



2010 HALF-YEAR REPORT

This document is a full free translation of the original French text.

The original document has been filed with the Autorité des Marchés Financiers (AMF) on 30 July 2010, in accordance with article 212-13 of the AMF's general regulations.

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1 FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED 30 JUNE 2010

(in EUR million)	6 months ended 30 June 2010	6 months ended 30 June 2009 (*)	% Change
<u>Income Statement</u>			
Statutory revenue	2,494	2,589	-3.7%
Impact from exchange rates		26	
Revenue at 2010 scope and exchange rate	2,494	2,615	-4.6%
Operating margin	150.1	118.3	
<i>% of revenue</i>	<i>6.0%</i>	<i>4.6%</i>	
Operating income	95.9	42.5	
<i>% of revenue</i>	<i>3.8%</i>	<i>1.6%</i>	
Net income (Group share)	60.0	18.2	
<i>% of revenue</i>	<i>2.4%</i>	<i>0.7%</i>	
Normalised net income (Group share) (c)	98.3	73.9	
<i>% of revenue</i>	<i>3.9%</i>	<i>2.9%</i>	
<u>Earnings per share (EPS)</u>			
Basic EPS (a)	0.87	0.27	
Diluted EPS (b)	0.85	1.27	
Adjusted basic EPS (a) (c)	1.42	1.08	
Adjusted diluted EPS (b) (c)	1.35	1.08	
<hr/>			
(in units)	30 June 2010	30 June 2009	
<u>Other Key Indicators</u>			
Net debt to equity ratio (<i>Gearing</i>)	7%	20%	
Employees at period end	48,188	49,407	

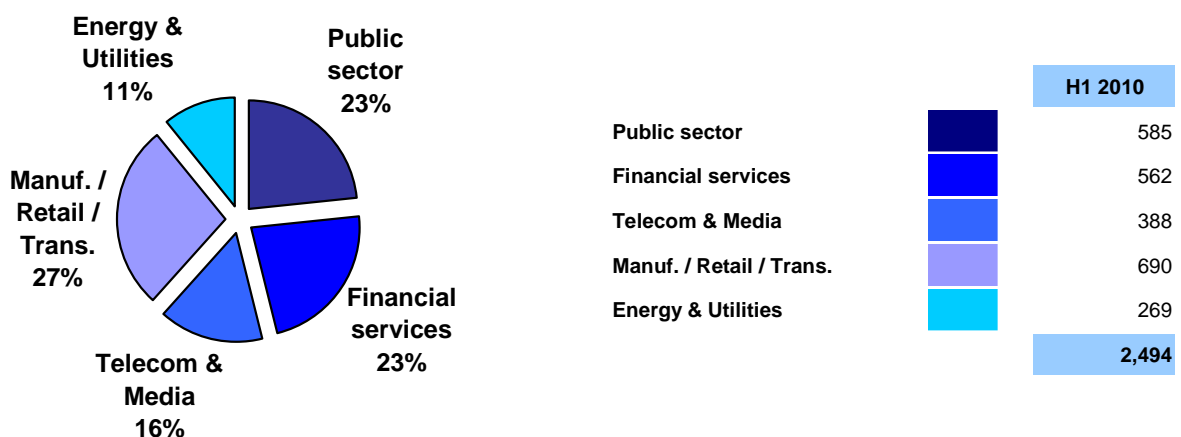
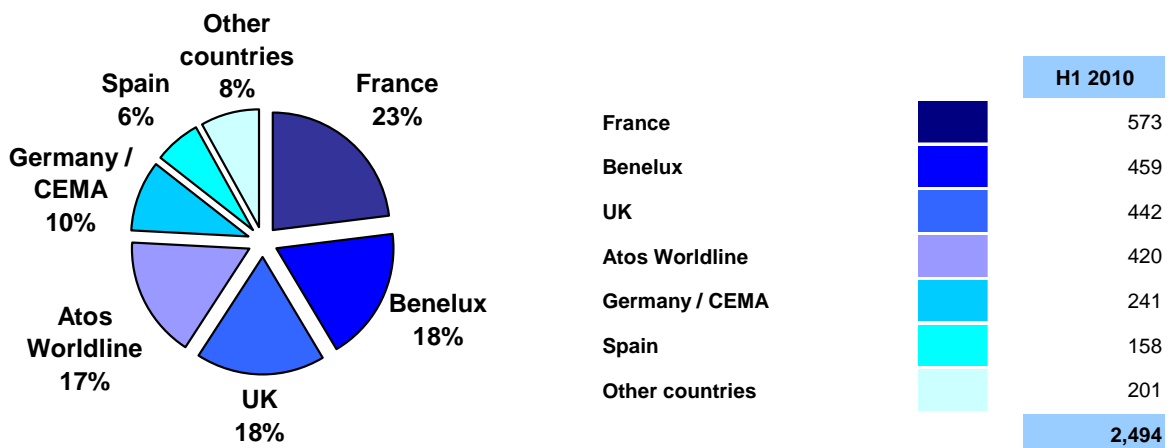
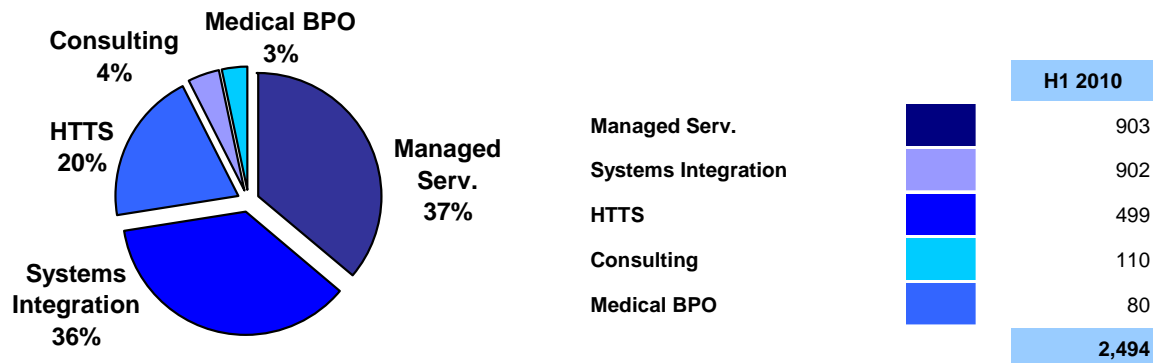
(*) Does include the impact on Operating Margin from the change in accounting policies for the calculation of pensions

