingdom, Operating Margin stood at 8.5% of revenue compared to 9.1% in 2009, coming from lower revenue in Public & Health.

In Consulting, Operating Margin was almost flat. Cost base adjustment allowed to mitigate lower revenue.

In Systems Integration, the Operating Margin came at 10%. The impact of a lower revenue base was offset by the continued execution of the TOP program, in particular with regards to productivity gains thanks to lean management and increasing offshoring.

In Managed Services, Operating Margin reached 7.1%. Cost structure reduction with lower procurement prices and the delivery model contributed to compensate the effect on revenues coming from the freeze in the public sector as already mentioned.

The HTTS margin reached 12.3% of revenue, as a result of the revenue growth mainly in the transport sector and in Financial Markets.

Finally, Medical BPO Operating Margin reached 11.6% close to the 12.8% achieved in 2009. The difference represented EUR 2 million due to lower volumes in Occupational Health.

Atos Worldline

Atos Worldline Operating Margin increased from EUR 133 million in 2009 to EUR 150 million in 2010:
- in Belgium, the Operating Margin improved thanks to higher volumes and the effect from the reduction of the number of subcontractors;
- in Germany, the Operating Margin was almost flat despite less licenses revenue which provided a better margin mix in 2009;
- in France, the activity was more difficult due to the decrease in Financial Markets. The ramp up of DMP contracts is expected to a margin improvement.

GCEMA

GCEMA posted an Operating Margin at EUR 10 million compared to EUR 23 million in 2009. The GBU had to face tight trading conditions, in Germany with the Arcandor ramp down and in CEMA region with a revenue drop in three countries.

Germany
At year end, the Systems Integration Service Line incurred one time costs to cover the risks of two contracts, in the Energy & Utilities and in Telecoms & Media. This led to an Operating Margin of EUR -1 million.

However, the cost base was permanently challenged throughout the year to compensate a reduced demand from two large clients, E-Plus and Symrise. Offshore started to bear fruits by reducing the cost base in the fourth quarter.

The Managed Services Service Line reached an Operating Margin of 7%. The cost base was successfully reduced all throughout the year to take into account the revenue issue with Arcandor.

CEMA

The margin is negative at EUR -3 million, including one-time costs of EUR -3 million. The bottom line was hit by a sizeable reduction of revenue in the second semester as mentioned in the revenue analysis.

In Systems Integration, Poland was up EUR +1 million as a result of higher revenues in Telecoms & Media and Austria improved its Operating Margin with a higher utilization rate. South Africa's margin was impacted by the revenue shortfall but remained positive.

In Managed Services, the Operating Margin improved in Austria as a result of cost savings and in Switzerland, despite lower revenues, the Operating Margin improved thanks to better contract profitability.

Spain
In Spain, Operating Margin was down by EUR -22 million in 2010, amounting to EUR -10 million and representing -3.3% of revenue, compared to 3.5% last year. The first effects of the current restructuring plan and the appointment of a new management started to lead to an improvement of the performance in the second half of the year.

For Systems Integration, in addition to write-offs on the projects mentioned hereafter, high pressure on prices continued in 2010. This was reflected in the decrease of the average daily rate, which had a direct impact on the Operating Margin. This significant downturn was a consequence of several factors:

- One-time costs on fixed price projects for EUR -17 million. Main projects impacted were in Financial Services and Public & Health. The impact in Consulting was EUR -6 million and EUR -11 million in Systems Integration.
- The overall tough economic environment resulting in price pressure and volume reductions.

Managed Services presented an improvement of the Operating Margin reaching 7.2% of revenue in 2010. In 2009, the Operating Margin was affected by issues within the desktop contract with a large telecommunication operator.

Other Countries

South America's Operating Margin was at 4.4% of revenue, increasing by EUR +14 million compared to last year, mainly in Brazil.

In Asia Pacific, Operating Margin stands at 13% compared to 3% in 2009. This marks an increase of EUR +19 million, mainly led by Managed Services in which cost base was optimized and procurement was improved. The margin in the Payment Activities of HTTS stood at EUR 11 million.

As a result of strict cost management, the Operating Margin in North America was almost flat compared to last year despite a revenue decline by -5.7%.

Corporate Costs

In EUR million	FY10		FY09 CS(1)		Deviation	
Global Delivery Lines costs	(16.3)	-0.3%	(25.9)	-0.5%	+9.6	+0.2pt
Global functions costs	(52.7)	-1.0%	(56.8)	-1.1%	+4.1	+0.0pt
Equity based compensation cost	(10.1)	-0.2%	(13.8)	-0.3%	+3.7	+0.1pt
Total Central Costs	**(79.1)**	**-1.6%**	**(96.6)**	**-1.9%**	**+17.5**	**+0.3pt**

(1) Constant scope and exchange rates.

Global Delivery Lines

Global Delivery Lines costs (Global Delivery and Global Factory) amounted to EUR -16 million in 2010 compared to EUR -26 million in 2009 as a result of the strong pressure on expenses resulting from the TOP program.

Corporate Global Functions

The cost of Global Functions was down by -7% to EUR 53 million in 2010 compared to EUR 57 million in 2009. The cost of Global Functions benefited from the effects of the TOP program and the implementation of Lean Management and Activity Value Analysis (AVA).

Equity based compensation

Equity based compensation costs (stock options, long term incentive plans, management investment plan, employee purchase plan…) decreased from EUR 13.8 million in 2009 to EUR 10 million in 2010, the majority deriving from the stock options programs.

C.1.4.2 Operating Margin by Service Line

In EUR million	FY10		FY09 CS(1)		Deviation	
Consulting	(5.4)	-2.6%	2.2	0.9%	(7.6)	-3.5pts
Systems Integration	69.9	4.0%	80.2	4.3%	(10.3)	-0.4pt
Managed Services	145.7	7.9%	103.9	5.3%	+41.8	+2.5pts
HTTS	171.4	16.6%	158.3	16.0%	+13.1	+0.6pt
Medical BPO	18.5	11.6%	20.3	12.7%	(1.8)	-1.2pts
Central Costs(2)	(62.8)	-1.3%	(70.6)	-1.4%	+7.8	+0.1pt
GROUP	**337.4**	**6.7%**	**294.2**	**5.7%**	**+43.2**	**+1.1pts**

(1) Constant scope and exchange rates.
(2) Central Costs exclude the Services Lines costs.

In 2010, as in 2009, the **Consulting** Service Line was affected by both a significant price pressure and a lack of demand from large customers which in several cases delayed or cancelled their decisions of investment. Strong actions started in the Netherlands with the new management appointed.

Systems Integration, in the context of a revenue decline of -4.7%, saw its Operating Margin decreasing at 4.0% of revenue compared to 4.3% in 2009. In absolute value the Operating Margin declined by EUR 10 million. Two regions contributed to the margin decrease:

- Germany/ CEMA which dropped from a positive margin of EUR 17 million to EUR -5.4 million;
- Spain where the Operating Margin was negative at EUR -9 million compared to a positive one at EUR 7 million one year ago.

Operating Margin was also declining in the Benelux and in the United Kingdom. These negative effects have been partly offset by actions on both revenue and costs allowing Operating Margin improvement in France, in Other Countries and on the costs of the Global Functions including Delivery Lines.

Managed Services reported a strong margin improvement at EUR 146 million representing 7.9% of revenue compared to EUR 104 million in 2009. The margin increase was reached thanks to the implementation of a new delivery model focusing on industrialization and the acceleration of the TOP Program. This performance was achieved despite a revenue decrease of -5%.

The **Hi-Tech Transactional Services** increased the Operating Margin to 16% of revenue reaching EUR 171 million compared to EUR 158 million in 2009. Together with the organic growth of revenue of +4.4%, the profitability progressed by +60 basis points. The margin improvement came primarily from Atos Worldline, and more particularly from its transaction-based activities (Payments), where profitability benefited from growing volumes.

BPO Medical recorded an Operating Margin at almost 12%, globally at the same level as in 2009.

C.1.4.3 Cost base evolution

	FY 2010	% of revenue	FY 2009 CS[1]	% of revenue	Change in value	Change in %
Personnel Direct	(2,375)	47.3%	(2,436)	46.8%	+61	-2%
Subco Direct	(542)	10.8%	(589)	11.3%	+47	-8%
Personnel Indirect	(434)	8.6%	(465)	8.9%	+31	-7%
Costs of good sold	(198)	3.9%	(174)	3.3%	(24)	+14%
Non personnel expenses	(917)	18.3%	(1,025)	19.7%	+108	-11%
Non cash items	(217)	4.3%	(219)	4.2%	+2	-1%
TOTAL	**(4,683)**	**93.3%**	**(4,907)**	**94.3%**	**+224**	**-5%**
Other non personal expenses details						
Travel	(112)	2.2%	(117)	2.3%	+5	-4%
Cars	(81)	1.6%	(93)	1.8%	+12	-13%
Maintenance costs	(222)	4.4%	(260)	5.0%	+38	-15%
Rent & Lease expenses	(195)	3.9%	(214)	4.1%	+19	-9%
Telecom costs	(118)	2.3%	(113)	2.2%	(5)	+4%
MarCom/PF	(73)	1.5%	(79)	1.5%	+6	-8%
Other expenses	(112)	2.2%	(119)	2.3%	+8	-6%
Taxes & Similar expenses	(4)	0.1%	(28)	0.5%	+24	-85%
	(917)	**18.3%**	**(1,025)**	**19.7%**	**+108**	**-11%**
Revenues	**5,021**		**5,202**		**(181)**	**-3%**
Operating Margin	**337**	**6.7%**	**294**	**5.7%**	**+43**	**+15%**

(1) Constant scope and exchange rates.

The benefits from the TOP Program on the Operating Margin have continued during 2010 resulting in a further decline in the cost base. Beyond the strong workforce management, especially on indirect staff and external subcontractors, which led to an improvement of Operating Margin of +35 basis points, the most important reductions achieved in 2010 were focused on Maintenance costs which dropped by -15% to EUR -222 million, and on subcontractor costs which were reduced by -8% at EUR -542 million. At the same time, rental cost was down by -9%, driven in particular by the move of the Paris offices in September 2010 to the Bezons Campus.

C.1.5 Workforce Management

C.1.5.1 Headcount evolution

Total staff employed stands at 48,278 at the end of December 2010. This level represents a net decrease since the beginning of the year of 758 headcounts (-2%), mainly driven by Consulting (-6%) and Systems Integration (-4%). This net decrease of headcounts includes a significant increase in India with +845 people (+23%) and in Atos Worldline with +655 people (+14%) which includes Venture Infotek acquired in August 2010 for +487 people.

Movements

Movements of legal staff over the last two years are the following:

	H1-09	H2-09	FY-09	H1-10	H2-10	FY10
Opening	**50,975**	**49,407**	**50,975**	**49,036**	**48,268**	**49,036**
Scope	(139)		(139)	+80	+336	+416
Hiring	+2,007	+2,527	+4,534	+2,487	+3,397	+5,884
Leavers	(1,842)	(1,542)	(3,384)	(2,146)	(2,728)	(4,874)
Dismiss/Other	(622)	(519)	(1,141)	(463)	(268)	(731)
Restructuring	(971)	(838)	(1,809)	(726)	(727)	(1,453)
Closing	**49,407**	**49,036**	**49,036**	**48,268**	**48,278**	**48,278**

Changes in scope

The changes in scope in 2010 relates to the disposal in H2 of the SSC (-151 people), the acquisition of Shere for 80 staffs and the acquisition in of Venture Infotek (+487 people).

Hirings

The level of recruitment in 2010 reached 5,884 up by +30% compared to the level reached in 2009. The total hirings made in the full year 2010 represented 12% of the opening workforce compared to 9% last year, with 6% in Systems Integration, 4% in Managed Services and 1% in HTTS.

	FY10	FY09	Delta
Consulting	184	109	+75
Systems Integration	3,002	1,996	+1,006
Managed Services	1,832	1,672	+161
HTTS	436	179	+257
Medical BPO	392	435	(43)
Corporate	37	143	(106)
GROUP	**5,884**	**4,534**	**+1,350**

The hirings of the year have been mainly located in offshore countries as it is showed hereafter:

	Q1-10	Q2-10	Q3-10	Q4-10	H1-10	H2-10	FY-10
Onshore countries	480	645	684	592	1,125	1,277	2,402
Offshore countries	478	884	1,018	1,102	1,362	2,120	3,482
GROUP	**958**	**1,529**	**1,702**	**1,694**	**2,487**	**3,397**	**5,884**

Onshore hirings were limited to critical skills and concentrated on talented recently graduated engineers.

In Offshore countries, the level of hirings has strongly increased throughout the year from 478 people in the first quarter up to 1,102 people in the last quarter, essentially in India.

Leavers

Leavers comprise voluntary permanent staff leavers, as permanent staff who have been dismissed are classified under "dismissed".

The total number of leavers in 2010 was 4,874, above the level reached in 2009 of 3,384.

	FY10	FY09	Delta
Consulting	331	222	109
Systems Integration	2,685	1,838	847
Managed Services	1,355	940	415
HTTS	233	128	105
Medical BPO	243	242	1
Corporate	27	14	13
GROUP	**4,874**	**3,384**	**1,490**

Staff attrition (calculated on a full year basis) increased by three points during the period at 10.1% in 2010 compared to 7.0% in 2009. The ratio increased in all businesses except BPO as shown below:

	Jun-09	Dec-09	Jun-10	Dec-10
Consulting	10.8%	9.9%	16.5%	17.4%
Systems Integration	8.6%	8.0%	10.0%	12.0%
Managed Services	6.4%	5.8%	7.4%	8.5%
HTTS	2.6%	2.5%	3.7%	4.0%
Medical BPO	15.3%	14.7%	13.5%	13.6%
Corporate	4.2%	4.4%	12.5%	9.6%
Attrition rate	**7.5%**	**7.0%**	**8.8%**	**10.1%**

The average length of job tenure within Atos is 8.8 annum. In the IT business, the attrition rate is in general high compared to other sectors.

Restructuring

As a result of the staff reorganization program, 1,453 employees left the Group in 2010 under specific and localized re-organization programs as part of the business transformation. These staff were located in the major European countries and correspond to specific plans. The Group does not disclose the breakdown by country.

C.1.5.2 Legal staff by country and Service Line

The net decrease of 757 headcounts over the period mainly came from countries more impacted by the economic recession, as in France, in The Netherlands and in Spain. This is compensated by a high level of Hirings in India (net impact of +845 people) and by an acquisition (Venture Infotek) within Atos Worldline also in India.

The most impacted Service Lines were Systems Integration and Managed Services, compensated by an increase in HTTS, as shown in the table below:

	Closing			
	Dec-09	Jun-10	Dec-10	Change vs Opening
Consulting	2,070	1,919	1,945	(125)
Systems Integration	22,647	21,949	21,801	(846)
Managed Services	16,305	16,131	15,851	(454)
HTTS	5,771	5,896	6,555	+784
BPO	1,879	1,931	1,934	+55
Corporate	364	362	192	(172)
GROUP	**49,036**	**48,188**	**48,278**	**(758)**
France	11,954	11,583	11,157	(797)
Benelux	7,750	7,230	6,958	(792)
United Kingdom	6,269	6,399	6,264	(5)
Atos Worldline	4,804	4,817	5,459	+655
GCEMA	3,746	3,628	3,549	(197)
Spain	5,668	5,527	5,349	(319)
Other Countries	8,481	8,642	9,351	+870
Global Corporate	364	362	192	(172)
GROUP	**49,036**	**48,188**	**48,278**	**(758)**

United Kingdom almost maintained the same level of staff. In GBU Global Corporate, the decrease is due to the disposal of the Shared Services Center in Poland (-151 people).

After a strong decrease in 2009, direct staff remained almost stable in 2010 at 43,756 (compared with 43,941 one year before). However, the total indirect staffs have been significantly reduced from 5,094 at end of 2009 to 4,522 at the end of 2010 which represents a decrease of -11%.

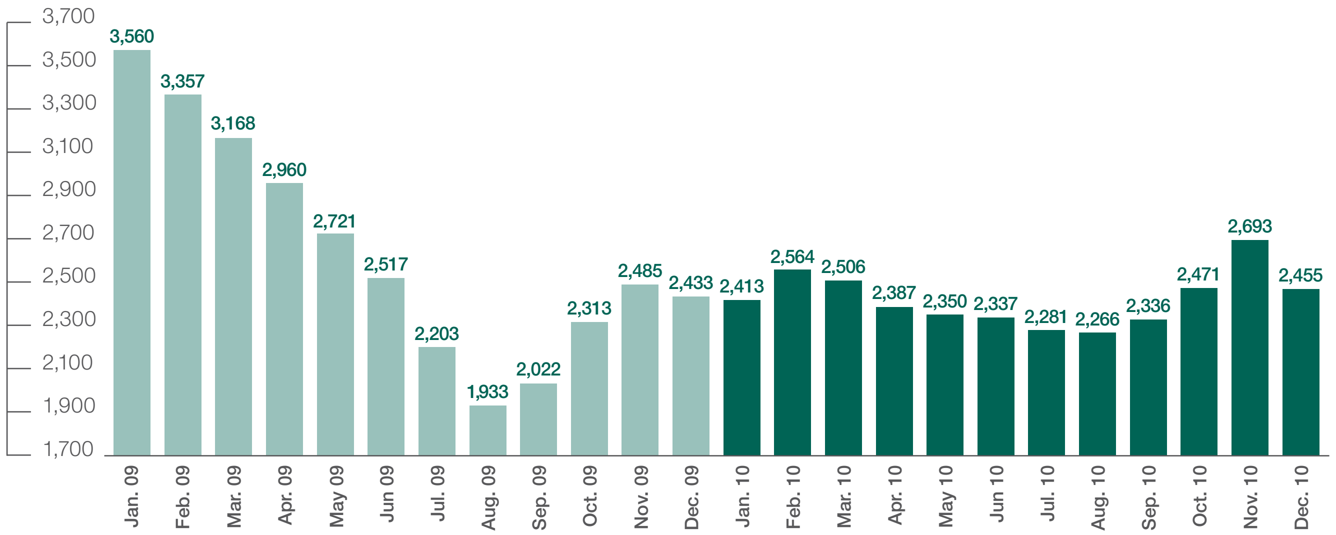
The situation of legal staff at the end of December 2010 in low costs countries is the following:

Legal staff (end of)	H1-09	H2-09	H1-10	H2-10	Change 12 months
Morocco	330	447	500	549	+102
China	481	459	440	449	(10)
Malaysia	412	449	478	480	+31
India	2,980	3,695	3,856	4,540	+845
South Africa	186	173	163	136	(37)
Poland	310	353	444	571	+218
Brazil	1,448	1,280	1,218	1,156	(124)
Total	**6,147**	**6,856**	**7,099**	**7,881**	**+1,025**

C.1.5.3 Subcontractors

After a strong drop in 2009, the Group has carefully followed and monitored the policy whose objective was to maintain the number of non-critical subcontractors. As a result, the total number of subcontractors remained almost stable during the year (in the range of 2,400 to 2,500).

Direct external subcontractors



The level of subcontractors represented 5.4% of productive FTE at the end of December 2010, flat compared to 5.3% last year. The strong effort achieved in 2009 to reduce the subcontractors was maintained in 2010.

C.1.5.4 Total Full Time Equivalent (FTE)

The following table summarizes total FTEs of the Group at the end of December 2010, showing a general decrease of -1.8% of FTEs, including:

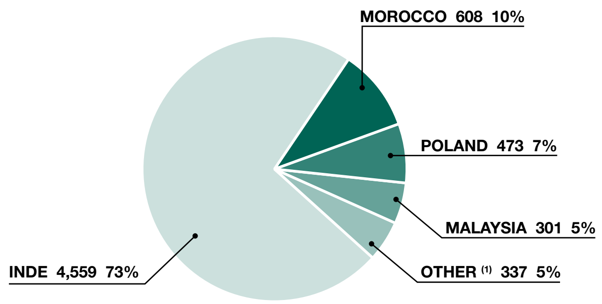
- a significant decrease of direct onshore by -4.5% (-1,718 FTEs) over the period.
- a strong reduction of indirect headcounts by -9% (-445 FTEs), as expected.

Offshore staff reached 6,278 FTEs with a net increase of +1,244 FTEs over the period (+25%) which is above 2009 performance (+500 FTE, +12%).
As a result, the part of our productive staff working in Offshore countries increased from 11% in 2009 to 14% in 2010 on total Direct FTEs.

Full Time Equivalent	**Dec-09**		**Dec-10**		**Delta**	
Direct FTE onshore	38,481	84%	36,763	81%	(1,718)	-4.5%
Direct FTE offshore	5,034	11%	6,278	14%	+1,244	+24.7%
Direct FTE subcontractors	2,433	5%	2,455	5%	+22	+0.9%
Total Direct FTE	45,948	100%	45,496	100%	(452)	-1.0%
Indirect FTE	4,960	10%	4,515	9%	(445)	-9.0%
Total FTE	**50,908**		**50,011**		**(897)**	**-1.8%**

The Offshore FTEs are mainly located in India (73%) and Morocco (10%).

Offshore locations



(1) "Other" include South-America with offshore productive FTEs in Brazil and Argentina.

C.1.6 Atos Origin and Siemens to create a European IT Champion

On 14 December 2010, Atos Origin and Siemens announced their intention to form a global strategic partnership. Siemens will contribute its Siemens IT Solutions and Services for a total sum of EUR 850 million to Atos Origin in order to create a European IT champion. Siemens will become for a period of at least five years the second shareholder of Atos Origin with a 15% stake. The transaction will create a leading IT services company with pro forma 2010 revenues of approximately EUR 8.7 billion and 78,500 employees worldwide. As part of the transaction, Siemens concluded a seven-year outsourcing contract worth around EUR 5.5 billion, under which Atos Origin will provide Managed Services and Systems Integration to Siemens. The new company will operate the largest European managed services platforms, will be uniquely positioned to deliver cloud computing services, market leading System Integration solutions such as Consolidation & Harmonization, Energy, PLM and to enhance significantly its electronic payments and transaction based activities.

C.1.6.1 Highlights of the Deal

A European IT Service Champion is formed: In exchange for Siemens IT Solutions and Services Siemens will receive a 15% stake in Atos Origin, a five year convertible bond of EUR 250 million and a cash payment of approximately EUR 186 million.

- Siemens will support Atos Origin in taking necessary steps in integrating Siemens IT Solutions and Services, a reshaped asset pre-acquisition, in order to generate substantial synergies in the near future. As part of this it is envisaged that the global work force of Siemens IT Solutions and Services will be reduced by 1,750, including 650 in Germany – mainly in indirect functions such as G&A. Siemens agreed to contribute up to EUR 250 million to the integration and training costs.
- The transaction was subject to a consultation procedure with the Working Council of Atos Origin, which issued its opinion in January 2011. It also obtained the US and European antitrust authorities approval respectively the 18th and 25th March 2011. The operation is expected to close by early July 2011 after approval from Atos Origin Shareholders.

One of the world's biggest outsourcing deals is going along with the transaction: Atos Origin and Siemens to sign a seven-year contract worth EUR 5.5 billion to operate Siemens IT infrastructure and applications worldwide.

Atos Origin and Siemens form a strategic partnership: The sales power of Siemens One will strengthen the new company and should lead to an increase of future revenues. Atos Origin and Siemens will jointly develop new IT products and solutions for which both parties are committed to investing EUR 50 million each. The partnership agreement will provide significant development opportunities in hi-tech transactional Services and growing sectors such as healthcare, energy, transport or manufacturing.

C.1.6.2 Deal structure

The deal is structured to create short term value for Atos Origin shareholders, including Siemens, and is strongly protective of Atos Origin cash.

The deal creates the framework for a sustainable global partnership between Atos Origin and Siemens. The transaction will be financed by Atos Origin delivering approximately 12.5 million shares to Siemens - representing 15% of the outstanding capital of the combined group, with a five-year lock-up commitment and a cash consideration of EUR 186 million; Atos Origin will also issue a five-year convertible bond re-served to Siemens for EUR 250 million.

The transaction is structured in order to be short-term accretive on the Earning per Share (EPS) for Atos Origin. Siemens IT Solutions and Services will be transferred by Siemens on a debt and cash free basis. Siemens has also agreed to assume responsibility after deal closure for certain obligations including projects risks unidentified at closing.

C.1.6.3 The creation of a champion in IT Services

The deal is a major step in Atos Origin's strategy to reach a global scale and grow strongly both in IT services and in Hi-Tech Transactional Services. The two organizations benefit from outstanding complementarities regarding customer base, geographies and services. Together they form a strong combination with a presence in 42 countries, and 78,500 staff worldwide, that will accelerate growth, increase shareholders' value and will enhance the services it provides to its customers.

According to market surveys[(1)], Atos Origin will rank #1 among European companies for Managed Services in Europe. After this acquisition Atos Origin will also enhance its scale, expertise and capacity to compete for the big and global deals. It will also become a major league player in cloud computing which will be a major growth driver for years to come.

According to surveys, Atos Origin will become one of the first IT Services players in Europe in terms of revenue and number seven worldwide, with a significant increase in its customer base and range of offerings to win new sales opportunities.

(1) Source : Gartner (April 2010) and Atos.

C.1.7 2011 Objectives

On 16 February 2011, the Group announced the following objectives for 2011:

Revenue

Considering the outcome from its large customers and an improving economic environment, the Group expects to return to a slight organic growth in 2011.

Operating margin

Operating Margin rate target is to increase by +50 to +100 basis points in 2011, third year of the three year transformation plan, and therefore to be in the range of 7.2 to 7.7 per cent.

Free Cash Flow

The Free Cash Flow is expected to increase again by +20 per cent in 2011 compared to 2010.

Consolidation of SIS

The figures above are for Atos Origin in its current scope before the planned consolidation of SIS expected as of 1 July 2011 (subject to anti-trust clearance and Shareholders' approval). As soon as the transaction is completed, the new guidance for the year 2011 will include SIS (6 months expected in the second half of the year), and is expected to be in line with the figures already provided on 15 December 2010, date of the announcement:

"The financial targets for Atos Origin are based on the following assumptions:
- No major change in market conditions.
- Full execution of the TOP² Program and combination synergies.
- No significant delay in Siemens IT Solutions and Services integration.

For 2011, with 12 months for Atos Origin (January to December) and six months for Siemens IT Solutions and Services (July to December), these targets are the following:
- Revenue evolution in line with market growth.
- An Operating Margin at circa 6 per cent.
- A Neutral EPS effect compared to Atos Origin standalone.
- A Free Cash Flow slightly higher than Atos Origin standalone in 2011."

C.2 Financial review

C.2.1 Income Statement

The Group reported a net income (Attributable to owners of the parent) of EUR 116.1 million for 2010, which represents 2.3% of Group revenues. The normalized net income before unusual, abnormal and infrequent items (net of tax) for the period was EUR 218.1 million, representing 4.3% of 2010 Group revenues, in increase by + 10% compared with last year.

(in EUR million)	12 months ended 31 December 2010	% Margin	12 months ended 31 December 2009	% Margin
Operating margin	**337.4**	**6.7%**	**290.6**	**5.7%**
Other operating income / (expenses)	(137.3)		(259.3)	
Operating income	**200.1**	**4.0%**	**31.3**	**0.6%**
Net financial income / (expenses)	(24.1)		(24.4)	
Tax charge	(57.8)		1.1	
Non controlling interests and associates	(2.1)		(4.1)	
Net income – Attributable to the owners of the parent	**116.1**	**2.3%**	**3.9**	**0.1%**
Normalized net income – Attributable to the owners of the parent(*)	**218.1**	**4.3%**	**197.2**	**3.8%**

(*) Defined hereafter.

Figures for 2010 are restated. Figures for 2009 reflect the change in accounting policy (SoRIE) of which impact is described in section C.3.3.5 of that document.

C.2.1.1 Operating margin

Income and expenses are presented in the Consolidated Income Statement by nature to reflect the specificities of the Group's business more accurately. Under the line item presenting revenues, ordinary operating expenses are broken down into staff expenses and operating expenses.

These two captions together are deducted from revenues to obtain operating margin, one of the main Group business performance indicators.

Operating margin represents the underlying operational performance of the on-going business and is explained in the operational review.

C.2.1.2 Other operating income and expenses

Other operating income and expenses relate to income and expenses that are unusual, abnormal and infrequent and represent a net expense of EUR 137.3 million in 2010. The following table presents this amount by nature and destination:

(in EUR million)	Group transformation costs	Other non recurring items	Total
Staff reorganisation	(64.5)	-	(64.5)
Premises offices rationalisation	(38.7)	-	(38.7)
Goodwill impairment	-	(25.0)	(25.0)
Other items	-	(9.1)	(9.1)
Total	**(103.2)**	**(34.1)**	**(137.3)**

The Group presents two following destinations of costs:
- The Group transformation costs.
- Other non recurring items.

Group transformation costs (EUR 103.2 million expense)
The Group transformation costs are composed of EUR 103.2 million expense linked to reorganisation and rationalisation.

The EUR 64.5 million staff reorganisation expense is the consequence of both the Group workforce adaptation to the effects of the economic recession and the non recurring cost induced by the TOP Programs aimed at improving Group efficiency and productivity. The combination of these actions affected mainly The Netherlands (EUR 18.6 million), The United Kingdom (EUR 12.3 million), France (EUR 12.8 million) and Spain (EUR 11.0 million).

The EUR 38.7 million premises offices rationalisation are mainly composed of items related to the Paris offices rationalisation program corresponding to the main following buildings "Les Miroirs", "Manhattan", Suresnes, and Clamart.
- Settlement with the landlord of the building "Les Miroirs".
- Excess of rent costs.
- Provision related to rents due until the end of leases.
- Dilapidation provision and net booked value of remaining assets.

Other non-recurring items (EUR 34.1 million expense)
This amount mostly comprises:
- The impairment expense of EUR 25.0 million recorded in June 2010 on Iberia cash generating unit following a deteriorating economic environment in Spain
- Professional fees of EUR 9.2 million related to acquisitions including EUR 7.5 million linked to Siemens IT Solutions and Services and EUR 1.7 million linked to Venture Infotek Private Ltd in India.

C.2.1.3 Net financial expense

Net financial expense amounted to EUR 24.1 million for the period at the same level as last year (EUR 24.4 million in 2009) and is composed of:
- Net cost of financial debt increased from EUR 13.5 million last year to EUR 17.8 million over the period, coming from the evolution of net interest expenses which are made up of the following elements:
  - The average gross borrowing which was EUR 510.4 million bearing an average rate of expense of 3.64%
  - The convertible bonds OCEANE which outstanding average amount was EUR 207.5 million bearing an effective interest rate of expense of 6.68%
  - And the average net cash which was EUR 293.1 million bearing an average rate of income of 0.27%

The increase of net financial expense is explained by the full year impact of OCEANE's interests compared to a two months impact last year.
- Non-operational financial costs amounted to EUR 6.3 million compared to EUR 10.9 million in 2009 and mainly composed of pension financial related costs (EUR 6.5 million). These costs represent the difference between the interests cost and the expected return on plan assets (EUR 7.4 million expense in 2009). Please refer to Note 20 Pensions for further explanation.

C.2.1.4 Corporate tax

The Group effective tax rate is 33.1%, which includes the French tax CVAE for a gross amount of EUR 18.2 million and includes the tax impact of the impairment of EUR 25.0 million of Iberia. Based on normalized net income and after restatement of the CVAE, the restated Group effective tax rate is 25.4%. On a midterm basis, the expected effective tax rate is 30-32% on the current scope of the Group, and calculated including the French tax CVAE as income tax (please refer to Note 7).

C.2.1.5 Non controlling interests

Non controlling interests include shareholdings held by joint venture partners and other associates of the Group. They are mainly located in Atos Worldline Processing services in Germany (42%) until the 24 June 2010, date of acquisition of these non controlling interests.

C.2.1.6 Normalized net income

The normalized net income excluding unusual, abnormal and infrequent items (net of tax) is EUR 218.1 million, increasing by 10% compared with last year.

(in EUR million)	12 months ended 31 December 2010	12 months ended 31 December 2009
Net income - Attributable to the owners of the parent	**116.1**	**3.9**
Other operating income and expenses	(137.3)	(259.3)
Tax effect on other operating income and expenses	32.7	82.2
Other unusual items on tax	2.6	(16.2)
Total unusual items – net of tax	**(102.0)**	**(193.3)**
Normalized net income – Attributable to the owners of the parent	**218.1**	**197.2**

C.2.2 Earnings per share

(in EUR million)	12 months ended 31 December 2010	% Margin	12 months ended 31 December 2009	% Margin
Net income – Attributable to the owners of the parent [a]	**116.1**	**2.3%**	**3.9**	**0.1%**
Restatement	8.7		0.8	
Net income restated of dilutive instruments – Attributable to the owners of the parent [b]	**124.8**	**2.5%**	**4.7**	**0.1%**
Normalized net income – Attributable to the owners of the parent [c]	**218.1**	**4.3%**	**197.2**	**3.8%**
Restatement	8.7		0.8	
Normalized net income restated of dilutive instruments – Attributable to the owners of the parent [d]	**226.8**	**4.5%**	**198.0**	**3.9%**
Average number of shares outstanding [e]	69,334,351		68,772,224	
Impact of dilutive instruments	6,614,780		5,648,361	
Diluted average number of shares [f]	75,949,131		74,420,585	

(In EUR)				
Basic EPS [a] / [e]	**1.67**		**0.06**	
Diluted EPS [b] / [f]	**1.64**		**0.06**	
Normalized basic EPS [c] / [e]	**3.15**		**2.87**	
Normalized diluted EPS [d] / [f]	**2.99**		**2.66**	

Potential dilutive instruments comprise stock subscription (equivalent to 1,200,009 options) and convertible bonds (equivalent to 5,414,771 shares). The convertible bonds are the only one which generates a restatement of net income used for the diluted EPS calculation. The restatement corresponds to the interest expenses relating to the liability component net of deferred tax (EUR 8.7 million).

Normalized basic and diluted EPS reach respectively EUR 3.15 (EUR 2.87 in 2009) and EUR 2.99 (EUR 2.66 in 2009) and grow over the period respectively by +10% and +12%.

C.2.3 Cash flow

The Group net debt stands at EUR 139.2 million at the end of December 2010, thus representing a positive change in net debt of EUR +0.2 million compared with EUR 139.4 million of net debt at the end of December 2009.

Net debt as of December 2010 is in line with Atos Origin's guidance which was to be cash positive excluding the impact of acquisitions of the year; the adjusted net debt excluding acquisitions being positive at EUR +3.4 million (cash position).

Free cash flow represented by the change in net cash or net debt, excluding equity changes, dividends paid to shareholders, net material acquisitions / disposals (with a price exceeding 0.15% of Group revenue), reached EUR 143 million compared with EUR 117 million achieved last year.

	(in EUR million)	2010	2009
	OMDA	532.5	500.5
-	Net capital expenditures	(176.2)	(197.5)
+/-	Change in working capital	53.2	34.6
=	**Cash flow from operations**	**409.5**	**337.6**
-	Tax paid	(61.5)	(39.5)
-	Net cost of financial debt	(18.4)	(13.3)
-	Cash out of staff restructuring and rationalisation in other operating income	(167.6)	(135.0)
-	Dividends paid to non controlling interests	(4.5)	(4.3)
-	Net long term investments(1)	-	(14.1)
+/-	Purchase and sale of treasury stocks	7.3	5.7
+/-	Other changes(2)	(22.0)	(20.3)
=	**Free cash flow**	**142.8**	**116.8**
+/-	Net material acquistions / disposals	(142.6)	-
+/-	Capital increase (decrease)	-	-
+	Portion of bonds convertible in equity	-	47.8
-	Dividends paid to shareholders	-	-
=	**Change in net debt (cash)**	**0.2**	**164.6**
	OPENING NET DEBT	**139.4**	**304.0**
	CLOSING NET DEBT	**139.2**	**139.4**

(1) Long term deposits, and acquisitions / disposals with a price not exceeding 0.15% of Group revenue.
(2) Translation differences, profit-sharing amounts payable to French employees transferred to debt, disposal of operational assets, other financial items and other operating income with cash impact excluding restructuring and rationalisation.

Cash from Operations (CFO) stands at EUR 409 million and increased by EUR +71 million compared to last year. This surge is due to the combined improvement of the three components, the OMDA (EUR +32 million), the change in working capital requirement (EUR +19 million), and a further reduction in the net capital expenditure (EUR 21 million):

- OMDA at EUR 532 million, representing an increase of EUR +32 million compared with last year, reaching 10.6% of revenues against 9.8% in 2009, an increase of +80 basis points. This growth in OMDA derived from the operating margin improvement.
- Positive change in working capital of EUR +53 million (higher than last year by EUR +19 million). The positive movement in working capital is the result of another year of tight monitoring of the outstanding receivables, with a particular focus on overdue. The DSO ratio moved from 57 days in December 2009 to 49 days at the end of December 2010. This is the second year in a row with an improvement of the working capital position.
- Further reduction of the net capital expenditures at EUR -176 million, decreasing at 3.5% of revenues compared with EUR -197 million or 3.8% of revenues in 2009, resulting from a more selective approach in the evaluation of projects (storage, mainframe, servers), This improvement follows the continued effort to optimize investments which is part of the TOP program.

Cash out related to Tax paid reached EUR -62 million, in excess of EUR -22 million compared with last year, principally due to the reclassification of the French Business Tax (CVAE) amounting EUR -18 million.

The net cost of financial debt (including convertible bond) increased by EUR -5 million over the period, to reach EUR -18 million. The cost of financial interests (excluding convertible bond) decreased by EUR +6 million due to the reduction of the net debt and the lowering of the interest rates, but was counterbalanced by the cost linked to the OCEANE put in place in the fourth quarter of last year, with a variance of EUR -11 million.

Cash outflow linked to restructuring and rationalisation represented EUR -168 million, in line with the plan of the period. This comprises EUR -20 million in relation to the move to the new offices in Bezons.

Net material acquisitions / disposals concern acquisitions performed during the year for a total amount of EUR -143 million:

- The acquisition of Venture Infotek Private Ltd for EUR 86.6 million (including EUR 2.8 Million of net debt) in August 2010, a leading independent player in the Indian payments market. It operates in merchant acquiring, card processing, loyalty programs, government benefits programs on behalf of the Indian banks and major retailers;
- The acquisition of Shere Ltd for EUR 20.7 million (including EUR 1.2 million of net debt) in March 2010, a market leading and innovative provider of integrated self-service, web and desktop systems delivering services to the UK rail and hospitality markets;
- The acquisition of non controlling interests of Atos Worldline Processing services in Germany (42%) for EUR 35.0 million on 24 June 2010.

Other changes of EUR -22.0 million mainly correspond to:

- Other operating expenses excluding reorganisation and rationalisation mainly composed of exceptional recovery payment to the Dutch pension plan (for EUR -16.5 million) and professional fees linked to acquisitions (EUR -9.2 million);
- The selling price related to the disposal of operational assets (EUR -10.6 million);
- Profit-sharing amounts payable to French employees transferred to debt (EUR -5.3 million);
- And the positive exchange rate effect (EUR +16.3 million).

C.2.4 Financing policy

Atos Origin has implemented a strict financing policy which has been reviewed by the Group Audit Committee, with the objective to secure and optimise the Group's liquidity management. Each decision regarding external financing is approved by the Board of Directors. Under this policy, all Group treasury activities, including cash management, short-term investments, hedging and foreign exchange transactions, as well as off-balance sheet financing through operating leases, are centrally managed through the Group Treasury department. Following a cautious short term financial policy, the Group did not make any short term cash investment in risky assets.

C.2.4.1 Financing structure

Atos Origin's policy is to cover fully its expected liquidity requirements by long-term committed loans or other appropriate long-term financial instruments. Terms and conditions of these loans include maturity and covenants leaving sufficient flexibility for the Group to finance its operations and expected developments.

On 29 October 2009, Atos Origin issued a convertible bond (OCEANE) of EUR 250.0 million maturing on 1 January 2016. Annual coupon paid to the bond holders is 2.50%. Effective interest rate calculated based on IAS 39 requirements amounted to 6.68%. Please refer to Note 22 of the financial statements. There is no financial covenant in respect with the convertible bond.

Atos Origin signed with a number of major financial institutions on 12 May 2005 a cost efficient EUR 1.2 billion multi-currency revolving facility with six and seven years maturity. The maturity of the multi-currency revolving facility is until 12 May 2011 for EUR 1.2 billion and until 12 May 2012 for EUR 1.1 billion.

Atos Origin securitization program of trade receivables has been renewed for 5 years on 6 March 2009 with a maximum amount of receivables sold of EUR 500.0 million and a limit of maximum amount of financing of EUR 200.0 million. Financial covenants of the Atos Origin securitization program are aligned with the covenants of the EUR 1.2 billion multi-currency revolving creditfacility.

C.2.4.2 Bank covenants

The Group is substantially within its borrowing covenants, with a consolidated leverage ratio (net debt divided by OMDA) of 0.26 at the end of December 2010. The consolidated leverage ratio may not be greater than 2.5 times under the terms of the multi-currency revolving credit facility.

The consolidated interest cover ratio (Operating Margin divided by the net cost of financial debt) was 19 in 2010. This ratio is significantly higher than the bank covenant which should not be less than four times, throughout the term of the multi-currency revolving credit facility.

C.2.4.3 Investment policy

Atos Origin has a policy to lease its office space and data processing centres. Some fixed assets such as IT equipment and company cars may be financed through leases. The Group Treasury department evaluates and approves the type of financing for each new investment.

C.2.4.4 Hedging policy

Atos Origin's objective is also to protect the Group against fluctuations in interest rates by swapping to fixed rate a portion of the existing floating-rate financial debt. Authorised derivative instruments used to hedge the debt are swap contracts, entered into with leading financial institutions and centrally managed by the Group Treasury Department.

C.3 Consolidated financial statements

C.3.1 Statutory auditors report on the consolidated financial statements for the year ended 31 December 2010

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and it is provided solely for the convenience of English speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
This report also includes information relating to the specific verification of information given in the management report and in the document addressed to the shareholders.
This report should be read in conjunction with, and is 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 31 December 2010, on:

- the audit of the accompanying consolidated financial statements of Atos Origin S.A.;
- the justification of our assessments;
- the specific verification required by law.