(a) In euros, based on a weighted average number of shares.

(b) In euros, based on a diluted weighted average number of shares.

(c) Based on net income (Group share) before unusual, abnormal and infrequent items (net of tax).

REVENUE BREAKDOWN BY SERVICE LINES, GBUS AND MARKET VERTICALS



(in EUR million)

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

2 CEO MESSAGE

Dear Shareholders,

Mid way through the three-year recovery plan I announced at the end of 2008, I am glad to report that once again this semester our Group has delivered a performance in line with its commitments.

Our profitability reached 6.0% (5.7% excluding the impact of the new French tax regulations) representing a strong improvement of 110 basis points compared to the first half of 2009. Our Group is therefore on track to improve its operating margin by at least 250 basis points between 2008 and 2011 according to its objective.

The net debt has decreased by EUR 20 million taking into account EUR 54 million cash outflow in order to acquire the company Shere in the United Kingdom and the minority interests of the German subsidiary of Atos Worldline, to further develop transaction based services.

This performance was achieved thanks to the rigorous implementation of the Total Operational Performance (TOP) program regarding cost optimization, off shoring, cash management and Lean productivity.

In what is a still difficult economic environment, and in line with our anticipations, our revenue decline was limited to 4.6% in the first half. Our services in emerging countries performed very well, but we are still enduring the effects of the crisis in several geographies and service lines. Therefore, we reinforced several initiatives to prepare the Group for the post crisis economic environment, which enabled us to increase order entries and our backlog.

The 5 new TOP Programs on sales aim to build a world-class sales organization by developing strategic and proactive selling – especially for our new innovative offerings (Cloud, Green IT...) -. The Global Atos Market Alignment (GAMA) reorganization has started to be implemented and emphasis has been put on innovation. In this respect, we presented a suite of Smart Mobility services; we launched Atos WorldGrid in order to regroup all our Smart Energy and Utilities activities in one single entity. New innovative solutions will be developed regarding Enterprise Content Management (ECM) and Social Computing.

High Tech Transactional Services (HTTS) deployment is a key engine of our development. Our HTTS initiatives have grown up in several countries beyond the Atos Worldline core geographies. Dedicated teams have been trained in our main geographies, generating new leads and business opportunities thanks to the Atos Worldline support.

During the past 6 months we have moved forward to transform Atos Origin into a truly socially responsible company. We published our first corporate responsibility report certified according to the Global Reporting Initiative (GRI) standards. We also signed the UN Global Compact regarding human rights, labour, environment and anti-corruption principles.

During the next 6 months we will pursue our ambition to be recognized as one of the best companies to work for, by anticipating new and sustainable ways of working. This is the objective of the Well Being at Work program. Our new Atos Campus in Bezons near Paris is a tangible proof of progresses in these domains.

Overall the Group performance allows Atos Origin to pursue its international development, building on its core assets but also by taking advantage of acquisitions opportunities.