These 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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 Group as at 31 December 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the "Basis of preparation and significant accounting policies" in section C.3.3.3 and to section C.3.3.5 to the 2010 consolidated financial statements which describe the changes in accounting policies relating to the recognition of actuarial gains and losses on pensions and to the first time application of the revised standards IFRS 3 "Business Combination" and IAS 27 "Individual and Consolidated Financial Statements".

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:

As specified in "Accounting estimates and judgments" in section C.3.3.3 to the consolidated financial statements, the preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses in the financial statements and disclosures of contingent assets and liabilities. This note specifies that the estimates, assumptions and judgments may result in a significant adjustment to the carrying amounts of assets and liabilities within the next financial statements. As part of our audit of the consolidated financial statements for the year ended 31 December 2010, we considered that goodwills, revenue, profit or loss on completion relating to long-term contracts and pensions are subject to significant accounting estimates.

- Goodwills were subject to an impairment test by the company as described in "Business combination and goodwill" in section C.3.3.3 and in the note 11 to the consolidated financial statements. As a result of this process, an impairment charge of euro 25 million was recorded. Based on the information provided to us, our work consisted on assessing the appropriateness of the methodology applied and the data used to determine the values-in-use, especially to review the cash-flow projections for each cash generating units ("CGU") and the actual performance against budget, and on verifying the consistency of assumptions with forecasts from each CGU's financial business plan approved by Management.
- "Revenue recognition" in section C.3.3.3 to consolidated financial statements outlines the methods applied with respect to revenue recognition. Based on the information provided to us, our work consisted on assessing the appropriateness of the information provided in the note mentioned above and on ensuring that the accounting methods and principles are correctly applied. In addition, our work consisted on assessing the reasonableness of the accounting estimates used by Management.
- As specified in "Pensions and similar benefits" in section C.3.3.3 to the consolidated financial statement, the company uses actuarial methods and actuarial assumptions to evaluate the pension commitments. The value of plan assets is measured on the basis of valuations performed by external actuaries and these assets are subject to additional verifications by management if necessary. Based on the information provided to us, our work consisted on assessing the appropriateness of the methodology applied and the data used to assess the pension obligations and the plan assets valuation, and on verifying the consistency of assumptions used.

These assessments were made as part 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

As required by French law, in accordance with professional standards applicable in France, we have also verified the information presented 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.

Neuilly-sur-Seine and Paris, 31 March 2011

The Statutory Auditors

Deloitte & Associés		Grant Thornton	
		French member of Grant Thornton International	
Tristan Guerlain	Christophe Patrier	Jean-Pierre Colle	Vincent Frambourt

C.3.2 Consolidated financial statements

C.3.2.1 Consolidated Income Statement

(in EUR million)	Notes	12 months ended 31 December 2010	12 months ended 31 December 2009
Revenue	**Note 2**	**5,020.6**	**5,127.0**
Personnel expenses	Note 3	(2,809.5)	(2,862.3)
Operating expenses	Note 4	(1,873.7)	(1,974.1)
Operating margin		**337.4**	**290.6**
% of revenue		**6.7%**	**5.7%**
Other operating income and expenses	Note 5	(137.3)	(259.3)
Operating income		**200.1**	**31.3**
% of revenue		**4.0%**	**0.6%**
Net cost of financial debt		(17.8)	(13.5)
Other financial expenses		(35.1)	(31.9)
Other financial income		28.8	21.0
Net financial income	Note 6	(24.1)	(24.4)
Net income before tax		**176.0**	**6.9**
Tax charge	Notes 7-8	(57.8)	1.1
NET INCOME		**118.2**	**8.0**
Of which:			
- Attributable to owners of the parent		**116.1**	**3.9**
- Non controlling interests	Note 9	2.1	4.1

(in EUR and number of shares)			
Net income-Attributable to ordinary equity holders of the parent	**Note 10**		
Weighted average number of shares		69,334,351	68,772,224
Basic earnings per share		**1.67**	**0.06**
Diluted weighted average number of shares		75,949,131	74,420,585
Diluted earnings per share		**1.64**	**0.06**

C.3.2.2 Consolidated Statement of comprehensive income

(in EUR million)	12 months ended 31 December 2010	12 months ended 31 December 2009
Net income	**118.2**	**8.0**
Other comprehensive income		
Cash flow hedging	1.1	5.4
Actuarial gains and losses generated in the period on defined benefit plan	(105.5)	(45.2)
Exchange differences on translation of foreign operations	51.6	25.2
Deferred tax on items recognized directly on equity	23.6	14.5
Total other comprehensive income	**(29.2)**	**(0.1)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**89.0**	**7.9**
Of which:		
- Attributable to owners of the parent	**86.4**	**3.4**
- Non controlling interests	2.6	4.5

C.3.2.3 Consolidated statement of financial position

(in EUR million)	Notes	31 December 2010	31 December 2009	1 January 2009[(1)]
ASSETS				
Goodwill	Note 11	1,609.9	1,507.6	1,511.1
Intangible assets	Note 12	76.0	68.9	77.5
Tangible assets	Note 13	396.4	407.4	454.3
Non-current financial assets	Note 14	230.5	220.0	52.4
Non-current financial instruments	Note 23	0.3	1.1	1.0
Deferred tax assets	Note 8	321.8	249.0	223.2
Total non-current assets		**2,634.9**	**2,454.0**	**2,319.5**
Trade accounts and notes receivables	Note 15	1,232.3	1,281.3	1,418.0
Current taxes		13.0	26.3	25.4
Other current assets	Note 16	174.6	164.4	177.7
Current financial instruments	Note 23	2.1	3.8	0.7
Cash and cash equivalents	Note 18	422.2	534.7	286.1
Total current assets		**1,844.2**	**2,010.5**	**1,907.9**
TOTAL ASSETS		**4,479.1**	**4,464.5**	**4,227.4**

(in EUR million)	Notes	31 December 2010	31 December 2009	1 January 2009[(1)]
LIABILITIES AND SHAREHOLDERS' EQUITY				
Common stock		69.9	69.7	69.7
Additional paid-in capital		1,333.9	1,329.7	1,329.7
Consolidated retained earnings		208.4	300.9	228.2
Translation adjustments		(102.2)	(153.4)	(178.5)
Net income attributable to the owners of the parent		116.1	3.9	46.0
Equity attributable to the owners of the parent		1,626.1	1,550.8	1,495.1
Non controlling interests	Note 9	5.4	11.0	11.5
Total shareholders' equity		**1,631.5**	**1,561.8**	**1,506.6**
Provisions for pensions and similar benefits	Note 20	501.0	437.1	255.3
Non-current provisions	Note 21	96.2	126.6	99.8
Borrowings	Note 22	508.6	483.4	313.5
Deferred tax liabilities	Note 8	98.5	63.0	71.5
Non-current financial instruments	Note 23	1.5	4.3	6.1
Other non-current liabilities		13.7	1.1	1.4
Total non-current liabilities		**1,219.5**	**1,115.5**	**747.6**
Trade accounts and notes payables	Note 24	498.7	475.3	516.8
Current taxes		32.6	28.3	41.2
Current provisions	Note 21	105.0	135.2	96.2
Current financial instruments	Note 23	1.9	1.2	3.0
Current portion of borrowings	Note 22	52.7	190.7	276.6
Other current liabilities	Note 25	937.2	956.5	1,039.4
Total current liabilities		**1,628.1**	**1,787.2**	**1,973.2**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,479.1**	**4,464.5**	**4,227.4**

(1) Figures disclosed as at 1 January 2009 are restated of SoRIE impact.

C.3.2.4 Consolidated cash flow statement

(in EUR million)	Notes	12 months ended 31 December 2010	12 months ended 31 December 2009
Profit before tax		**176.0**	**6.9**
Depreciation of assets	Note 4	213.7	222.0
Net charge / (release) to operating provisions		(41.5)	(34.5)
Net charge / (release) to financial provisions		7.6	7.2
Net charge / (release) to other operating provisions		(85.3)	83.5
Impairment of long – term assets		25.0	31.1
Losses / (gains) on disposals of fixed assets		3.9	5.7
Net charge for equity-based compensation		11.6	15.1
Losses / (gains) on financial instruments		0.5	(2.2)
Net cost of financial debt	Note 6	17.8	13.5
Cash from operating activities before change in working capital requirement, financial interest and taxes		**329.3**	**348.3**
Taxes paid		(61.5)	(39.5)
Change in working capital requirement		53.2	34.6
Net cash from/ (used in) operating activities		**321.0**	**343.4**
Payment for tangible and intangible assets		(186.8)	(204.8)
Proceeds from disposals of tangible and intangible assets		10.6	7.3
Net operating investments		**(176.2)**	**(197.5)**
Amounts paid for acquisitions and long-term investments		(144.2)	(17.0)
Cash and cash equivalents of companies purchased during the period		1.8	1.2
Proceeds from disposals of financial investments		5.5	3.3
Cash and cash equivalents of companies sold during the period		(0.1)	(1.6)
Net long-term investments		**(137.0)**	**(14.1)**
Net cash from/ (used in) investing activities		**(313.2)**	**(211.6)**
Common stock issues on the exercise of equity-based compensation		4.4	0.1
Portion of convertible bonds :			
- in equity	Note 22	-	47.8
- in financial liability	Note 22	-	200.7
Purchase and sale of treasury stock		2.9	5.7
Dividends paid to non controlling interest		(4.5)	(4.3)
New borrowings	Note 22	45.7	33.0
New finance lease	Note 22	0.5	2.3
Repayment of long and medium-term borrowings	Note 22	(48.6)	(79.2)
Net cost of financial debt paid		(5.1)	(13.3)
Other flows related to financing activities	Note 22	(139.9)	(52.8)
Net cash from/ (used in) financing activities		**(144.7)**	**140.0**
Increase/ (decrease) in net cash and cash equivalents		**(136.9)**	**271.8**
Opening net cash and cash equivalents		**532.9**	**261.9**
Increase/ (decrease) in net cash and cash equivalents	Note 22	(136.9)	271.8
Impact of exchange rate fluctuations on cash and cash equivalents		20.5	(0.8)
CLOSING NET CASH AND CASH EQUIVALENTS	**Note 23**	**416.5**	**532.9**

C.3.2.5 Consolidated statement of changes in shareholders' equity

(in EUR million)	Notes	Number of shares at period-end (thousands)	Common Stock	Additional paid-in capital	Consolidated retained earnings	Translation adjustments	Items recognized directly in equity	Net income	Total	Non controlling interests	Non controlling interests
At 1 January 2009		**69,717**	**69.7**	**1,329.7**	**292.0**	**(177.1)**	**(5.5)**	**22.6**	**1,531.4**	**11.0**	**1,542.4**
Changes in accounting principles at 1 January 2009					(58.2)	(1.5)		23.4	(36.3)	0.5	(35.8)
At 1 January 2009 after changes in accounting principles		**69,717**	**69.7**	**1,329.7**	**233.8**	**(178.6)**	**(5.5)**	**46.0**	**1,495.1**	**11.5**	**1,506.6**
* Common stock issued		3							-		-
* Appropriation of prior period net income					46.0			(46.0)	-		-
* Dividends paid to non-controlling interests									-	(5.0)	(5.0)
* Equity-based compensation					15.1				15.1		15.1
* Changes in treasury stock					5.7				5.7		5.7
* Equity portion of compound instrument					31.3				31.3		31.3
* Other					0.2				0.2		0.2
Transactions with owners		3			98.3			(46.0)	52.3	(5.0)	47.3
* Net income								3.9	3.9	4.1	8.0
* Other comprehensive income					(29.9)	25.2	4.2		(0.5)	0.4	(0.1)
Total comprehensive income for the period					**(29.9)**	**25.2**	**4.2**	**3.9**	**3.4**	**4.5**	**7.9**
At 31 December 2009		**69,720**	**69.7**	**1,329.7**	**302.2**	**(153.4)**	**(1.3)**	**3.9**	**1,550.8**	**11.0**	**1,561.8**
* Common stock issued	Note 19	194	0.2	4.2					4.4		4.4
* Appropriation of prior period net income					3.9			(3.9)	-		0.0
* Dividends paid to non-controlling interests									-	(3.9)	(3.9)
* Equity-based compensation	Note 3				11.6				11.6		11.6
* Changes in treasury stock					2.9				2.9		2.9
* Equity portion of compound instrument									-		-
* Other	Note 19				(30.0)				(30.0)	(4.3)	(34.3)
Transactions with owners		194	0.2	4.2	(11.6)	-	-	(3.9)	(11.1)	(8.2)	(19.3)
* Net income								116.1	116.1	2.1	118.2
* Other Comprehensive income					(81.5)	51.2	0.6		(29.7)	0.5	(29.2)
Total comprehensive income for the period					**(81.5)**	**51.2**	**0.6**	**116.1**	**86.4**	**2.6**	**89.0**
AT 31 DECEMBER 2010		**69,914**	**69.9**	**1,333.9**	**209.1**	**(102.2)**	**(0.7)**	**116.1**	**1,626.1**	**5.4**	**1,631.5**

C.3.3 Notes to the consolidated financial statements

C.3.3.1 General information

Atos Origin, the Group's parent company, is a société anonyme (commercial company) incorporated under French law, whose registered office is located at 80, Quai Voltaire, 95870 Bezons, France. It is registered with the Pontoise Register of Commerce and Companies under the reference 323 623 603 RCS Pontoise. Atos Origin shares are traded on the Paris Eurolist Market under Euroclear code 5173 ISIN FR0000051732. The shares are not listed on any other stock exchange and Atos Origin SA is the only listed company in the Group. The Company is administrated by a Board of Directors.

The consolidated financial statements of the Group for the twelve months ended 31 December 2010 comprise the Group and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

These consolidated financial statements were approved by the Board of Directors on 15 February 2011. These consolidated financial statements will become definitive following their adoption by the Annual General Shareholders' Meeting planned in May 2011.

C.3.3.2 2010 highlights

Atos Origin and Siemens create a European IT Champion

On 14 December 2010, Atos Origin and Siemens announced their intention to form a global strategic partnership detailed in section C.1.6 of the Operational Review in these terms:

On 14 December 2010, Atos Origin and Siemens announced their intention to form a global strategic partnership. Siemens will contribute its Siemens IT Solutions and Services for a total sum of EUR 850 million to Atos Origin in order to create a European IT champion. Siemens will become for a period of at least five years the second shareholder of Atos Origin with a 15% stake. The transaction will create a leading IT services company with pro forma 2010 revenues of approximately EUR 8.7 billion and 78,500 employees worldwide. As part of the transaction, Siemens concluded a seven-year outsourcing contract worth around EUR 5.5 billion, under which Atos Origin will provide Managed Services and Systems Integration to Siemens. The new company will operate the largest European managed services platforms, will be uniquely positioned to deliver cloud computing services, market leading System Integration solutions such as Consolidation & Harmonization, Energy, PLM and to enhance significantly its electronic payments and transaction based activities.

Highlights of the deal

A European IT Service Champion is formed: In exchange for Siemens IT Solutions and Services Siemens will receive a 15% stake in Atos Origin, a five year convertible bond of EUR 250 million and a cash payment of approximately EUR 186 million.

- Siemens will support Atos Origin in taking necessary steps in integrating Siemens IT Solutions and Services, a reshaped asset pre-acquisition, in order to generate substantial synergies in the near future. As part of this it is envisaged that the global work force of Siemens IT Solutions and Services will be reduced by 1,750, including 650 in Germany – mainly in indirect functions such as G&A. Siemens agreed to contribute up to EUR 250 million to the integration and training costs.
- The transaction was subject to a consultation procedure with the Working Council of Atos Origin, which issued its opinion in January 2011. It also obtained the US and European antitrust authorities approval respectively the 18th and 25th March 2011. The operation is expected to close by early July 2011 after approval from Atos Origin Shareholders.

One of the world's biggest outsourcing deals is going along with the transaction: Atos Origin and Siemens to sign a seven-year contract worth EUR 5.5 billion to operate Siemens IT infrastructure and applications worldwide.

Atos Origin and Siemens form a strategic partnership: The sales power of Siemens One will strengthen the new company and should lead to an increase of future revenues. Atos Origin and Siemens will jointly develop new IT products and solutions for which both parties are committed to investing EUR 50 million each. The partnership agreement will provide significant development opportunities in hi-tech transactional Services and growing sectors such as healthcare, energy, transport or manufacturing.

Deal structure

The deal is structured to create short term value for Atos Origin shareholders, including Siemens, and is strongly protective of Atos Origin cash.

The deal creates the framework for a sustainable global partnership between Atos Origin and Siemens. The transaction will be financed by Atos Origin delivering approximately 12.5 million shares to Siemens - representing 15% of the outstanding capital of the combined group, with a five-year lock-up commitment and a cash consideration of EUR 186 million; Atos Origin will also issue a five-year convertible bond re-served to Siemens for EUR 250 million.

The transaction is structured in order to be short-term accretive on the Earning per Share (EPS) for Atos Origin. Siemens IT Solutions and Services will be transferred by Siemens on a debt and cash free basis. Siemens has also agreed to assume responsibility after deal closure for certain obligations including projects risks unidentified at closing.

The creation of a champion in IT Services

The deal is a major step in Atos Origin's strategy to reach a global scale and grow strongly both in IT services and in Hi-Tech Transactional Services. The two organizations benefit from outstanding complementarities regarding customer base, geographies and services. Together they form a strong combination with a presence in 42 countries, and 78,500 staff worldwide, that will accelerate growth, increase shareholders' value and will enhance the services it provides to its customers.

According to market surveys(1), Atos Origin will rank #1 among European companies for Managed Services in Europe. After this acquisition Atos Origin will also enhance its scale, expertise and capacity to compete for the big and global deals. It will also become a major league player in cloud computing which will be a major growth driver for years to come.

According to surveys, Atos Origin will become one of the first IT Services players in Europe in terms of revenue and number seven worldwide, with a significant increase in its customer base and range of offerings to win new sales opportunities.

(1) Source : Gartner (April 2010) and Atos.

C.3.3.3 Basis of preparation and significant accounting policies

Basis of preparation

Pursuant to European Regulation No. 1606/2002 of 19 July 2002, the consolidated financial statements for the twelve months ended 31 December 2010 have been prepared in accordance with the applicable international accounting standards, as endorsed by the European Union and of mandatory application as at 31 December 2010. The international standards comprise the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

Accounting policies applied by the Group comply with those standards and interpretations, which can be found at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

As of 31 December 2010, the accounting standards and interpretations endorsed by the European Union are similar to the compulsory standards and interpretations published by the International Accounting Standards Board (IASB) with the exception of the carve-out of the IAS 39 and the standards and interpretations currently being endorsed, which has no effect on the Group consolidated financial statements. Consequently, the Group's consolidated financial statements are prepared in accordance with the IFRS standards and interpretations, as published by the IASB.

The following standards, interpretations and amendments to existing standards that have been published are mandatory for the Group's accounting period beginning on or after 1 January 2010:
- IAS 27 (revised) - Consolidated and Separate Financial Statements following the "Business Combinations phase II" project;
- •IFRS 3 (revised) - Business Combinations following the "Business Combinations phase II" project;
- Amendment related to IAS 39 - Recognition and Measurement Eligible Hedged Items;
- IFRS 2 - Group Cash-settled Share-based Payment Transactions;
- IFRS 5 - Sale of a Controlling Interest in a Subsidiary, issued in May 2008 and contained in the Annual Improvements to IFRS;
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations (amendment following the May 2008 IFRS improvement program);
- Amendments to various IFRS statements contained in the Annual Improvements to IFRS, following the IFRS improvement program of April 2009;
- IFRIC 12 - Service Concessions Arrangements;
- IFRIC 15 - Agreements for the Construction of Real Estate;
- IFRIC 16 - Hedges of a Net Investment in a Foreign Operation;
- IFRIC 17 - Distributions of Non-cash Assets to Owners;
- IFRIC 18 - Transfers of Assets from Customers.

The changes in accounting policies induced by the application of IFRS 3 (revised) and IAS 27 (revised) are described hereafter in this section.

The Group has decided to give up the so called "corridor" method and has opted for the recognition of actuarial gains and losses through the other comprehensive income, as proposed by paragraph 93 A-D of IAS 19.

Before 1 January 2010, Atos Origin was using the "corridor option" to recognize actuarial gains and losses generated on the measurement of pension assets and liabilities (paragraph 92 of IAS 19). Under this approach, only the portion of cumulated actuarial gains and losses exceeding a "corridor" of 10% of the greater of plan commitments the defined obligation or their related plan assets was recognized in the profit and loss account (operating margin). This portion was amortized over the remaining active life of the beneficiaries of each particular benefit plan.

Since 1 January 2010, Atos Origin has elected to use the alternative option (paragraph 93 A-D of IAS 19), under which all actuarial gains and losses generated in the period and asset ceiling effects are recognized in other comprehensive income. The immediate recognition of actuarial gains and losses is usually considered as easing the understanding of provisions for pension commitments, as it eliminates a deferred recognition item between net pension provision amounts recognized on the balance sheet and the deficit / surplus situation resulting from the straight difference between pension liabilities and the fair value of pension plan assets. As a result, as from 30 June 2010 and going forward, the net pension liability presented on the Group balance consolidated statement of financial position represents the difference between the valuation present value of pension commitments and the defined benefit obligation, as reduced by the fair value of related plan assets, plus or minus any unrecognized past service costs.

The above described changes only concern post employment plans of defined benefit nature.

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In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", this change in accounting policies has been applied retrospectively to all reporting periods presented as if this new accounting policy had always been applied.

The impact of the other changes in standards and interpretations on the Group's consolidated financial statements is limited.

The consolidated financial statements do not take into account:
- Draft standards that are still at the exposure draft stage of the International Accounting Standards Board (IASB)
- New standards, interpretations and amendments to existing standards not yet approved endorsed by the European Union. This notably concerns:
  - IFRS 7 - (Amendment) relating to Disclosures - Transfers of Financial Assets
  - IAS 12 - Amendment relating to Recovery of Underlying Assets
  - IFRS 9 - Financial Instruments (IAS 39 Phase I)
  - IFRS Annual Improvements issued in May 2010
- Standards, amendments or interpretations published by the IASB and endorsed by the European Union, which are applicable to fiscal years beginning after January 1, 2010. This notably concerns:
  - IAS 24 (Revised) – Related Party Disclosures
  - IAS 32 - Amendment relating to Classification of Right Issues
  - IFRIC 14 - Amendment relating to Prepayments of a Minimum Funding Requirement;
  - IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

The potential impact of these standards, amendments and interpretations on the consolidated financial statements is currently being assessed.

The policies set out below have been consistently applied to all years presented.

Accounting estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense in the financial statements and disclosures of contingent assets and liabilities. The estimates, assumptions and judgments that may result in a significant adjustment to the carrying amounts of assets and liabilities are essentially related to:

Impairment tests
The Group tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated below. The recoverable amounts of cash generating units are determined based on value-in-use calculations. These calculations require the use of estimates as described in Note 11.

Revenue recognition and associated costs on long-term contracts
Revenue recognition and associated costs, including forecast losses on completion are measured according to policy stated below. Total projected contract costs are based on various operational assumptions such as forecast volume or variance in the delivery costs and have a direct influence on the level of revenue and eventual forecast losses on completion that are recognized.

Pensions
The Group uses actuarial assumptions and methods to measure pension liabilities and costs. The value of plan assets is determined based on valuations provided by the external custodians of pension funds and following complementary investigations carried-out when appropriate. The estimation of pension liabilities, as well as valuations of plan assets requires the use of estimates and assumptions.

Consolidation methods

Subsidiaries
Subsidiaries are entities controlled directly or indirectly by the Group. Control is defined by the ability to govern the financial and operating policies generally, but not systematically, combined with a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible, the power to appoint the majority of the members of the governing bodies and the existence of veto rights are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Joint ventures
The Group's interests in jointly controlled entities are accounted for by proportionate method. Operating and shareholders' agreements are considered when assessing the joint control.

Associates
Associates are entities over which the Group has significant influence but not control or joint control, generally, but not systematically, accompanying a shareholding of between 20 and 50% of the voting rights. Investments in associates are accounted for by the equity method.

Segment reporting

According to IFRS 8, reported operating segments profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker, and is reconciled to Group profit or loss. The chief operating decision maker assesses segments profit or loss using a measure of operating profit. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the company CEO and chairman of the Board of Directors who makes strategic decisions.

The internal management reporting is designed on two axes: Global Business Units and Service Lines (Consulting, Systems Integration, Managed Services, HTTS and Business Process Outsourcing). Global Business Units have been determined by the Group as key indicators by the Chief operating decision maker. As a result and for IFRS 8 requirements, the Group discloses Global Business Units as operating segments.

A GBU is defined as a geographical area or the aggregation of several geographical areas - except for the Worldline activities which contains one or several countries, without taking into consideration the activities exercised into each country. Each GBU are managed by dedicated members of the Executive Committee.

The measurement policies that the Group uses for segments reporting under IFRS 8 are the same as those used in its financial statements. Corporate entities are not presented as an operating segment. Therefore, their financial statements are used as a reconciling item (refer Note 2 of the financial statements). Corporate assets which are not directly attributable to the business activities of any operating segments are not allocated to a segment, which primarily applies to the Group's headquarters. Shared assets such as the European mainframe are allocated to the GBU where physically located whereas used by several GBUs.

Presentation rules

Current and non-current assets and liabilities
Assets and liabilities classified as current are expected to be realised, used or settled during the normal cycle of operations, which can extend beyond 12 months following the period-end. All other assets and liabilities are classified as non-current. Current assets and liabilities, excluding the current portion of borrowings, financial receivables and provisions represent the Group's working capital requirement.

Assets and liabilities held for sale or discontinued operations
Should there be assets and liabilities held for sale or discontinued operations they would be presented on separate lines in the Group's balance sheet, without restatements for previous periods. They are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets and liabilities are available for immediate sale in their present condition.

Should these assets and liabilities represent either a complete business line or a GBU, the profit or loss from these activities are presented on a separate line of the income statement, and is restated in the cash flow statement and the income statement over all published periods.

Translation of financial statements denominated in foreign currencies

The balance sheets of companies based outside the euro zone are translated at closing exchange rates. Income statement items are translated based on average exchange rate for the period. Balance sheet and income statement translation adjustments arising from a change in exchange rates are recognized as a separate component of equity under "Translation adjustments".
Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of that foreign entity and translated into euro at the closing date.

The Group does not consolidate any entity operating in a hyperinflationary economy.

Translation of transactions denominated in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement under the heading "Other financial income and expenses", except where hedging accounting is applied as explained in the paragraph "Financial assets – Derivative financial instruments".

Business combination and goodwill

A business combination may involve the purchase of another entity, the purchase of all the net assets of another entity or the purchase of some of the net assets of another entity that together form one or more businesses.

Major services contracts involving staff and asset transfers that enable the Group to develop or improve significantly its competitive position within a business or a geographical sector are considered for business combination accounting.

As from January 2010, the Group has adopted the revised version of IFRS 3 (Business combinations) and IAS 27 (Consolidated and Separate Financial Statements).

Revised IFRS 3 introduces a number of changes in the accounting of business combinations that can impact the amount of goodwill to be recognized, the net income of the period of the acquisition and future results.

The amendments to IAS 27 require that a change in the ownership interest of a controlled subsidiary be accounted for as an equity transaction, with no impact on goodwill or net income. In addition, they introduce changes in the accounting for losses incurred by subsidiaries in which there is a non-controlling interest and the loss of control of an entity.

The changes apply prospectively for combinations (including step acquisition transactions) on or after January 1, 2010. Additionally, the new rules regarding the accounting for additional purchases of non-controlling interests and sales of interests in a controlled subsidiary and the treatment of deferred taxes that became realizable subsequent to acquisition date are effective for transactions occurring after 1st January 2010 (even if the related original business combination was prior to that date).

The main changes introduced by these new accounting principles are described hereafter.

Valuation of assets acquired and liabilities assumed of newly acquired subsidiaries and contingent liabilities
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

Direct transaction costs related to a business combination are charged in the income statement when incurred.

Non-controlling interests may, on the acquisition date, be measured either at fair value or based on their stake in the fair value of the identifiable assets and liabilities of the acquired entity. The choice of measurement basis is made on a transaction-by-transaction basis.

In step acquisitions, any equity interest held previously by the Group is remeasured at fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss is recognized through the net income.

Purchase of non-controlling interests and sale of interests in a controlled subsidiary
Purchase of non-controlling interests and sale transactions of interests in a controlled subsidiary that do not change the status of control are recorded through shareholders' equity (including direct acquisition costs). If control in a subsidiary is lost, any gain or loss is recognized in net income.

Furthermore, if an investment in the entity is retained by the Group, it is re-measured to its fair value and any gain or loss is also recognized in net income. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit as a bargain purchase gain.

Goodwill is allocated to Cash Generating Units (CGU) for the purpose of impairment testing. Goodwill is allocated to those CGU that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs correspond to geographical areas where the Group has operations – except for the Worldline activities.

The recoverable value of a CGU is based on the higher of its fair value less costs to sell and its value in use determined using the discounted cash-flows method. When this value is less than its carrying amount, an impairment loss is recognized in the operating income.

The impairment loss is first recorded as an adjustment of the carrying amount of the goodwill allocated to the CGU and the remainder of the loss, if any, is allocated pro rata to the other long term assets of the unit.

The Cash Generating Units used for the impairment test are not larger than operating segments determinated in accordance with IFRS 8 Operating segments.

Goodwill is not amortised and is subject to an impairment test performed at least annually by comparing its carrying amount to its recoverable amount at the closing date based on December actuals and latest 3 year plan, or more often whenever events or circumstances indicate that the carrying amount could not be recoverable. Such events and circumstances include but are not limited to:
- significant deviance of economic performance of the asset when compared with budget;
- significant worsening of the asset's economic environment;
- loss of a major client;
- significant increase in interest rates.

Intangible assets other than goodwill

Intangible assets other than goodwill consist primarily of software and user rights acquired directly by the Group, software and customer relationships acquired in relation with a business combination as well as internally developed software, provided that the following conditions are satisfied:
- the costs can be attributed to the identified software and measured reliably;
- the technical feasibility of the software has been demonstrated;
- the Group has the intention and the capability to complete the software development and to use or sell it; and
- it is probable that future economic benefits will flow to the Group.

Once all these criteria are reached, the majority of software development costs have been already incurred and consequently, most of software developments costs are expensed when incurred. In specific Business Process Outsourcing (BPO) cases where developments and adapting software costs are engaged only once agreements with clients are signed, those costs are capitalised and amortised in operating expenses over the term of the contract.

Intangible assets are amortised on a straight-line basis over their expected useful life, generally not exceeding five to seven years for software and ten years for customer relationships acquired in a business combination; their related depreciation are recorded in operating expenses.

Tangible assets

Tangible assets are recorded at acquisition cost. They are depreciated on a straight-line basis over the following expected useful lives:

• Buildings	20 years
• Fixtures and fittings	5 to 10 years
• Computer hardware	3 to 5 years
• Vehicles	4 years
• Office furniture and equipment	5 to 10 years

Leases

Asset leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance lease are depreciated over the shorter of the assets' useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Impairment of assets other than goodwill

Assets that are subject to amortisation are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable value.

Financial assets

Financial assets are accounted for at trade date.

Investments in non-consolidated companies

The Group holds shares in companies without exercising significant influence or control. Investments in non-consolidated companies are treated as assets available for sale and recognized at their fair value. For listed shares, fair value corresponds to the share price at closing date. In the absence of an active market for the shares, the investments in non-consolidated companies are carried at historical cost. An impairment charge is recognized when there is objective evidence of a permanent or significant impairment in value. The most common financial criteria used to determine fair value are equity and earnings outlooks. Gains and losses arising from variation in the fair value of available for sale assets are recognized as "items recognized directly in equity". If there is evidence that an asset is permanently impaired, the cumulative loss is written off in the income statement under "other financial income and expense".

Loans, trade accounts and notes receivable

Loans are part of non-current financial assets. Loans, trade accounts and notes receivable are recorded initially at their fair value and subsequently at their amortised value. The nominal value represents usually the initial fair value for trade accounts and notes receivable. In case of deferred payment over one year, where the effect is significant on fair value, trade accounts and notes receivables are discounted. Where appropriate, a provision is raised on an individual basis to take likely recovery problems into account.

Certain service arrangements might qualify for treatment as lease contracts if they convey a right to use an asset in return for payments included in the overall contract remuneration. If service arrangements contain a lease, the Group is considered to be the lessor regarding its customers. Where the lease transfers the risks and rewards of ownership of the asset to its customers, the Group recognizes assets held under finance lease and presents them as "Trade accounts and notes receivable" for the part that will be settled within 12 months, and "Non-current financial assets" for the part beyond 12 months.

Assets securitisation

Assets securitisation programs, in which the Group retains substantially all the risks and rewards of ownership of the transferred assets, do not qualify for de-recognition. A financial liability for the consideration received is recognized. The transferred assets and the financial liability are valued at their amortised costs.

Derivative financial instruments

Derivative instruments are recognized as financial assets or liabilities at their fair value. Any change in the fair value of these derivatives is recorded in the income statement as a financial income or expense, except when they are eligible for hedge accounting, whereupon:
- For fair value hedging of existing assets or liabilities, the hedged portion of an instrument is measured on the balance sheet at its fair value. Any change in fair value is recorded as a corresponding entry in the income statement, where it is offset simultaneously against changes in the fair value of hedging instruments.

- For cash flow hedging, the effective portion of the change in fair value of the hedging instrument is directly offset in shareholders' equity as "items recognized directly in equity". The change in value of the ineffective portion is recognized in "Other financial income and expenses". The amounts recorded in net equity are transferred to the income statement simultaneously to the recognition of the hedged items.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and money market securities that are convertible into cash at very short notice and are not exposed to any significant risk of impairment. Money market securities are recognized at their fair value. Changes in fair value are recorded in the income statement under "Other financial income and expenses".

Cash and cash equivalents are measured at fair value through profit and loss.

Treasury stock

Atos Origin shares held by the parent company are recorded at their acquired cost as a deduction from consolidated shareholders' equity. In the event of a disposal, the gain or loss and the related tax impacts are recorded as a change in consolidated shareholders' equity.

Pensions and similar benefits

Employee benefits are granted by the Group through defined contribution and defined benefit plans. Costs relating to Defined contribution costs are recognized in the income statement based on contributions paid or due in respect of the accounting period when the related services have been accomplished by beneficiaries.

The valuation of Group commitments defined benefit obligation in respect of defined benefit plans is based on a single actuarial method known as the "projected unit credit method". This method relies in particular on projections of future benefits to be paid to Group employees, by anticipating the effects of future salary increases. Its implementation further includes the formulation of specific assumptions, detailed in note 20, which are periodically updated, in close liaison with external actuaries used by the Group.

Plan assets usually held in separate legal entities are measured at their fair value, determined at closing.

The value of plan assets is determined based on valuations provided by the external custodians of pension funds and following complementary investigations carried-out when appropriate.

From one accounting period to the other, any difference between the projected and actual amounts of commitments in respect of pension plans and their related assets is cumulated at each benefit plan's level to form actuarial differences. These actuarial differences may result either from changes in actuarial assumptions used, or from experience adjustments generated by actual developments differing, in the accounting period, from assumptions determined at the end of the previous accounting period. All actuarial gains and losses generated in the period are recognized in other comprehensive income.

Benefit plans costs are recognized in the Group's operating income, except for interest costs on obligations, net of expected returns on plans assets, which are recognized in other financial income.

The impacts of the change in accounting principle are disclosed in note C.3.5.

Provisions

Provisions are recognized when:
- The Group has a present legal, regulatory, contractual or constructive obligation as a result of past events;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- The amount has been reliably quantified.

Provisions are discounted when the time value effect is material. Changes in discounting effects at each accounting period are recognized in financial expenses.

Borrowings

Borrowings are recognized initially at fair value, net of debt issuance costs. Borrowings are subsequently stated at amortised costs. The calculation of the effective interest rate takes into account interest payments and the amortisation of the debt issuance costs.

Debt issuance costs are amortised in financial expenses over the life of the loan. The residual value of issuance costs for loans repaid in advance is expensed in the year of repayment.

Bank overdrafts are recorded in the current portion of borrowings.

Convertible bond OCEANE (bond convertible into and/or exchangeable for new or existing shares of Atos Origin)
OCEANE are financial instruments defined as "compound financial instrument" composed of both a liability and an equity component, which have to be valued and recorded separately.

In order to evaluate the split between the liability and an equity component, the carrying amount of the liability component is determined in the first place by measuring the fair value of a similar liability (including any embedded non-equity derivative features) that does not have an associated equity component. The carrying amount of the equity instrument represented by the option to convert the instrument into ordinary shares is then determined by deducting the fair value of the financial liability from the fair value of the compound financial instrument as a whole.

Non-controlling interests purchase commitments

Firm or conditional commitments under certain conditions to purchase non-controlling interests are similar to a purchase of shares and are recorded in borrowings with an offsetting reduction of non-controlling interests.

For puts existing before 1 January 2010, when the cost of the purchase exceeds the amount of non-controlling interests, the Group chooses to recognize the balance as goodwill. Any further change in the fair value of the non-controlling interests purchase commitment will also be recorded in goodwill.

For puts granted after 1 January 2010, when the cost of the purchase exceeds the amount of non-controlling interests, the Group chooses to recognize the balance in equity (attributable to owners of the parent). Any further change in the fair value of the non-controlling interests purchase commitment will also be recorded in equity (attributable to owners of the parent).

Revenue Recognition

The Group provides information technology (IT) and business process outsourcing (BPO) services. Depending on the structure of the contract, revenue is recognized accordingly to the following principles:

Variable or fixed price contracts considerations
Revenue based on variable IT work units is recognized as the services are rendered.

Where the outcome of fixed price contracts such as Consulting and Systems Integration contracts can be estimated reliably, revenue is recognized using the percentage-of-completion (POC) method. Under the POC method, revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfil the contract. Revenue relating to these contracts is recorded in the Consolidated Balance Sheet under "Trade accounts and notes receivable" for services rendered in excess of billing, while billing exceeding services rendered is recorded as deferred income under "Other current liabilities". Where the outcome of a fixed price contract cannot be estimated reliably, contract revenue is recognized to the extent of contracts costs incurred that are likely to be recoverable.

Revenue for long-term fixed price Managed Operations services is recognized when services are rendered.

If circumstances arise, that change the original estimates of revenues, costs, or extent of progress toward completion, then revisions to the estimates are made. The Group performs ongoing profitability analyses of its services contracts in order to determine whether the latest estimates of revenue, costs and profits, require updating. If, at any time, these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately through a provision for estimated losses on completion.

Principal and agent considerations
Revenue is reported net of supplier costs when the Group is acting as an agent between the client and the supplier. Factors generally considered to determine whether the Group is a principal or an agent, are most notably whether it is the primary obligor to the client, it assumes credit and delivery risks, or it adds meaningful value to the supplier's product or service.

Multiple-element arrangements considerations
The Group may enter into multiple-element arrangements, which may include combinations of different services. Revenue is recognized for the separate elements when these elements are separately identifiable. A group of contracts is combined and treated as a single contract when that group of contracts is negotiated as a single package and the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin, and the contracts are performed concurrently or in a continuous sequence.

Upfront payments considerations

Upfront payments to clients incurred at contract inception are recorded in "Other current assets" and spread as a reduction of revenue over the term of the contract. Upfront payments received from clients at contract inception are recorded in "Other current liabilities" and spread as an increase in revenue over the term of the contract.

Transition costs

Costs related to delivering Managed Operations services are generally expensed as incurred. However, certain transition costs incurred in the initial phases of outsourcing contracts can be deferred and expensed over the contract term, provided that the services cannot be separately identifiable and that they will be recovered. Capitalised transition costs are classified in "Trade accounts and notes receivable" of the Consolidated Balance Sheet and amortisation expense is recorded in "Operating expenses" in the Consolidated Income Statement.

In case the contract turns out to be loss-making, capitalised transition costs are impaired for the related forecasted loss, before recognising an additional provision for estimated losses on completion when necessary.

Operating margin

The underlying operating performance on the ongoing business is presented within operating margin, while unusual operating income/expenses are separately itemised and presented below the operating margin, in line with the CNC (Conseil National de la Comptabilité) recommendation n°2009-R-03 (issued on 2 July 2009) regarding the financial statements presentation.

Other operating income and expenses

"Other operating income and expenses" covers income or expense items that are unusual, abnormal and infrequent. They are presented below the operating margin.

Classification of charges to (or release from) restructuring and rationalisation provisions in the income statement depends on the nature of the plan:

- Restructuring plans directly in relation with operations are classified within the Operating Margin;
- Restructuring plans related to business combinations or qualified as unusual, infrequent and abnormal are classified in the Operating Income;
- If a restructuring plan qualifies for Operating income, the related real estate rationalisation expenses regarding premises and buildings is also presented in Operating income.

When accounting for business combinations, the Group may record provisions for risks, litigations, etc. in the opening balance sheet for a period of 12 months beyond the business combination date. After the 12-month period, unused provisions arising from changes in circumstances are released through the Income Statement under "Other operating income and expenses".

"Other operating income and expenses" also include major litigations, and non-recurrent capital gains and losses on the disposal of tangible and intangible assets, significant impairment losses on assets other than financial assets, or any other item that is infrequent, unusual and abnormal.

Equity-based compensation

Stocks options are granted to management and certain employees at regular intervals. These equity-based compensations are measured at fair value at the grant date using the binomial option-pricing model. Changes in the fair value of options after the grant date have no impact on the initial valuation. The fair value of share options is recognized in "Personnel expenses" on a straight-line basis over the period during which those rights vest, using the straight-line method, with the offsetting credit recognized directly in equity.

In some tax jurisdictions, Group's entities receive a tax deduction when stock options are exercised, based on the Group share price at the date of exercise.