I am proud of the work and the performance realized by our teams during the first half of this year, and I am confident in our capability to achieve our objectives for the full year 2010.

Thierry BRETON,
Chairman and Chief Executive Officer

3 GROUP GOVERNANCE

Since 10 February 2009, Atos Origin has been incorporated in France as a "Société Anonyme" (Joint Stock Corporation) with a Board of Directors. Since then, Thierry Breton has been its Chairman and Chief Executive Officer. The change from a Supervisory Board and a Management Board structure to a system with a Board of Directors and Chairman and Chief Executive Officer has simplified and unified the Company's governance so as to adapt it to its current challenges.

3.1 THE GROUP TOP MANAGEMENT

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

Name	Operational functions	Transversal functions
Thierry Breton	Chairman and Chief Executive Officer	
Charles Dehelly	Senior Executive Vice President Global Operations	Global Systems Integration & Managed Services, TOP Program, Global Purchasing, Group Business Units (*)
Gilles Grapinet	Senior Executive Vice President 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

3.2 THE EXECUTIVE COMMITTEE

The purpose of the Executive Committee is to manage the operational performance of the Group. Its main areas of competence 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 members of the Top Management as well as managers from the Global Units, the 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 and the Group General Secretary.

3.3 THE BOARD OF DIRECTORS

Following the Ordinary and Extraordinary Shareholders Meeting held on 27 May 2010, the shareholders approved the appointment of Ms. Aminata Niane as new member of the Board of Directors and it also confirmed the nomination of Ms. Colette Neuville as Censor.

The members of the Board of Directors are:

Name	Nationality	Age	Date of appointment	Committee member	Term of offices (*)	Number of actions held
René Abate	French	61	2009		2011	1,000
Behdad Alizadeh	American	48	2009	N&R	2011	1,000
Nicolas Bazire	French	52	2009	N&R	2011	1,000
Jean-Paul Béchat	French	67	2009	A	2011	1,000
Thierry Breton	French	54	2009		2011	5,000
Ms. Jean Fleming	British	41	2009		2011	640
Bertrand Meunier	French	53	2009	N&R	2011	1,000
Ms. Aminata Niane	Senegalese	53	2010		2012	(**)
Michel Paris	French	52	2009	A	2011	1,000
Pasquale Pistorio	Italian	73	2009	A	2011	1,000
Vernon Sankey	British	60	2009	A	2011	1,000
Jean-Philippe Thierry	French	61	2009	N&R	2011	1,500
Lionel Zinsou - Derlin	French and Beninese	55	2010		2011	1 000
Censor						
Ms. Colette Neuville	French	73	2010		2010	500

A: Audit Committee; N&R: Nomination and Remuneration Committee

(*) General meeting of shareholders deciding on the accounts of the year

(**) Ms. Aminata Niane having been appointed during the Shareholders Meeting hold on 27 May 2010 will have, according to the by-laws, three months upon his appointment to purchase 1,000 shares a minima.

4 THE IT SERVICES MARKET

4.1 MARKET SHARES AND COMPETITORS

4.1.1 Global picture of the IT services Market

Classical IT European Market

After the tough conditions of 2009, the European IT services market will continue to be intensely competitive in 2010, with US and European IT services providers restructuring and re-focusing to maintain competitiveness. There will be 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. In this environment, service providers that actively manage quality of service will develop a competitive advantage over those that do not.

As mentioned earlier, new entrants are now entering the traditional infrastructure service markets with very packaged offers, providing mail, storage, targeting first mid size markets before moving up in the value chain. Salesforce.com continues to meet a fantastic success with more than 30% of market share in the cloud CRM offering sphere.

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.

Highly competitive, specialist offerings (innovative/good customer fit/good price) will be increasingly important to increase market shares, and maintain growth over the next couple of years.

Payments activity

SEPA implementation

Nowadays, there's no denying it is much more complex to process a payment between two states of the Euro zone rather than within the same country. This situation has resulted from the partitioning of national banking activities, and more specifically regarding legal and technical aspects. In order to fix this unsatisfying situation, the European Commission has launched the set up of a new legal framework called the SEPA: Single European Payments Area.

This projects 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, by offering European citizens common deposit payment means.

The Banking industry has defined the Core SEPA schemes for transfer payments and Direct Debit. The one regarding transfers has 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.