In those instances, a deferred tax asset is recorded for the difference between the tax base of the employee services received to date (being the future tax deduction allowed by local tax authorities) and the current carrying amount of this deduction, being nil by definition. Deferred tax assets are estimated based on the Group's share price at each closing date, and are recorded in income tax provided that the amount of tax deduction does not exceed the amount of the related cumulative stock option expenses to date. The excess, if any, is recorded directly in the equity.

Employee Share Purchase Plans offer employees the opportunity to invest in Group's shares at a discounted price. Shares are subject to a five-year lock-up period restriction.

Fair values of such plans are measured taking into account:

- The exercise price based on the average opening share prices quoted over the 20 trading days preceding the date of grant,
- The 20% discount granted to employees
- The consideration of the five-year lock-up restriction to the extent it affects the price that a knowledgeable, willing market participant would pay for that share
- The grant date: date on which the plan and its term and conditions, including the exercise price, is announced to employees.

Fair values of such plans are fully recognized in "Personnel expenses" at the end of the subscription period.

The Group has also granted to management and certain employees' free shares plans. The fair value of those plans corresponds to the value of the shares at the grant date and takes into account the employee turnover during the vesting period as well as the value of the lock-up period restriction when applicable. Free share plans result in the recognition of a personal expense spread over the rights vesting period.

Corporate income tax

The income tax charge includes current and deferred tax expenses. Deferred tax is calculated wherever temporary differences occur between the tax base and the consolidated base of assets and liabilities, using the liability method. Deferred tax is valued using the enacted tax rate at the closing date that will be in force when the temporary differences reverse. Deferred tax assets and liabilities are netted off at the taxable entity level, when there is a legal right to offset. Deferred tax assets corresponding to temporary differences and tax losses carried forward are recognized when they are considered to be recoverable during their validity period, based on historical and forecast information.

Deferred tax liabilities for taxable temporary differences relating to goodwill are recognized, to the extent they do not arise from the initial recognition of goodwill.

Deferred tax assets are tested for impairment at least annually at the closing date based on December actuals, business plans and impairment test data.

Earnings per share

Basic earnings per share are calculated by dividing the net income (attributable to owners of the parent) by the weighted average number of ordinary shares outstanding during the period. Treasury shares deducted from consolidated equity are not taken into account in the calculation of basic or diluted earnings per share.

Diluted earnings per share are calculated by dividing the net income (attributable to owners of the parent), adjusted for the financial cost (net of tax) of dilutive debt instruments, by the weighted average number of ordinary shares outstanding during the period, plus the average number of shares which, according to the share buyback method, would have been outstanding had all the issued dilutive instruments been converted (stock options and convertible debt).

The dilutive impact of each convertible instrument is determined in order to maximise the dilution of basic earnings per share. The dilutive impact of stock options is assessed based on the average price of Atos Origin shares over the period.

Related party transactions

Related party transactions include in particular transactions with:

- Persons or a close member of that person's family if that person is a member of the key management personnel of the Group as defined as persons who have the authority and responsibility for planning, directing and controlling the activity of the Group, including members of the Board of Directors, Supervisory Board and Management Board, as well as the Executive Senior Vice Presidents.
- Entities if one of the following conditions apply:
  - The entity is a member of the Group
  - The entity is a joint venture in which the Group is participating
  - The entity is a post-employment benefit plan for the benefit of employees of the group
  - The entity is controlled or jointly controlled by a person belonging to the key management.

C.3.3.4 Financial risk management

The Group's activities expose it to a variety of financial risks including liquidity risk, cash flow interest rate risk, credit risk and currency risk. Financial risk management is carried out by the Global Treasury Department and involves minimising potential adverse effects on the Group's financial performance.

Liquidity risk

Liquidity risk management involves maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Atos Origin's policy is to cover fully its expected liquidity requirements by long-term committed loans or other appropriate long-term financial instruments. Terms and conditions of these loans include maturity and covenants leaving sufficient flexibility for the Group to finance its operations and expected developments.

Credit facilities are subject to financial covenants that are carefully followed by Group Treasury Department.

Maturity analysis of financial liabilities is disclosed in Note 22.

Cash flow interest rate risk

Cash flow interest rate risk arises mainly from borrowings. The management of exposure to interest rate risk encompasses two types:

- A price risk on fixed-rate financial assets and liabilities. For example, by contracting a fixed-rate liability, the Group is exposed to potential opportunity losses should interest rates fall. A change in interest rates would impact the market value of fixed-rate financial assets and liabilities. However, this loss of opportunity would not impact financial income and expenses as reported in the Consolidated Income Statement and, as such, future net income of the Group up to maturity of these assets.
- A cash-flow risk on floating-rate financial assets and liabilities should interest rates increase.

The main objective of managing overall interest rate on the Group's debt is to minimise the cost of debt and to protect the Group against fluctuations in interest rates by swapping to fixed rate a portion of the floating-rate financial debt. Authorised derivative instruments used to hedge the debt are swap contracts entered with leading financial institutions.

Credit risk

The Group has no significant concentrations of credit risk. The client selection process and related credit risk analysis is fully integrated within the global risk assessment project conducted throughout the life cycle of a project. Derivative counterparties and cash transactions are limited to high-credit quality financial institutions.

Currency risk

The Group's financial performance is not materially influenced by fluctuations in exchange rate since a significant portion of the business takes place within the euro zone and costs and revenues are generally denominated in the same currency. The main residual exposures are primarily in British pounds, Indian rupees and US dollars.

The Group has established a policy for managing foreign exchange positions resulting from commercial and financial transactions denominated in currencies different from the local currency of the relevant entity. According to this policy, any material exposure must be hedged as soon as it occurs. In order to hedge its foreign exchange rate exposure, the Group uses a variety of financial instruments, mainly forward contracts and foreign currency swaps.

Price risk

The Group has no material exposure to the price of equity securities, nor is it exposed to commodity price risks.

C.3.3.5 Impacts of the change in accounting principles

The tables below summarize the impact of the change in accounting principles which relates to the recognition of actuarial gains and losses through equity on the Income Statement and Statement of financial position of the Group at 31 December 2009 and 1 January 2009:

- Income statement

(in EUR million)	12 months ended 31 December 2009
Personnel expenses	0.6
Operating margin	**0.6**
Other operating income and expenses	(38.9)
Operating income	**(38.3)**
Tax charge	10.5
NET INCOME	**(27.8)**
Of which:	
- Attributable to owners of the parent	**(27.8)**
- Non controlling interests	-

(in EUR)	
Basic earnings per share	**(0.40)**
Diluted earnings per share	**(0.38)**

- Other comprehensive Income

(in EUR million)	12 months ended 31 December 2009
Net income	**(27.8)**
Other comprehensive income	
Actuarial gains and losses generated in the period on defined benefit plan	(45.2)
Exchange differences on translation of foreign operations	0.8
Deferred tax on items recognized directly on equity	15.7
Total other comprehensive income	**(28.7)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(56.5)**
Of which:	
- Attributable to owners of the parent	**(56.8)**
- Non controlling interests	0.3

- Statement of financial position

(in EUR million)	31 December 2009	1 January 2009
ASSETS		
Non-current financial assets	82.4	(15.1)
Deferred tax assets	41.0	14.8
Total non-current assets	**123.4**	**(0.3)**
TOTAL ASSETS	**123.4**	**(0.3)**

(in EUR million)	31 December 2009	1 January 2009
LIABILITIES AND SHAREHOLDERS' EQUITY		
Consolidated reserves	(64.7)	(58.3)
Translation adjustments	(0.7)	(1.4)
Net income for the period	(27.8)	23.4
Shareholders' equity – Group share	(93.2)	(36.3)
Non-controlling interests	0.9	0.5
Total shareholders' equity	**(92.3)**	**(35.8)**
Provisions for pensions and similar benefits	214.0	33.8
Deferred tax liabilities	1.7	1.7
Total non-current liabilities	215.7	35.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**123.4**	**(0.3)**

On 1 January 2010 the Group adopted the option offered by the amendment to IAS 19, Employee Benefits, to recognize through equity all actuarial gains and losses under defined benefit pension plans. Previously the Group applied the corridor method under which actuarial gains and losses amounting to more than 10% of the greater of the future obligation and the fair value of the plan assets were recognized in the income statement over the expected remaining working lives of the employees.

If the corridor method would have been continued during 2010, the additional amortization would have been approximately of EUR 9.0 million expense.

C.3.3.6 Foreign currency translation rates

		2010		2009	
Country		Average rate	Closing rate	Average rate	Closing rate
Argentina (ARS)	ARS 100 = EUR	19.282	19.148	19.379	18.340
Brazil (BRL)	BRL 100 = EUR	42.839	44.932	36.069	40.010
Chile (CLP)	CLP 1000 = EUR	1.478	1.614	1.285	1.374
China (CNY)	CNY 100 = EUR	11.138	11.466	10.533	10.164
Columbia (COP)	COP 10000 = EUR	3.978	3.967	3.342	3.399
Hong Kong (HKD)	HKD 100 = EUR	9.706	9.775	9.290	8.952
India (INR)	INR 100 = EUR	1.649	1.681	1.486	1.491
Japan (JPY)	JPY 10000 = EUR	85.989	91.836	76.958	75.838
Malaysia (MYR)	MYR 100 = EUR	23.407	24.568	20.397	20.239
Mexico (MXN)	MXN 100 = EUR	5.970	6.153	5.328	5.406
Middle-East (SAR)	SAR 100 = EUR	20.106	20.275	19.187	18.551
Poland (PLN)	PLN 100 = EUR	25.037	25.149	23.140	24.033
Singapore (SGD)	SGD 100 = EUR	55.312	58.462	49.462	49.368
South Africa (ZAR)	ZAR 100 = EUR	10.306	11.326	8.565	9.242
Sweden (SEK)	SEK 100 = EUR	10.482	11.139	9.414	9.619
Switzerland (CHF)	CHF 100 = EUR	72.425	79.202	66.232	67.168
Taiwan (TWD)	TWD 100 = EUR	2.389	2.577	2.176	2.152
Turkey (TRY)	TRY 100 = EUR	50.100	49.126	46.268	46.410
UAE (AED)	AED 100 = EUR	20.532	20.701	19.594	18.953
United Kingdom (GBP)	GBP 1 = EUR	1.166	1.173	1.122	1.109
USA (USD)	USD 100 = EUR	75.447	76.127	72.006	69.420
Venezuela (VEB)	VEB 10 = EUR	1.784	1.769	3.353	3.241

C.3.3.7 Notes to the consolidated financial statements

Note 1 Changes in the scope of consolidation

Since 1 January 2010, there has been no significant change in the scope. Nevertheless the Group has acquired the two following subsidiaries: Shere Ltd in March 2010 and Venture Infotek Private Ltd in August 2010. As of 31 December 2010, they contribute for 0.2% and 0.1% respectively to the Group revenue (EUR 12.0 million and EUR 6.0 million).

Note 2 Segment information

According to IFRS 8, reported operating segments profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker, and is reconciled to Group profit or loss. The chief operating decision maker assesses segments profit or loss using a measure of operating profit. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the company CEO and chairman of the Board of Directors who makes strategic decisions.

The chief operating decision maker decided to change the operating segments in 2010 compared to 2009. The changes are the following:

Operating segments in 2009	Country	Operating segments in 2010
France – Morocco	France	France
	Morocco	Other countries
ISAM	Spain and Andorra	Spain
	Argentina, Brazil, Chile and Colombia	Other countries
RoW	United States and Mexico	Other Countries
	China, Taiwan, Japan, Malaysia, Singapore, Thailand, Indonesia	
	India	

The change in internal management reporting are applied retrospectively and comparatives figures restated.

The Group operates in seven main Global Business Units as detailed below:

Operating segments	Activities
• France	Consulting, systems integration, managed services and high technology transactional services (including electronic payments and transactions) in France
• Benelux	Consulting, systems integration, managed services and high technology transactional services (including electronic payments and transactions) in The Netherlands and Belux
• United Kingdom	Consulting, systems integration, managed services, business process outsourcing and high technology transactional services (including electronic payments and transactions) in the United Kingdom
• Worldline	Electronic payments and transactions in France, Belgium, Germany and India
• GCEMA	Systems integration, managed services and high technology transactional services (including electronic payments and transactions) in Germany, Switzerland, Poland, Austria, Greece, Turkey and South Africa
• Spain	Consulting, systems integration, managed services and high technology transactional services (including electronic payments and transactions) in Spain, and Andorra
• Other Countries	Consulting, systems integration, managed services and high technology transactional services (including electronic payments and transactions) in China, Taiwan, Japan, Malaysia, Singapore, Thailand, Indonesia, United States of America, Mexico, India, Morocco, Dubai, Argentina, Brazil, Chile and Colombia

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

The revenues from transactions with each external customer amount to less than 10 per cent of the Group's revenue.

The operating segment information for the periods is as follows:

(in EUR million)	France	Benelux	United Kingdom	Worldline	GCEMA	Spain	Other Countries	Total Operating segments	Global Delivery Lines	Other Corporate	Elimination	Total Group
12 months ended 31 December 2010												
External revenue by segment	**1,131.9**	**937.7**	**904.1**	**866.7**	**474.7**	**299.6**	**405.1**	**5,019.8**		**0.8**		**5,020.6**
%	22.5%	18.7%	18.0%	17.3%	9.5%	6.0%	8.1%	100.0%				100.0%
Inter-segment revenue	52.8	29.8	6.7	11.7	47.6	4.8	101.5	254.9			(254.9)	-
Total revenue	1,184.7	967.5	910.8	878.4	522.3	304.4	506.6	5,274.7	-	0.8	(254.9)	5,020.6
Segment operating margin	**44.7**	**92.4**	**77.1**	**150.5**	**10.3**	**(10.0)**	**51.5**	**416.5**	**(16.3)**	**(62.8)**		**337.4**
%	3.9%	9.9%	8.5%	17.4%	2.2%	-3.3%	12.7%	8.3%				6.7%
Total segment assets	**670.2**	**782.2**	**700.7**	**700.3**	**315.6**	**206.6**	**283.5**	**3,659.1**		**63.0**		**3,722.1**
Other Information on income statement												
Depreciation of assets	(27.3)	(48.9)	(27.7)	(41.5)	(30.7)	(2.9)	(27.9)	(206.9)		(6.8)		(213.7)
Impairment losses for fixed assets				(0.4)	(0.9)			(1.3)				(1.3)
Reversal of impairment losses for fixed assets				0.1	2.5			2.6				2.6
Other Informations												
Year end headcount	11,157	6,958	6,264	5,458	3,549	5,349	9,351	48,086		192		48,278
Capital expenditure	19.3	28.3	36.4	32.0	16.0	2.6	20.7	155.3		31.5		186.8
Net debt	46.3	97.4	184.9	(15.1)	(34.7)	49.9	(30.9)	297.8		(158.6)		139.2

(in EUR million)	France	Benelux	United Kingdom	Worldline	GCEMA	Spain	Other Countries	Total Operating segments	Global Delivery Lines	Other Corporate	Elimination	Total Group
12 months ended 31 December 2009												
External revenue by segment	**1,125.7**	**996.9**	**901.9**	**843.9**	**566.9**	**334.3**	**355.4**	**5,125.0**	**1.0**	**1.0**		**5,127.0**
%	22.0%	19.4%	17.6%	16.5%	11.1%	6.5%	6.9%	100.0%				100.0%
Inter-segment revenue	65.3	30.1	6.1	11.1	42.8	5.8	76.8	238.0			(238.0)	-
Total revenue	**1,191.0**	**1,027.0**	**908.0**	**855.0**	**609.7**	**340.1**	**432.2**	**5,363.0**	**1.0**	**1.0**	**(238.0)**	**5,127.0**
Segment operating margin	**47.1**	**84.0**	**83.0**	**133.1**	**21.5**	**11.6**	**6.8**	**387.1**	**(26.4)**	**(70.1)**		**290.6**
%	4.2%	8.4%	9.2%	15.8%	3.8%	3.5%	1.9%	7.6%				5.7%
Total segment assets	**660.0**	**777.6**	**688.7**	**599.4**	**349.2**	**246.7**	**294.5**	**3,616.1**		**38.4**		**3,654.5**
Other Information on income statement												
Depreciation of fixed assets	(25.3)	(39.7)	(31.0)	(43.2)	(44.1)	(3.6)	(30.4)	(217.3)		(4.7)		(222.0)
Impairment losses for fixed assets				(0.6)	(11.4)		(0.3)	(12.3)				(12.3)
Reversal of impairment losses for fixed assets				0.1				0.1				0.1
Other Informations												
Year end headcount	11,954	7,750	6,269	4,804	3,746	5,668	8,481	48,672		364		49,036
Capital expenditure	28.1	31.5	26.8	51.3	35.6	3.9	18.6	195.8		9.0		204.8
Net debt	2.1	35.7	199.6	65.2	(55.7)	37.1	(63.3)	220.7		(81.3)		139.4

The assets detailed above by segment are reconciled to total assets as follows:

(in EUR million)	12 months ended 31 December 2010	12 months ended 31 December 2009
Total segment assets	**3,722.1**	**3,654.5**
Tax Assets	334.8	275.3
Cash & Cash Equivalents	422.2	534.7
TOTAL ASSETS	**4,479.1**	**4,464.5**

The Group's revenues from external customers are split into the following service lines:

(in EUR million)	Consulting	Systems Integration	Managed Services	HTTS[1]	Business Process Outsourcing	Unallocated	Total Group
12 months ended 31 December 2010							
External revenue by segment	**207.8**	**1,769.9**	**1,847.1**	**1,035.0**	**160.0**	**0.8**	**5,020.6**
%	4.1%	35.3%	36.8%	20.6%	3.2%	0.0%	100.0%
12 months ended 31 December 2009							
External revenue by segment	**247.9**	**1,893.1**	**1,953.1**	**878.8**	**153.1**	**1.0**	**5,127.0**
%	4.8%	36.9%	38.1%	17.1%	3.0%	0.0%	100.0%

(1) HTTS Hi-Tech Transactional Services.

Note 3 Personnel expenses

(in EUR million)	12 months ended 31 December 2010	% Revenue	12 months ended 31 December 2009[1]	% Revenue
Wages and salaries	(2,160.9)	43.0%	(2,188.4)	42.7%
Social security charges	(635.7)	12.7%	(661.0)	12.9%
Tax, training, profit-sharing	(52.8)	1.1%	(49.0)	1.0%
Equity-based compensation	(11.5)	0.2%	(14.0)	0.3%
Net charge to provisions for staff expenses	(0.1)	0.0%	1.3	0.0%
Difference between pension contributions and net pension expense[2]	51.5	-1.0%	48.8	-1.0%
TOTAL	**(2,809.5)**	**56.0%**	**(2,862.3)**	**55.8%**

(1) based on the new chart of accounts.
(2) difference between total cash contributions made to the pensions funds and the net pension expense under IAS19.

Equity-based compensation

The EUR 11.5 million charge recorded within operating margin for equity based compensation (EUR 14.0 million in 2009) is made of:

- EUR 2.6 million related to the Management Incentive Plans (MIP) and Long-Term Incentive plans (LTI) implemented in 2008 and in 2007, and of,
- EUR 8.9 million related to the stock option plans granted in previous years.

An additional EUR 0.1 million expense was recorded as other operating expense following the reorganisation of certain beneficiaries.

Free share plans

- No new free share plan was set up in 2010.
- 2010 expense related to former LTI and MIP plans has been updated taking into account the number of free shares void following the departure of some beneficiaries from the Group.

Total expense in operating margin related to free share plans during the year is as follows:

(in EUR million)	Year ended 31 December 2010	Year ended 31 December 2009
LTI 2008	0.5	1.1
MIP 2008	1.5	3.7
LTI 2007	0.3	0.1
MIP 2007	0.3	1.0
TOTAL	**2.6**	**5.9**

Stock option plans

The Group recognized a total expense of EUR 8.9 million on stock options (EUR 8.1 million in 2009). The 2010 expense comprises EUR 8.9 million related to plans granted only in previous years. The new plan granted in December 2010 has no impact on 2010 equity-based compensation.

New stock option plan – 31 December 2010 grant

On 31 December 2010, the Group has granted stock options for a total of 374,500 options (of which 139,000 option regarding a foreign plan) to several members of the Executive Committee and some other key managers. This grant represents a total expense of EUR 2.7 million and expected expense for 2011 is EUR 2.0 million.

The vesting period is gradual and each of these portions has a different exercise price:

- EUR 40.41 for the first portion (vested on 1 July 2011)
- EUR 48.11 for the second portion (vested on 1 July 2012)
- EUR 57.74 for the third portion (vested on 1 July 2013)

The vesting of stock options related to portions 2 and 3 is subject to the realization of Group internal performance conditions. The assumption used for the computation of related costs is a 100% realisation of the performance conditions.

Options are forfeited if the employee leaves the Group before the options vest, other than in exceptional circumstances.

Equity-based compensation has been determined based on the following assumptions:

	31 December 2010	
	French Plan	Foreign plan
Share price at grant date	39.84	39.84
Strike price	40.41/48.11/57.74	40.41/48.11/57.74
Expected volatility	34.52%	37.01%
Expected life	48 months	32 months
Risk free rate	1.912%	1.362%
Expected dividend yield	1.3%	1.3%
Expected employee turnover	4% per year	4% per year
Fair value of options granted	10.36/8.05/5.94	9.01/6.64/4.57

Expected volatility was determined in 2010 based on the smoothed historical volatility of the Group's share price observed over a period consistent with the expected life of the option. Because of the atypical volatility observed recently on equity markets, this smoothing technique has been used as suggested by IFRS 2, and has led to the elimination, in the calculation of the annualized historical volatility, of daily variations greater than 5%. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Stock option plan granted in previous years

Main characteristics of stock options plans granted in previous years are detailed below:

	4 September 2009	3 July 2009	26 March 2009	23 December 2008
Share price at grant date	33.86	25.16	20.70	17.60
Strike price	34.28/40.81/48.97	25.00/30.00/35.00	20.64/24.57/29.49	18.40/22.00/26.40
Expected volatility	30.93%	31.07%	30.10%	29.70%
Expected life	60 months	60 months	60 months	60 months
Risk free rate	2.705%	2.738%	2.826%	2.780%
Expected dividend yield	1% except 0% for 2009	1% except 0% for 2009	1% except 0% for 2009	1%
Fair value of options granted	9.80/7.74/5.81	7.50/5.89/4.65	6.02/4.74/3.54	4.50/3.50/2.50
Expense recognized in 2010 (in EUR million)	**1.0**	**3.4**	**3.1**	**1.4**

Details of share options outstanding at the end of year were as follows:

	12 months ended 31 December 2010		12 months ended 31 December 2009	
	Number of share	Weighted average strike price	Number of share	Weighted average strike price
Outstanding at the beginning of the year	**10,310,776**	**43.3**	**7,153,540**	**53.4**
Granted during the year	374,500	48.8	3,537,500	28.2
Forfeited during the year	(244,386)	29.3	(142,555)	32.3
Exercised during the year	(193,615)	22.6	(3,009)	25.9
Expired during the year	(769,475)	79.1	(234,700)	132.0
Outstanding at the end of the year	**9,477,800**	**41.3**	**10,310,776**	**43.3**
Exercisable at the end of the year, below year-end stock price[1]	**1,839,051**	**23.2**	**432,499**	**25.9**

(1) Year-end stock price: EUR 39.84 at 31 December 2010 and EUR 32.09 at 31 December 2009.

Options outstanding at the end of the year have a weighted average remaining contractual life of 6.0 years (2009: 6.4 years).

Note 4 Operating expenses

(in EUR million)	12 months ended 31 December 2010	% Revenue	12 months ended 31 December 2009[1]	% Revenue
Subcontracting costs direct	(542.0)	10.8%	(574.8)	11.2%
Purchase hardware and software	(197.8)	3.9%	(169.2)	3.3%
Maintenance costs	(222.1)	4.4%	(256.9)	5.0%
Rent & Lease expenses	(194.9)	3.9%	(211.3)	4.1%
Telecom costs	(117.7)	2.3%	(111.2)	2.2%
Travelling expenses	(112.1)	2.2%	(114.3)	2.2%
Company cars	(80.9)	1.6%	(92.8)	1.8%
Professional fees	(98.2)	2.0%	(148.6)	2.9%
Taxes & Similar expenses	(4.2)	0.1%	(27.8)	0.5%
Others expenses	(86.6)	1.7%	(44.8)	0.9%
Subtotal expenses	**(1,656.5)**	**33.0%**	**(1,751.7)**	**34.2%**
Depreciation of fixed assets	(213.7)	4.3%	(222.0)	4.3%
Net charge to provisions	(3.8)	0.1%	(15.5)	0.3%
Gains / (Losses) on Disp of Assets	(1.0)	0.0%	(2.0)	0.0%
Trade Receivables write-off	(18.8)	0.4%	(6.5)	0.1%
Capitalized Production	20.1	-0.4%	23.6	-0.5%
Subtotal other expenses	**(217.2)**	**4.3%**	**(222.4)**	**4.3%**
TOTAL	**(1,873.7)**	**37.3%**	**(1,974.1)**	**38.5%**

(1) Based on the new chart of accounts.

Note 5 Other operating income and expenses

Other operating income and expenses relate to income and expenses that are unusual, abnormal and infrequent and represent a net expense of EUR 137.3 million in 2010. The following table presents this amount by nature:

(in EUR million)	12 months ended 31 December 2010	12 months ended 31 December 2009
Staff reorganisation	(64.5)	(140.6)
Premises offices rationalisation	(38.7)	(86.3)
Goodwill impairment	(25.0)	(31.1)
Other Items	(9.1)	(1.3)
TOTAL	**(137.3)**	**(259.3)**

The Group presents two following destinations of costs:

(in EUR million)	Group transformation costs	Other non recurring items	Total
Staff reorganisation	(64.5)	-	(64.5)
Premises offices rationalisation	(38.7)	-	(38.7)
Goodwill impairment	-	(25.0)	(25.0)
Other Items	-	(9.1)	(9.1)
TOTAL	**(103.2)**	**(34.1)**	**(137.3)**

Group transformation costs (EUR 103.2 million expense)
The Group transformation costs are composed of EUR 103.2 million expense linked to reorganisation and rationalisation.

The EUR 64.5 million staff reorganisation expense is the consequence of both the Group workforce adaptation to the effects of the economic recession and the non recurring cost induced by the TOP Programs aimed at improving Group efficiency and productivity. The combination of these actions affected mainly The Netherlands (EUR 18.6 million), The United Kingdom (EUR 12.3 million), France (EUR 12.8 million), and Iberia (EUR 11.0 million).

The EUR 38.7 million premises offices rationalisation are mainly composed of items related to the Paris offices rationalisation program corresponding to the main following buildings “Les Miroirs”, “Manhattan”, Suresnes, and Clamart:

- Settlement with the landlord of the building “Les Miroirs”;
- Excess of rent costs;
- Provision related to rents due until the end of leases;
- Dilapidation provision and net booked value of remaining assets.

Other non-recurring items (EUR 34.1 million expense)
This amount mostly comprises:

- The impairment expense of EUR 25.0 million recorded in June 2010 on Iberia cash generating unit following a deteriorating economic environment in Spain;
- Professional fees of EUR 9.2 million related to acquisitions including EUR 7.5 million linked to Siemens IT Solutions and Services and EUR 1.7 million linked to Venture Infotek Private Ltd in India.

Note 6 Net financial income

Net cost of financial debt

(in EUR million)	12 months ended 31 December 2010	12 months ended 31 December 2009
Net interest expenses	**(18.4)**	**(13.9)**
Interest on obligations under finance leases	(0.2)	(0.4)
Gain/(loss) on disposal of cash equivalents	0.8	0.8
NET COST OF FINANCIAL DEBT	**(17.8)**	**(13.5)**

Net cost of financial debt increased from EUR 13.5 million last year to EUR 17.8 million over the period, coming from the evolution of net interest expenses which are made up of the following elements:

- The average gross borrowing which was EUR 510.4 million bearing an average rate of expense of 3.64%
- The convertible bonds OCEANE which outstanding average amount was EUR 207.5 million bearing an effective interest rate of expense of 6.68%
- And the average net cash which was EUR 293.1 million bearing an average rate of income of 0.27%

The increase of net financial expense is explained by the full year impact of OCEANE’s interests compared to a two months impact last year.

The net cost of financial debt was covered 19 times by operating margin, which met the requirement defined under the terms of Group syndicated loan contract: operating margin amount should be higher than four times the net cost of financial debt.

Other financial income and expenses

(in EUR million)	12 months ended 31 December 2010	12 months ended 31 December 2009
Foreign exchange expense	2.0	(1.9)
Fair value gain/(loss) on forward exchange contracts held for trading	(1.6)	1.6
Discounting financial expenses	(0.5)	(0.5)
Other income / (expenses)	(6.2)	(10.1)
Other financial income and expenses	**(6.3)**	**(10.9)**
Of which:		
- other financial expenses	(35.1)	(31.9)
- other financial income	28.8	21.0

Non-operational financial costs amounted to EUR 6.3 million compared to EUR 10.9 million in 2009 and mainly composed of pension financial related costs (EUR 6.5 million). These costs represent the difference between the interests cost and the expected return on plan assets (EUR 7.4 million expense in 2009). Please refer to Note 20 Pensions for further explanation.

Note 7 Income tax expenses

Current and deferred taxes

(in EUR million)	12 months ended 31 December 2010	12 months ended 31 December 2009
Current taxes	(55.2)	(27.0)
Deferred taxes	(2.6)	28.1
TOTAL	**(57.8)**	**1.1**

Effective tax rate
The difference between the French standard tax rate and the effective tax rate is shown as follows:

(in EUR million)	12 months ended 31 December 2010	12 months ended 31 December 2009
Profit before tax	176.0	6.9
French standard Tax rate	34.4%	34.4%
Theoretical tax charge at French standard rate	(60.6)	(2.4)
Impact of permanent differences	(1.0)	1.0
Differences in foreign tax rates	19.0	13.0
Unrecognised tax assets	(2.5)	(15.8)
Capital gains and goodwill impairment	(7.5)	(0.6)
Change in deferred tax rates	(3.0)	-
CVAE net of tax	(11.9)	-
French Tax credit	8.5	7.5
Other	1.2	(1.6)
Group tax expense	**(57.8)**	**1.1**
EFFECTIVE TAX RATE	**32.8%**	**-15.9%**
Effective tax rate excluding CVAE	*25.4%*	

In the prior year, the Group decided to qualify, the French CVAE (Cotisation sur la Valeur Ajoutée des Entreprises), part of the new CET (Contribution Economique Territoriale) set up by the 2010 Finance Bill, as an Income tax in line with the accounting treatment followed for similar taxes in other countries.

The Group effective tax rate is 32,8%, which includes the French CVAE for a gross amount of EUR 18.2 million. Had the CVAE not been included in tax the Group effective tax rate would have been 25.4%.

The tax impact on goodwill impairment of EUR 7.5 million relates to the impairment of EUR 25 million of Iberia.

The line "Other" (EUR 1.1 million) includes in particular the permanent difference arising from tax holidays benefits and unused withholding taxes.

Restated effective tax rate

(in EUR million)	12 months ended 31 December 2010	12 months ended 31 December 2009
Profit before tax	**176.0**	**6.9**
Other operating income and expenses	(137.3)	(259.3)
Profit before tax excluding unusual items	**313.3**	**266.2**
Tax effect on other operating income and expenses	32.7	82.2
Other unusual items on tax	2.6	(16.2)
Group tax expense	(57.8)	1.1
Total of tax excluding unusual items	(93.1)	(64.9)
Restated effective tax rate	**29.7%**	**24.4%**

After restating the unusual items, the restated profit before tax is EUR 313.3 million, the restated tax charge is EUR 93.1 million and the restated effective tax rate is 29.7%. After restatement of the French CVAE, the restated Group effective tax rate is 25.6%.

Note 8 Deferred taxes

(in EUR million)	12 months ended 31 December 2010	12 months ended 31 December 2009
Deferred tax assets	321.8	249.0
Deferred tax liabilities	98.5	63.0
NET DEFERRED TAX	**223.3**	**186.0**

Breakdown of deferred tax assets and liabilities by nature

(in EUR million)	Tax losses carry forward	Fixed assets	Pensions	Other	Total
At 1 January 2009	**59.3**	**37.8**	**57.8**	**(3.2)**	**151.7**
Charge to profit or loss for the year	(0.9)	5.4	(18.9)	42.5	28.1
Charge to goodwill	-	-	-	-	-
Change of scope	-	-	-	-	-
Charge to equity	-	-	15.7	(17.7)	(2.0)
Reclassification	(0.2)	-	0.4	(0.2)	-
Exchange differences	-	1.9	1.3	5.0	8.2
At 31 December 2009	**58.2**	**45.1**	**56.3**	**26.4**	**186.0**
Charge to profit or loss for the year	15.2	(2.3)	(19.9)	4.4	(2.6)
Charge to goodwill	0.6	2.1	-	1.5	4.1
Change of scope	-	0.1	-	(0.1)	-
Charge to equity	-	-	25.3	(0.7)	24.6
Reclassification	-	-	(2.6)	3.0	0.4
Exchange differences	0.7	2.5	4.7	2.8	10.7
AT 31 DECEMBER 2010	**74.7**	**47.5**	**63.8**	**37.3**	**223.3**

Tax losses carry forward schedule (basis)

(in EUR million)	12 months ended 31 December 2010			12 months ended 31 December 2009		
	Recognised	Unrecognised	Total	Recognised	Unrecognised	Total
2011	-	8.8	8.8	-	8.8	8.8
2012	-	-	-	-	1.1	1.1
2013	-	3.3	3.3	3.1	5.4	8.5
Tax losses available for carry forward more than 5 years	28.6	50.7	79.4	23.5	4.3	27.8
Ordinary tax losses carry forward	**28.6**	**62.8**	**91.5**	**26.6**	**19.6**	**46.2**
Evergreen tax losses carry forward	**198.8**	**516.3**	**715.1**	**150.4**	**469.1**	**619.5**
TOTAL TAX LOSSES CARRY FORWARD	**227.4**	**579.2**	**806.6**	**177.0**	**488.7**	**665.7**

Compared to 2009, total tax losses carried forward have increased by EUR 140.9 million. The increase is largely owed by a restatement of unrecognised tax losses in United States of 53.9 million. The remainder increase of 87 million is a net amount between the creation of new tax losses notably in France (EUR 43.3 million), Iberia (EUR 40.0 million) and in Brazil (EUR 8.1 million) and decrease of tax losses in Asia Pacific (EUR 12.4 million).The losses that are in the balance sheet offset by taxable temporary differences are not disclosed in this schedule.

The countries with the largest tax losses available for carry forward are France (EUR 201.4 million), the United Kingdom (EUR 135.4 million), the United States (EUR 158.0 million), Brazil (EUR 83.2 million), Germany (EUR 62.8 million), Iberia (EUR 63.6 million) and Hong-Kong (EUR 32.0 million).

Deferred tax assets not recognised by the Group

(in EUR million)	12 months ended 31 December 2010	12 months ended 31 December 2009
Tax losses carry forward	191.6	158.7
Temporary differences	21.0	30.5
TOTAL	**212.6**	**189.2**

Note 9 Non controlling Interests

(in EUR million)	31 December 2009	2010 Income	Dividends	Others	31 December 2010
Atos Worldline Processing GmbH	7.9	1.6	(3.7)	(5.8)	-
Others	3.1	0.5	(0.2)	2.0	5.4
TOTAL	**11.0**	**2.1**	**(3.9)**	**(3.8)**	**5.4**

(in EUR million)	31 December 2008	2009 Income	Dividends	Others	31 December 2009
Atos Worldline Processing GmbH	7.1	3.7	(3.5)	0.6	7.9
Others	4.4	0.4	(1.5)	(0.2)	3.1
TOTAL	**11.5**	**4.1**	**(5.0)**	**0.4**	**11.0**

The amount mentioned in 'Others' for Atos Worldline Processing services GmbH (Germany) is due to the acquisition of the non-controlling interests on 24 June 2010.

Note 10 Earnings per share

Basic and diluted earnings per share are reconciled in the table below. Potential dilutive instruments comprise stock subscription (equivalent to 1,200,009 options) and convertible bonds (equivalent to 5,414,771 shares). The convertible bonds are the only one which generates a restatement of net income used for the diluted EPS calculation. The restatement corresponds to the interest expenses relating to the liability component net of deferred tax (EUR 8.7 million). The average number of stock options not exercised in 2010 amounted to 10,170,270 shares.

(in EUR million and shares)	31 December 2010	31 December 2009
Net income - Attributable to owners of the parent [a]	**116.1**	**3.9**
Restatement	8.7	0.8
Net income restated of dilutive instruments – Attributable to owners of the parent [b]	**124.8**	**4.7**
Average number of shares outstanding [c]	69,334,351	68,772,224
Impact of dilutive instruments [d]	6,614,780	5,648,361
Diluted average number of shares [e]=[c]+[d]	75,949,131	74,420,585
Earnings per share in EUR [a]/[c]	**1.67**	**0.06**
Diluted earnings per share in EUR [b]/[e]	1.64	0.06

No significant shares' transaction occurred subsequently to the closing that could have a dilutive impact on earnings per share calculation.

Note 11 Goodwill

(in EUR million)	31 December 2009	Acquisitions / Depreciations	Others	Exchange rate fluctuations	31 December 2010
Gross value	2,038.2	90.7	6.3	52.3	2,187.5
Impairment loss	(530.6)	(25.4)	(6.3)	(15.3)	(577.6)
Carrying amount	**1,507.6**	**65.3**	**-**	**37.0**	**1,609.9**

(in EUR million)	31 December 2008	Acquisitions / Depreciations	Others	Exchange rate fluctuations	31 December 2009
Gross value	1,995.7	3.4	(1.5)	40.6	2,038.2
Impairment loss	(484.6)	(31.1)	1.1	(16.0)	(530.6)
Carrying amount	**1,511.1**	**(27.7)**	**(0.4)**	**24.6**	**1,507.6**

Goodwill are allocated to cash generating units (CGUs) that are then part of one of the operating segments disclosed in Note 2 Segment information as per IFRS 8 requirements.

A summary of the carrying amounts of goodwill allocated by CGUs or grouping of CGUs is presented hereafter. Overall, goodwill was increased from EUR 1,507.6 million to EUR 1,609.9 million mainly due to the acquisitions of Infotek Private Ltd in India for EUR 76.3 million and of Shere Ltd in United Kingdom for EUR 14.9 million and to the impairment charge of the year for EUR 25.0 million on Iberia CGU (booked in June 2010) and by the effect of foreign exchange rates variations for EUR 37.0 million.

(in EUR million)	31 December 2010	31 December 2009
France	178.1	178.6
Benelux	301.1	301.1
United Kingdom	458.9	419.8
Worldline	377.9	301.5
GCEMA	102.4	101.8
Spain	65.3	90.3
Other Countries	126.2	114.5
TOTAL	**1,609.9**	**1,507.6**

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial business plans approved by management, covering a three-year period. They are also based on the following assumptions:

- Terminal value is calculated after the three-year period, using an estimated perpetuity growth rate of 2.5 % (as last year). Although exceeding the long term average growth rate for the countries in which the Group operated, this rate reflects specific perspectives of the IT sector.
- Discount rates are applied by CGU based on the Group's weighted average cost of capital and adjusted to take into account specific tax rates and country risks relating to each geographical area. As last year, the Group considers that the weighted average cost of capital should be determined based on an historical equity risk premium of 5.3%, in order to reflect the long-term assumptions factored in the impairment tests.

As a result, the discount rates used are presented hereafter:

	2010 Discount rate	2009 Discount rate
France	9.3%	9.6%
Benelux	Between 9.3% and 9.4%	Between 9.6% and 9.7%
United Kingdom	9.4%	9.7%
Worldline	9.3%	9.6%
GCEMA	9.4%	Between 9.6% and 9.7%
Spain	9.4%	9.6%
Other Countries	Between 9.3% and 10.6%	Between 9.6% and 10.8%

An analysis of the calculation's sensitivity to a combined change in the key parameters (operating margin, discount rate and perpetuity growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the CGU's recoverable amount would fall below its carrying amount.

The impairment test shows that for South America and CEMA, the recoverable amount of assets is close to the book value. The recoverable amount of these assets would equal the book value if:

- The discount rate increases by 110bps for South America (from 10.6% to 11.7%) and 90bps for CEMA (from 9.4% to 10.3%), or
- The operating margin rate decreases by 70bps for South America and 90bps for CEMA.

Note 12 Intangible assets

(in EUR million)	Gross value	Amortisation	Net value
31 December 2008	**280.9**	**(203.4)**	**77.5**
Additions / charges	18.6	(35.2)	(16.6)
Disposals / reversals	(12.8)	12.5	(0.3)
Impact of business combinations	0.6	-	0.6
Exchange differences	3.1	(2.6)	0.5
Impairment	-	(2.4)	(2.4)
Others	34.1	(24.5)	9.6
31 December 2009	**324.5**	**(255.6)**	**68.9**
Additions / charges	29.7	(31.5)	(1.8)
Disposals / reversals	(2.0)	1.7	(0.3)
Impact of business combinations	-	-	-
Disposal of subsidiaries	-	-	-
Exchange differences	8.8	(7.3)	1.5
Impairment	-	(0.5)	(0.5)
Others	9.8	(1.6)	8.2
31 DECEMBER 2010	**370.8**	**(294.8)**	**76.0**

Note 13 Tangible assets

(in EUR million)	Land and buildings	IT equipments	Other assets	Total
Gross value				
At 1 January 2010	**292.6**	**900.0**	**80.4**	**1,273.0**
Additions	13.7	85.1	55.3	154.1
Disposals	(17.9)	(210.8)	(4.0)	(232.7)
Exchange differences	5.2	18.0	2.6	25.8
Others	24.9	25.6	(43.9)	6.6
At 31 December 2010	318.5	817.9	90.4	1,226.8
Accumulated depreciation				
At 1 January 2010	**(157.6)**	**(671.2)**	**(36.8)**	**(865.6)**
Depreciation charge for the year	(32.2)	(121.9)	(4.6)	(158.7)
Eliminated on disposal	16.1	197.4	3.5	217.0
Exchange differences	(3.2)	(13.7)	(1.9)	(18.8)
Impairment	0.1	1.7	-	1.8
Others	7.9	(0.8)	(13.2)	(6.1)
At 31 December 2010	(168.9)	(608.5)	(53.0)	(830.4)
Net value				
At 1 January 2010	**135.0**	**228.8**	**43.6**	**407.4**
At 31 December 2010	149.6	209.4	37.4	396.4

(in EUR million)	Land and buildings	IT equipments	Other assets	Total
Gross value				
At 1 January 2009	**256.6**	**907.4**	**78.6**	**1,242.6**
Additions	24.8	95.1	41.2	161.1
Disposals	(14.0)	(71.3)	(2.5)	(87.8)
Exchange differences	3.2	3.6	0.2	7.0
Others	22.0	(34.8)	(37.1)	(49.9)
At 31 December 2009	**292.6**	**900.0**	**80.4**	**1,273.0**
Accumulated depreciation				
At 1 January 2009	**(132.1)**	**(622.6)**	**(33.5)**	**(788.2)**
Depreciation charge for the year	(25.7)	(144.5)	(4.8)	(175.0)
Eliminated on disposal	10.8	64.1	1.8	76.7
Exchange differences	(1.7)	(2.4)	(0.2)	(4.3)
Impairment	(8.7)	-	(1.2)	(9.9)
Others	(0.2)	34.2	1.1	35.1
At 31 December 2009	**(157.6)**	**(671.2)**	**(36.8)**	**(865.6)**
Net value				
At 1 January 2009	**124.5**	**284.8**	**45.0**	**454.3**
At 31 December 2009	**135.0**	**228.8**	**43.6**	**407.4**

The tangible assets of the Group include mainly IT equipments used in the production centers, in particular the datacenters and the software factories. Moreover, Atos Origin's policy is to rent its premises. Therefore, the land and buildings items include mainly technical infrastructure of our datacenters.

Finance leases

Tangible assets held under finance leases had a net carrying value of EUR 1.8 million. Future minimum lease payments under non-cancellable leases amounted to EUR 2.0 million at year-end.

(in EUR million)	31 December 2010			31 December 2009		
	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Less than one year	1.0	(0.1)	0.9	3.3	(0.4)	2.9
Between one and five years	1.0	(0.1)	0.9	0.6	(0.1)	0.5
More than five years	-	-	-	-	-	-
TOTAL	**2.0**	**(0.2)**	**1.8**	**3.9**	**(0.5)**	**3.4**

Note 14 Non-current financial assets

(in EUR million)	Notes	31 December 2010	31 December 2009	1 January 2009
Pension prepayments	Note 20	203.6	196.9	21.4
Other(1)		26.9	23.1	31.0
TOTAL		**230.5**	**220.0**	**52.4**

(1) "Other" include Loans, Deposits, Guarantees, Investments in associates accounted for under the equity method and Non consolidated investments.

Note 15 Trade accounts and notes receivable

(in EUR million)	31 December 2010	31 December 2009
Gross value	1,259.6	1,298.5
Transition costs	25.9	36.0
Provision for doubtful debts	(53.2)	(53.2)
Net asset value	**1,232.3**	**1,281.3**
Prepayments	(6.4)	(11.0)
Deferred income and upfront payments received	(262.9)	(292.8)
Net accounts receivable	**963.0**	**977.5**
Number of days' sales outstanding	**49.0**	**57.0**

The average credit period on sale of services is between 30 and 60 days depending on the countries.

For balances outstanding for more than 60 days as compared to agreed payment terms, the Group considers the need for an impairment loss on a case-by-case basis through a quarterly review of its balances.

Atos Origin securitisation program has been renewed for 5 years on 6 March 2009 with a maximum amount of receivables sold of EUR 500.0 million and a limit of maximum amount of financing of EUR 200.0 million. As of 31 December 2010, the Group has sold EUR 411 million receivables for which EUR 10 million were received in cash. The sale is with recourse, thus re-consolidated in the balance sheet.

Ageing of net receivables past due

(in EUR million)	31 December 2010	31 December 2009
0-30 days overdues	55.4	48.9
30-60 days overdues	19.5	17.2
Beyond 60 days overdues	25.6	14.1
TOTAL	**100.5**	**80.2**

The deterioration is partly due to delays in payment from French ministries.

Movement in the provision for doubtful debts

(in EUR million)	31 December 2010	31 December 2009
Balance at beginning of the year	(53.2)	(27.3)
Impairment losses recognised	(16.8)	(32.3)
Amounts written off as uncollectible	-	6.5
Impairment losses reversed	18.3	2.4
Others(1)	(1.5)	(2.5)
BALANCE AT END OF YEAR	**(53.2)**	**(53.2)**

(1) Scope variation, reclassification and exchange difference.

Note 16 Other current assets

(in EUR million)	31 December 2010	31 December 2009
Inventories	8.9	6.8
State – VAT Receivables	48.7	42.1
Prepaid expenses	66.2	79.4
Other receivables & current assets	44.1	29.7
Advance payment	6.7	6.4
TOTAL	**174.6**	**164.4**

Note 17 Breakdown of assets and liabilities by financial categories

The book value of financial assets corresponds to their fair value.

As of 31 December 2010, the analysis of assets is the following:

(in EUR million)	Loans and receivables	Available-for-sale financial assets	Financial assets held for trading (carried at fair value through profit or loss)	Derivatives designated as cash flow hedging instruments (carried at fair value)
Non-current financial assets	-	230.5	-	
Non-current financial instruments				0.3
Trade accounts and notes receivables	1,232.3	-	-	-
Other current assets	174.6	-		-
Current financial instruments	-	-	0.6	1.5
Cash and cash equivalents	422.2	-	-	-
TOTAL	**1,829.1**	**230.5**	**0.6**	**1.8**

As of 31 December 2009, the analysis of assets was the following:

(in EUR million)	Loans and receivables	Available-for-sale financial assets	Financial assets held for trading (carried at fair value through profit or loss)	Derivatives designated as cash flow hedging instruments (carried at fair value)
Non-current financial assets	-	220.0	-	-
Non-current financial instruments	-	-	-	1.1
Trade accounts and notes receivables	1,281.3	-	-	-
Other current assets	164.4	-	-	-
Current financial instruments		-	0.6	3.2
Cash and cash equivalents	534.7	-	-	-
TOTAL	**1,980.4**	**220.0**	**0.6**	**4.3**

As of 31 December 2010, the analysis of liabilities is the following:

(in EUR million)	Financial Liabilities designated at fair value through profit or loss	Financial Liabilities – Measurement at amortised cost	Derivatives designated as cash flow hedging instruments (carried at fair value)
Borrowings	-	508.6	-
Non-current financial instruments	-	-	1.5
Trade accounts and notes payables	498.7	-	-
Other current liabilities	937.2	-	-
Current portion of borrowings	-	52.7	-
Current financial instruments	1.8	-	0.1
TOTAL	**1,437.7**	**561.3**	**1.6**

As of 31 December 2009, the analysis of liabilities was the following:

(in EUR million)	Financial Liabilities designated at fair value through profit or loss	Financial Liabilities – Measurement at amortised cost	Derivatives designated as cash flow hedging instruments (carried at fair value)
Borrowings	-	483.4	-
Non-current financial instruments	-	-	4.3
Trade accounts and notes payables	475.3	-	-
Other current liabilities	956.5	-	-
Current portion of borrowings	-	190.7	-
Current financial instruments	0.1	-	1.1
TOTAL	**1,431.9**	**674.1**	**5.4**

Note 18 Cash and cash equivalents

(in EUR million)	31 December 2010	31 December 2009
Cash in hand and short-term bank deposit	342.4	429.0
Money market funds	79.8	105.7
TOTAL	**422.2**	**534.7**

Depending on market conditions and short-term cash flow expectations, Atos Origin from time-to-time invests in Money Market funds or bank deposit with a maturity period not exceeding three months.

Note 19 Equity attributable to the owners of the parent

Capital increase

In 2010, Atos Origin increased its common stock by issuing new shares and incorporating additional paid-in-capital due to the exercise of equity-based compensation for EUR 4.4 million, resulting in the creation of 193,615 new shares.

At December 31, 2010, Atos Origin common stock consisted of 69,914,077 shares with a nominal value of 1 euro per share.

Other

"Other" is mainly composed of the acquisition of non controlling interests of Atos Worldline Processing services in Germany (42%) for EUR 35.0 million on 24 June 2010.

Note 20 Pensions

The total amount recognized in the Group balance sheet in respect of pension plans and associated benefits was EUR 297.4 million at 31 December 2010. It was EUR 240.2 million at 31 December 2009.

The Group's commitments are located predominantly in the United Kingdom (53% of Group total obligations), The Netherlands (37%), Germany (4%) and France (3%). In the UK, these commitments are generated by legacy defined benefit plans, the majority of which have been closed to further accrual in 2008. Defined benefit arrangements have been maintained only for the purpose of complying with outsourcing requirements in the public sector in which case appropriate financial compensation is sought with customers. In The Netherlands, the pension plan is a hybrid defined contribution/defined benefit plan. Only the defined benefit component (capped at a certain level of salary) gives rise to a valuation of long term commitments for the Group, after deduction of applicable limitations and ceilings. These plans are externally funded through separate and independent legal entities, which receive employer and employee contributions.

Group commitments are also generated, but to a lesser extent, by legal or collectively bargained end of service or end of career benefit plans. Group commitments in respect of post-employment healthcare benefits are not significant (less than 0.5% of Group commitments).

The amounts recognized in the balance sheet as at 31 December 2010 rely on the following components, determined at each benefit plan's level:

(in EUR million)	31 December 2010	31 December 2009	1 January 2009
Amounts recognized in financial statements consist of:			
Prepaid pension asset – post employment plans	203.6	196.9	14.0
Accrued liability – post employment plans	(488.5)	(422.1)	(244.4)
Accrued liability – other long-term benefits	(12.5)	(15.0)	(13.4)
Net amount recognized – Total	**(297.4)**	**(240.2)**	**(243.8)**

Components of net periodic cost			
Service cost (net of employees' contributions)	27.0	25.5	36.0
Interest Cost	121.3	111.1	115.0
Expected return on plan assets	(114.9)	(103.5)	(135.1)
Amortisation of prior service cost	0.9	2.0	(51.7)
Amortisation of actuarial (gain)/loss	0.1	-	-
Effect of asset ceiling	-	-	-
Curtailment (gain)/loss	(2.6)	(2.7)	(7.1)
Settlement (gain)/loss	-	(0.1)	(1.3)
Net periodic pension cost – Total expense/(profit)	**31.8**	**32.3**	**(44.2)**
Of which, net periodic pension cost – post employment plans	*30.2*	*28.7*	*(45.5)*
Of which, net periodic pension cost – other long term benefits	*1.6*	*3.6*	*1.3*

Change in defined benefit obligation			
Defined benefit obligation – post employment plans at 1 January	2,106.9	1,777.2	2,239.5
Defined benefit obligation – other long term benefits at 1 January	15.3	13.4	19.1
Total Defined Benefit Obligation at 1 January	**2,122.2**	**1,790.6**	**2,258.6**
Reclassification other non-current financial liabilities	0.7	10.1	-
Exchange rate impact	69.6	42.8	(270.0)
Service cost (net of employees' contributions)	27.0	25.5	36.0
Interest cost	121.3	111.1	115.0
Employees' contributions	21.1	24.6	22.3
Plan amendments	0.6	1.4	(53.6)
Curtailment	(2.6)	(3.0)	(7.1)
Settlement	(0.6)	(7.5)	(4.0)
Business combinations/disposals	-	0.3	(28.2)
Benefits paid	(66.3)	(59.8)	(62.6)
Actuarial (gains)/losses	210.5	186.1	(215.8)
Defined benefit obligation at 31 December	**2,503.5**	**2,122.2**	**1,790.6**

(in EUR million)	31 December 2010	31 December 2009	1 January 2009
Experience adjustments generated in current year on DBO	**(37.8)**	**(5.2)**	**5.0**
Change in plan assets			
Fair value of plan assets at 1 January	1,872.4	1,545.6	2,019.9
Exchange rate impact	54.8	42.5	(241.4)
Reclassification of plan assets	-	7.0	-
Actual return on plan assets	222.7	244.6	(323.1)
Employer contributions (incl. admin charges)	81.7	60.4	117.3
Employees' contributions	21.1	24.6	22.3
Benefits paid by the fund	(52.1)	(45.1)	(48.9)
Settlements	-	(7.2)	0.5
Fair value of plan assets at 31 December	**2,200.6**	**1,872.4**	**1,545.6**

Reconciliation of prepaid/(accrued) Benefit cost (all plans)			
Funded status – post employment plans	(290.5)	(243.8)	(231.7)
Funded status – other long term benefit plans	(12.5)	(15.0)	(13.4)
Unrecognized actuarial (gain)/loss	-	-	-
Unrecognized past service cost	9.6	9.9	9.3
Any other amount not recognized (asset ceiling limitation)	(4.0)	(0.3)	(8.0)
Prepaid/(accrued) pension cost	**(297.4)**	**(240.2)**	**(243.8)**
Of which provision for pension and similar benefits	*(501.0)*	*(437.1)*	*257.8*
Non-current financial assets	*203.6*	*196.9*	*14.0*

Reconciliation of net amount recognized (all plans)			
Net amount recognized at beginning of year	(240.2)	(243.8)	(227.3)
Reclassification other current liabilities	(0.7)	(2.4)	2.1
Net periodic pension cost – post employment plans	(30.3)	(28.7)	45.5
Benefits paid by employer – post employment plans	10.7	11.2	8.8
Employer contributions – post employment plans	80.7	60.4	117.3
Business combinations/disposals		(0.3)	29.2
Amounts recognised in other comprehensive Income	(105.7)	(34.3)	(249.3)
Other (other long-term benefit, exchange rate)	(12.0)	(2.3)	29.9
Net amount recognized at end of year	**(297.4)**	**(240.2)**	**(243.8)**

The obligations in respect of benefit plans which are partially or totally funded through external funds (pension funds) were EUR 2,392.5 million at 31 December 2010 and EUR 2,004.5 million at 31 December 2009, representing more than 96% of Group total obligations.

Sensitivity analysis shows that the defined benefit obligation as at the end of the year would increase by 5.9% as a result of a 30 basis point decrease in discount rate.

Plan assets

Plan assets, which do not include Atos Origin securities or any assets used by the Group, were invested as follows:

(in EUR million)	31 December 2010	31 December 2009
Equity	26%	30%
Bonds / Interest Rate Swaps	69%	59%
Real Estate	2%	1%
Cash and Cash equivalent	3%	10%

Prepaid pension situations on balance sheet

The net asset of EUR 202.3 million in respect of the Dutch pension scheme is supported by appropriate refund expectations, as requested by IFRIC 14.

Situation of the UK pension funds and impact on contributions for 2011

The company expects to contribute EUR 34.8 million to its UK schemes next year versus EUR 32.9 million in 2010 of which EUR 25.8 million being deficit recovery payments.

Situation of the Dutch pension fund and impact on contributions for 2011

Atos Origin is executing a five year recovery plan with its Dutch Pension Fund, an independent legal entity managing the assets segregated from the company's assets to secure the provision of future pensions as requested by legislation.

Previous contractual agreement committed Atos Origin to ensure a permanent 110% funding of local pension obligations, as appreciated under local solvency rules.

Under the agreement signed on 15 July 2009, the 110% clause is suspended for five years, and Atos Origin has committed to the following recovery payments:

- Contributions (currently shared 55%-45% between Atos Origin and its employees) will be increased from 23% to 26% between 2010 and 2013 (additional cost for Atos Origin was EUR 6.5 million in 2010);
- Three cash injections of EUR 10.0 million will be made by Atos Origin in 2011, 2012 and 2013;
- Atos Origin will grant a loan to the Pension Fund in three instalments of EUR 7.5 million each, payable in 2011, 2012 and 2013, its reimbursement being subordinated to a recovery of the funding ratio of the Pension Fund.

If the funding ratio was to fall below a trajectory leading to a 105% funding ratio at 31 December 2013, then payments would be increased by up to a maximum of EUR 9.0 million per year between 2010 and 2013. Similarly, these payments (except EUR 15.0 million of cash injections) can be reduced if the funding ratio follows a trajectory leading to a funding ratio above 117.5% at 31 December 2013.

Recovery was developing ahead of schedule until October when the pension fund adjusted its mortality assumptions in line with the regulator's (DNB) requirements. At 31 December 2010, the indicative funding ratio of the Dutch Pension Fund was 91.6%. This ratio remains above the 91.1% milestone as at 31/12/2010 of the 105% trajectory agreed between Sponsor (Atos Origin Netherlands) and Dutch pension fund. If the final funding ratio – to be determined for the pension fund's annual report - remains at this level this shall not trigger any additional contributions as explained above.

Per the end of 2010 Atos Origin paid in advance the cash injection of EUR 10 million due in 2011.

As a result, the company expects to contribute EUR 36.5 million to its Dutch pension plan next year versus EUR 40.6 million in 2010.

Actuarial assumptions

Group obligations are valued by independent actuaries, based on assumptions that are periodically updated.

These assumptions are set out in the table below:

	United Kingdom		Eurozone	
(in EUR million)	2010	2009	2010	2009
Discount rate as at 31 December	5.30%	5.80%	4.80%	5.20%
Long-term expected return on plan assets as at 1 January	6.00% – 6.50%	6.00% – 7.00%	6.00%	6.20%
Salary increase assumption as at 31 December	3.50%	3.50%	1.65% – 3.50%	2.25% – 3.50%

The expected long-term investment return assumption on plan assets has been determined based on the particular asset allocation of each benefit plan, through the formulation of a specific expected return assumption for each asset class. The expected return shown for the Eurozone applies for The Netherlands as the majority of the assets reside there.

For the determination of the 2011 financial component of the pension expense, the expected return on assets is based on the following assumptions for the United Kingdom:

Asset Class	Expected Return on Assets UK
Equity	7.40%
Corporate Bonds	5.30%
Real Estate	6.90%
Gilts	4.40%
Cash	0.50%
TOTAL EXPECTED AVERAGE RETURN	**6.00% – 6.50%**

In The Netherlands pension investments have been structured according to two main investment portfolios (High Volatility and Risk Control Portfolio). The combined expected return on assets assumption is 5.25%.

Summary net impacts on 2010 financials

The net impact of defined benefits plans on Group financial statements can be summarized as follows:

Profit and loss

(in EUR million)	31 December 2010			31 December 2009		
	Post-employment	Other LT benefit	Total	Post-employment	Other LT benefit	Total
Operating margin	(25.1)	(0.7)	(25.8)	(22.6)	(1.3)	(23.9)
Other operating items	0.5	(0.1)	0.4	0.7	(1.6)	(0.9)
Financial result	(5.6)	(0.8)	(6.4)	(6.7)	(0.7)	(7.4)
Total (expense)/profit Profit/(loss)statement	**(30.2)**	**(1.6)**	**(31.8)**	**(28.6)**	**(3.6)**	**(32.2)**

Cash impacts of pensions in 2010

The cash impact of pensions is mainly composed of cash contributions to the pension funds for EUR 81.7 million, the remaining part being benefit payments directly made by the Group to the beneficiaries.

The cash contributions to the pension funds are made of ongoing contributions in respect of services rendered in the year (usually expressed as a percentage of salary), as well as past deficits repayment contributions spread over a 10 to 15 years period as agreed with the respective trustees (fixed yearly amount).

(in EUR million)	31 December 2010	31 December 2009
Ongoing contributions	38.3	39.5
Deficits repayment other than New Deal one off lump sum	24.7	20.5
Total contributions included in OMDA	**63.0**	**60.0**
Direct Benefit payments	14.7	13.2
Net OMDA impact	**77.7**	**73.2**
Recovery Plan Contributions	16.5	-
Contribution related to restructuring	2.2	-
Direct benefit payments	-	2.3
Total cash impact in other operating items	**18.7**	**2.3**
TOTAL CASH IMPACT	**96.4**	**75.5**

Below table shows the historic development of the defined benefit obligation, the fair value of plan assets, the funded status and the experience adjustments:

(In EUR million)	31 December 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
DBO	2,504	2,122	1,791	2,259	2,490
Fair Value of Plan Assets	2,201	1,872	1,546	2,020	1,993
Funded Status	(303)	(250)	(245)	(239)	(497)
Experience Adjustments	(38)	(5)	5	(11)	72

Note 21 Provisions

(in EUR million)	31 December 2009	Charge	Release used	Release unused	Other[1]	31 December 2010	Current	Non-current
Reorganisation	70.9	17.6	(44.2)	(7.5)	(1.2)	35.6	35.6	-
Rationalisation	94.7	26.0	(40.9)	(17.7)	2.9	65.0	27.4	37.6
Project commitments	23.2	17.2	(7.9)	(6.7)	(1.2)	24.6	24.6	-
Litigations and contingencies	73.0	19.2	(6.4)	(12.2)	2.4	76.0	17.4	58.6
TOTAL PROVISIONS	**261.8**	**80.0**	**(99.4)**	**(44.1)**	**2.9**	**201.2**	**105.0**	**96.2**

(1) Other movements mainly consist of the currency translation adjustments and impacts of changes in scope of consolidation.

(in EUR million)	31 December 2008	Charge	Release used	Release unused	Other[1]	31 December 2009	Current	Non-current
Reorganisation	53.0	67.7	(37.8)	(5.9)	(6.1)	70.9	70.9	-
Rationalisation	21.4	77.8	(6.3)	(3.1)	4.9	94.7	41.1	53.6
Project commitments	38.0	24.8	(25.4)	(10.4)	(3.8)	23.2	23.2	-
Litigations and contingencies	83.6	17.1	(12.8)	(27.5)	12.6	73.0	-	73.0
TOTAL PROVISIONS	**196.0**	**187.4**	**(82.3)**	**(46.9)**	**7.6**	**261.8**	**135.2**	**126.6**

(1) Other movements mainly consist of the currency translation adjustments and impacts of changes in scope of consolidation.

Reorganisation and rationalisation

The EUR 44.2 million consumptions come mainly from reorganisation programs in Germany (EUR 23.5 million included EUR 12.1 million linked with Arcandor bankruptcy impact) and The Netherlands (EUR 17.1 million). The efforts to streamline the workforce continue and the accrual of new provisions amounts to EUR 17.6 million over the year mainly due to The Netherlands (EUR 11.3 million), France (EUR 3.5 million) and the United Kingdom (EUR 1.0 million).

Rationalisation provisions include mainly provisions due to Worldline and France (a global amount by EUR 34.2 million), the United Kingdom (EUR 9.9 million) and The Netherlands (EUR 9.6 million).

Some of these provisions are in connection with properties leased some of which contain dilapidation clauses requiring the Group to return premises to their original condition at termination.

Rationalisation provisions of EUR 34.2 million mainly include provisions for onerous contract and dilapidation costs related to the remaining lease obligation of the existing Paris' sites, which are being closed as part of the project to regroup 4,500 staff to the Group's new headquarters in the city of Bezons.

The release of reorganisation and rationalisation provisions has been booked mainly through the other operating income (EUR 110.3 million).

Litigations and contingencies

Contingency provisions of EUR 76.0 million include a number of long-term litigation issues, such as tax contingencies and social disputes, guarantees given on disposals and other disputes with clients and suppliers. The legal department continues to manage these situations with a view to minimising the ultimate liability.

Most of the provisions released as unused concerned provision booked as fair value adjustment following mergers and acquisitions for which the risk is now extinct.

Note 22 Borrowings

(in EUR million)	31 December 2010 Current	31 December 2010 Non-current	31 December 2010 Total	31 December 2009 Current	31 December 2009 Non-current	31 December 2009 Total
Finance leases	0.9	0.9	1.8	2.9	0.5	3.4
Bank loans	0.2	286.6	286.8	0.3	268.3	268.6
Securitisation	9.6	-	9.6	145.0	-	145.0
Convertible bonds	6.3	206.7	213.0	1.1	199.6	200.7
Other borrowings	35.7	14.4	50.1	41.4	15.0	56.4
TOTAL BORROWINGS	**52.7**	**508.6**	**561.3**	**190.7**	**483.4**	**674.1**

Borrowings in currencies

The carrying amounts of the Group's borrowings were denominated in the following currencies:

(in EUR million)	EUR	Other currencies(1)	Total
31 December 2010	466.8	94.5	561.3
31 December 2009	668.2	5.9	674.1

(1) Others currencies' disclosed in 2010 is mainly composed of borrowings in SGD for EUR 87.3 million.

Fair value and effective interest rate of financial debt

The fair value of bank loans, which are primarily composed of variable interest rate loans, are considered as being the same as their carrying value. For other elements of borrowings, carrying value is considered the best estimate of fair value, the difference between the fair value and the carrying value being not material.

On 29 October 2009 the Group issued EUR 250.0 million of bonds convertible into and/or exchangeable for new or existing shares (OCEANE) of Atos Origin maturing on 1 January 2016. The OCEANE is considered as a compound instrument and contains both a liability and an equity component, which should be classified separately in the balance sheet.

On initial recognition, the financial instrument (net of fees for EUR 3.8 million) is split between financial liability for EUR 198.4 million and equity for EUR 47.8 million (including the issuer call option valued at EUR 1.6 million). Consequently, the effective interest rate of the convertible bonds (6.68%) differs from the annual coupon paid in cash to the bond holders (2.50%).

At the end of December 2010, the fair value of the liability component is EUR 213.0 million.

Non-current borrowings maturity

(In EUR million)	2011	2012	2013	2014	2015	>2015	Total
Bonds	-	-	-	-	-	206.7	206.7
Finance leases	-	0.4	0.2	0.2	0.1	-	0.9
Bank loans	-	0.8	280.5	0.6	0.5	4.2	286.6
Other borrowings	-	4.7	3.4	2.6	3.7	-	14.4
As at 31 December 2010 long-term debt	-	5.9	284.1	3.4	4.3	210.9	508.6
Bonds – Financial fees and discounting effect	-	-	-	-	-		
As at 31 December 2010 long-term debt excluding bonds - financial fees and discounting effect	-	5.9	284.1	3.4	4.3	210.9	508.6

(in EUR million)	2010	2011	2012	2013	2014	> 2014	Total
Bonds	-	-	-	-	-	250.0	250.0
Finance leases	-	0.5	-	-	-	-	0.5
Bank loans	-	0.2	260.8	0.8	0.8	5.7	268.3
Other borrowings	-	4.3	4.7	3.5	2.5	-	15.0
As at 31 December 2009 long-term debt	**-**	**5.0**	**265.5**	**4.3**	**3.3**	**255.7**	**533.8**
Bonds – Financial fees and discounting effect	-	-	-	-	-	(50.4)	(50.4)
As at 31 December 2009 long-term debt excluding bonds – financial fees and discounting effect	**-**	**5.0**	**265.5**	**4.3**	**3.3**	**205.3**	**483.4**

Hypothesis retained regarding the presentation of the maturity of non-current borrowings

The evaluation of financial liabilities has been conducted base on :

- Exchange rates prevailing as at 31 December 2010;
- Interest rates presented hereafter.

The effective interest rates in 2010 were as follows:

(in EUR million)	Carrying value	Fair Value	Effective interest rate
Finance leases	1.8	1.8	4.90%
Bank loans	286.8	286.8	1.20%
Securitisation	9.6	9.6	8.48%
Convertible bonds	213.0	213.0	6.68%
Other borrowings	50.1	50.1	-
Total borrowings	**561.3**	**561.3**	

Change in net debt over the period

(in EUR million)	12 months ended 31 December 2010	12 months ended 31 December 2009
Opening net debt	**139.4**	**304.0**
New borrowings	45.7	33.0
Convertible bonds	12.2	200.7
Repayment of long and medium-term borrowings	(48.6)	(79.2)
Variance in net cash and cash equivalents	136.9	(271.8)
New finance leases	0.5	2.3
Long and medium-term debt of companies sold during the period	-	-
Long and medium-term debt of companies acquired during the period	4.0	-
Impact of exchange rate fluctuations on net long and medium-term debt	(16.3)	-
Profit-sharing amounts payable to French employees transferred to debt	5.3	3.2
Other flows	(139.9)	(52.8)
CLOSING NET DEBT	**139.2**	**139.4**

Note 23 Fair value and characteristics of financial instruments

(in EUR million)	31 December 2010 Assets	31 December 2010 Liabilities	31 December 2009 Assets	31 December 2009 Liabilities
Forward foreign exchange contracts	2.4	(3.4)	4.9	(5.5)
Analysed as :				
Non-current	0.3	(1.5)	1.1	(4.3)
Current	2.1	(1.9)	3.8	(1.2)

The fair value of financial instruments is provided by banking counterparties.

At 31 December 2010, the Group helds no interest in rate swaps contracts.

Interest rate risk

Bank loans of EUR 286.8 million (EUR 268.6 million in 2009) are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. The Group may mitigate its interest rate exposure using interest rates swap contracts with financial institutions in order to fix the rate of a portion of the floating-rate financial debt. The fair value of the financial instruments used to hedge the floating-rate financial qualifies for cash flow hedge accounting.

Exposure to interest rate risk

The table below presents the interest rate risk exposure of the Group based on future debt commitments. The exposure at floating rate after hedging risk management is approximately EUR 75.7 million at 31 December 2010. A 1% rise in 3-month Euribor would impact positively the financial expense by EUR 0.8 million assuming the structure (cash/floating debt/hedges) remains stable for the full period of the year.

(in EUR million)	Notes	Exposure: Less than 1 year	Exposure: More than 1 year	Total
Bank loans	Note 22	(0.2)	(286.6)	(286.8)
Securitisation program	Note 22	(9.6)	-	(9.6)
Others		(30.0)	(14.4)	(44.4)
Total liabilities		**(39.8)**	**(301.0)**	**(340.8)**
Cash and cash equivalents	Note 18	422.2	-	422.2
Overdrafts		(5.7)	-	(5.7)
Total net cash and cash equivalents(1)		**416.5**	**-**	**416.5**
Net position before risk management		376.7	(301.0)	75.7
Hedging instruments		-	-	-
Net position after risk management		**376.7**	**(301.0)**	**75.7**
Convertible bonds(2)	Note 22	(6.3)	(206.7)	(213.0)
Finance Leases	Note 22	(0.9)	(0.9)	(1.8)
TOTAL NET DEBT				**(139.2)**

(1) Overnight deposits (deposit certificate) and money market securities and overdrafts.
(2) At fixed rate.

Liquidity risk

In order to benefit from favourable market conditions, Atos Origin signed with a number of major financial institutions on 12 May 2005 a EUR 1.2 billion multi-currency revolving facility with five years maturity and a two-year extension option exercisable in 2006 and 2007. These options were exercised in 2006 and 2007 extending the maturity of the multi-currency revolving facility until 12 May 2011 for EUR 1.2 billion and 12 May 2012 for EUR 1.1 billion.

Atos Origin securitization program of trade receivables has been renewed for 5 years on 6 March 2009 with a maximum amount of receivables sold of EUR 500.0 million and a limit of maximum amount of financing of EUR 200.0 million. Financial covenants of the Atos Origin securitization program are aligned with the covenants of the EUR 1.2 billion multi-currency revolving credit facility.

Nature of ratios subject to covenants	Covenants	Group ratios at 31 December 2010	Group ratios at 31 December 2009
Leverage ratio (net debt/OMDA)	*not greater than 2.5*	0.26	0.28
Interest cover ratio (operating margin/net cost of financial debt)	*not lower than 4.0*	18.95	21.53

OMDA = Operating margin before non cash items.

On 29 October 2009, Atos Origin has issued a convertible bond (OCEANE) of EUR 250.0 million maturing on 1 January 2016. Annual coupon paid to the bondholders is 2.5%.

Currency exchange risk

Atos Origin operates in 40 countries. However, in most cases, Atos Origin invoices in the country where the Group renders the service, thus limiting the foreign exchange risk. Where this is not the case, the Group generally uses hedging instruments such as forward contracts or foreign currency swaps to minimise the risk.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

(in EUR million)	EUR 2010	EUR 2009	GBP 2010	GBP 2009	USD 2010	USD 2009
Assets	25.8	23.7	0.6	2.0	22.2	13.8
Liabilities	11.2	21.6	0.3	0.1	7.4	2.5
Foreign exchange impact before hedging	14.6	2.1	0.3	1.9	14.8	11.3
Hedged amounts	(2.4)		(0.1)		(4.1)	(9.3)
Foreign exchange impact after hedging	**12.2**	**2.1**	**0.2**	**1.9**	**10.7**	**2.0**

Foreign currency sensitivity analysis

The Group is mainly exposed to the EUR, GBP and the USD.

The following table details the Group's sensitivity to a 5% increase and decrease of the sensitive currency against the relevant functional currency of each subsidiary. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% increase in foreign currency rates.

(in EUR million)	EUR 2010	EUR 2009	GBP 2010	GBP 2009	USD 2010	USD 2009
Income Statement	0.6	0.1	0.0	0.1	0.5	0.1

Hedge accounting
There is no material deviation between the maturity of the financial instruments and the period in which the cash flows are expected to occur.

At December 2010, derivatives are all allocated to the hedge of some transactional risks (foreign exchange currency risks). From an accounting point of view, most of the derivatives were considered as cash flow hedge instruments.

Breakdown of the designation of the instruments per currency is as follow:

	31 December 2010		31 December 2009	
Instruments	Fair value	Notional	Fair value	Notional
Cash flow hedge				
Foreign exchange				
Forward contracts USD	1.0	38.7	0.9	25.4
Option contracts USD	-	-	0.2	0.9
Forward contracts CAD	-	-	0.7	5.7
Forward contracts GBP	(1.7)	27.6	(3.1)	21.8
Option contracts GBP	0.1	11.0	0.3	14.4
Forward contracts INR	(0.8)	34.9	(1.1)	45.4
Forward contracts HKD	(0.3)	2.6	-	-
Forward contracts PLN	0.2	9.3	0.6	9.3
Forward contracts CNY	(0.1)	2.1	0.4	5.6
Trading				
Foreign exchange				
Forward contracts USD	0.3	14.7	0.2	8.7
Forward contracts INR	0.3	15.0	0.3	12.7
Forward contracts GBP	-	4.1	-	-
Forward contracts MAD	-	1.0	-	-

The net amount of cash flow hedge reserve at 31 December 2010 was EUR (0.7) million (net of tax), with a positive variation of EUR 0.6 million (net of tax) over the year.

Note 24 Trade accounts and notes payable

(in EUR million)	31 December 2010	31 December 2009
Trade payables	496.1	472.0
Amounts payable on tangible assets	2.6	3.3
TOTAL	**498.7**	**475.3**

Trade accounts and notes payable are expected to be paid within one year.

Note 25 Other current liabilities

(in EUR million)	31 December 2010	31 December 2009
Advances and down payments received on client orders	6.4	11.0
Employee-related liabilities	278.3	246.8
Social security and other employee welfare liabilities	139.3	177.5
VAT payable	166.7	159.0
Deferred income	217.3	244.1
Other operating liabilities	129.2	118.1
TOTAL	**937.2**	**956.5**

Other current liabilities are expected to be settled within one year, excepted for deferred income that is released over the particular arrangement of the corresponding contract.

Note 26 Off-balance sheet commitments

Contractual commitments
The table below illustrates the minimum future payments for firm obligations and commitments over the coming years. Amounts indicated under the long-term borrowings and finance leases are posted on the Group balance sheet.

(in EUR million)	31 December 2010	Up to 1 year	Maturing 1 to 5 years	Over 5 years	31 December 2009
Convertible Bonds	213.0	6.3	-	206.7	200.7
Bank loans	286.8	0.2	282.4	4.2	268.6
Finance leases	1.8	0.9	0.9	-	3.4
Recorded on the balance sheet	**501.6**	**7.4**	**283.3**	**210.9**	**472.7**
Operating leases: land, buildings, fittings	392.4	86.6	247.8	58.0	423.3
Operating leases: IT equipment	9.3	3.5	5.8	-	10.2
Operating leases: other fixed assets	66.8	34.1	32.7	-	89.8
Non-cancellable purchase obligations (>5 years)	15.9	15.8	0.1	-	16.1
Commitments	**484.4**	**140.0**	**286.4**	**58.0**	**539.4**
TOTAL	**986.0**	**147.4**	**569.7**	**268.9**	**1,012.1**
Financial commitments received (Syndicated Loan)	**920.0**	**150.0**	**770.0**	**-**	**940.0**
TOTAL RECEIVED	**920.0**	**150.0**	**770.0**	**-**	**940.0**

The received financial commitment refers exclusively to the non-utilized part of the 1.2 billion revolving facility.

Commercial commitments

(in EUR million)	31 December 2010	31 December 2009
Bank guarantees	**67.2**	**64.1**
- Operational - Performance	*39.5*	*32.6*
- Operational - Bid	*12.0*	*3.3*
- Operational - Advance Payment	*14.6*	*27.6*
- Financial or Other	*1.1*	*0.6*
Performance guarantees	**1,325.9**	**1,182.3**
- Operational - Performance	*1,267.4*	*1,103.1*
- Operational - Other Business Orientated	*58.5*	*79.2*
- Financial or Other	*-*	*-*
Pledges	**0.5**	**0.2**
TOTAL	**1,393.6**	**1,246.6**

For various large long term contracts, the Group provides performance guarantees to its clients. These guarantees amount to EUR 1,325.9 million as of 31 December 2010, compared with EUR 1,182.3 million in end of December 2009.

In the framework of the contract for the provision of IT services signed by Atos Origin IT Services UK Limited with the International Olympic Committee (IOC), Atos Origin SAE (Spain) has granted a full performance guarantee to the IOC by which it commits to perform the contract in case the signing entity (or any other affiliate to whom the signing entity could have assigned all or part of the rights and obligations under the contract) is unable to provide services required under the contract.

In relation to the multi-currency revolving facility, Atos Origin SA issued a parental guarantee to the benefit of the consortium of banks represented by BNP Paribas, in order to cover up to EUR 440 million the obligations of its subsidiary, Atos Origin Telco Services B.V.

Atos Origin SA has given a EUR 120.0 million guarantee to the Stichting Pension fonds Atos Origin. This guarantee is provided to secure the payment obligations of Atos Origin Nederland under the cover ratio mechanism in case of its failure to pay associated sums.

Subsequent to the Cellnet disposal in July 2004, Atos Origin SA still has one outstanding guarantee with Schlumberger related to Citicorp for a total amount of USD 63.2 million, which is fully counterguaranteed by the acquirer of Cellnet, "Cellnet Holdings Corp".

In relation to its subsidiary Atos Worldline Belgium operating in the commercial acquiring of card transactions, Atos Origin Group has guaranteed directly or indirectly, its partner MasterCard in case of default of payment resulting from its role of intermediary between the payment issuer and the beneficiary, or any major breaches to their rules. Some of these guarantees have expired and the maximum amount is now USD 28.5 million. The effective risk is considered as very low.

In addition Atos Origin SA has granted a EUR 26.5 million guarantee to AIG Europe SA for the performance of the duties of its reinsurer St-Louis-Ré.

The Guarantee could only be exercised in the very unlikely event that St Louis Re was unable to meet all of its reinsurance obligations to AIG Europe. This guarantee should be renewed soon on a yearly basis.

Finally, Atos Origin SA or Atos Origin BV have given for various subsidiaries guarantees of general financial support at the request of auditors or to comply with local regulations.

Group contributions expectations regarding pension funds

- EUR 34.8 million to its UK pension schemes next year versus EUR 32.9 million in 2010, of which EUR 25.8 million correspond to deficit recovery payments
- EUR 36.5 million to its Dutch pension plan next year versus EUR 40.6 million in 2010

Note 27 Related party transactions

Transactions between Atos Origin and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

Related party transactions include in particular transactions with:

- Entities which are members of the Group, joint ventures in which the Group is participating, entities which include post-employment benefit plan for the benefit of employees of the Group or entities controlled or jointly controlled by a person belonging to the key management,
- Key management of the Group that are defined as persons who have the authority and responsibility for planning, directing and controlling the activity of the Group, namely members of the Board of Directors as well as Senior Executive Vice Presidents.

In the course of 2010, no transaction between the Group and such entities or key management occurred.

Compensation of members of the Board of Directors as well as Senior Executive Vice Presidents

The remuneration of the main members of the management during the year was as follows:

(in EUR million)	12 months ended 31 December 2010	12 months ended 31 December 2009
Short-term benefits	6.3	6.4
Post-employment benefits	1.8	1.4
Termination benefits	-	-
Equity-based compensation : stock options	1.3	2.4
TOTAL	**9.4**	**10.2**

The remuneration of Chief Executive Officer is determined by the Remuneration Committee according to the Group's financial achievements. Short-term benefits include salaries, bonuses and fringe benefits. Bonuses correspond to the total charge in income statement including the bonuses effectively paid during the year, the charge in accruals relating to current year and the release in accruals relating to previous year.

During the year, the Group has neither granted nor received guarantees from any of its Board members.

Claim from one former Management Board Member

On 24 June 2009, the Group was notified of a claim filed by counsel to Mr. Philippe Germond with the Commercial Court of Nanterre.
Mr. Germond alleges that his mandate was wrongfully terminated, which would, in his opinion, trigger a right to payment of an indemnity amounting to EUR 3.9 million.
As already disclosed in the 2009 Reference Document, the Supervisory Board decided on 11 December 2008 to reject Mr. Germond's request to an indemnity after an in depth assessment of the situation and based on legal opinions obtained from external counsels.

Accordingly, no provision has been accrued in the Group's 2010 accounts.

Hearings took place on 7 January 2011 and the judgement is expected on 8 March 2011.

Note 28 Subsequent events

On 1st February 2011, the Group signed with Siemens a final binding agreement to acquire Siemens IT Solutions and Services and to proceed with the global partnership announced by both companies on 15 December 2010. The conclusion of this agreement follows the issuance of the opinion by the European Works Council of Atos Origin on this transaction and the approval of the transaction by the Atos Origin Board of Directors. Subject to customary conditions precedent, including approval from the relevant anti-trust authorities and from Atos Origin shareholders at an Extraordinary Shareholders Meeting, the transaction is expected to close by July 2011.