New trends on the Payment Market

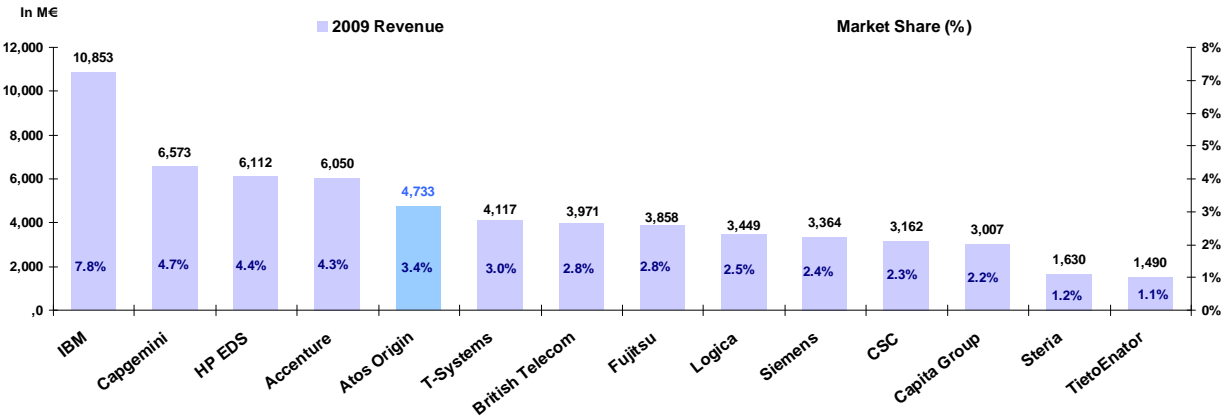
- Electronic payments enjoy a fantastic growth, facilitated by a higher penetration of home computing
- New channels are quickly adopted, smartphones, PC, new payments devices,
- Cross border transactions were limited in the past both in term of numbers and value; as travel and tourism further develop, int'l transactions across countries are growing very quickly;
- Last but not least, comparable to the mobile phone prepaid success, prepaid payments are becoming very popular (giftcard...).

The dynamics of the payment market are basically around two phenomenons, the polarisation of the industry on selected elements of the value chain, and the intensification of the fierce already competition that was existing only in the past on few markets.

The overall landscape is evolving too: HSBC launched an initiative in 2008 to provide worldwide payment services to UK vendors and Internet merchant; Ingenico announced the acquisition of Easycash in the fourth quarter of 2009, and in November a possible cooperation of Equens with CEDICAM (Credit Agricole) was announced.

4.1.2 Western Europe ranking

According to Gartner, Atos Origin was at the end of 2009 the fifth largest IT services company in Western Europe, with a market share of 3.4%. IT services market share ranking was as follows:



Sources: Companies, Gartner IT Services Worldwide Market Share study 2007-2009, August 2010 for Professional Services in Western Europe. Exchange rate considered: USD 1 = EUR 0.7196 in 2009

In EUR million, Professional Services include Consulting Services (Consulting for Atos Origin), Development and Integration Services (Systems Integration for Atos Origin), IT Management (Managed Services for Atos Origin) and Process Management (On-line Services and BPO for Atos Origin), but excluding Product Support (Hardware and Software Maintenance and Support).

4.2 MARKET TRENDS

IT services market is changing quickly and an overall acceleration of the speed of change is taking place. Here under is the summary of the key trends that the Company believes will result in a progressive re-shaping of the market, both on the supply side, with players like Atos Origin, and on the demand side, which concerns the customers or sometimes, customers of customers.

4.2.1 Supply

The growth in multi-sourcing and offshore

Large players have increased their low cost delivery capabilities and large Indian players have made significant entries on Continental Europe. The Group is seeing both Western and Indian service providers ultimately heading towards the same delivery model – a network of on-site, on-shore, near shore and offshore – with delivery centers, or delivery partners, in alternative locations around the world. Some analysts are nevertheless predicting that a service solely based on a low cost workforce business model will not ensure clients' satisfaction. The success of global delivery networks will rather 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-heritage' IT service providers was over 25% per annum in last three years has slowed but they are still extremely active. After 2009 challenges, namely for those having a strong customer base in the US, manufacturing or banking, the Company anticipates a further slowdown, but still expect them to be leading the growth numbers in 2010. Atos Origin expects their increased focus on Europe and Asia Pacific to continue. While the market share of the leading 'India-heritage' providers is still limited in Europe, they are actively pursuing international deals, and may consider extending their growing capacity and capability through targeted acquisitions on small companies.

Increasing drive for cost effectiveness (industrialisation and Lean techniques)

Most of the IT services companies have launched strong programs aiming at decreasing their cost of operations, on one hand by simplifying their operation and reducing indirect non productive workforce, on the other hand by moving to get more with less, 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 in manufacturing industries, or Six sigma, are now promoted throughout the IT services market, mostly in the managed operation sphere, but more and more in the Systems Integration activities.

Cloud services (Cloud computing and SaaS)

IT services are either the sources or the enablers of the growing number of innovation happening on the markets. Section 16 of the 2009 annual report covers the most innovative events, from the increasing importance given from what is used in the private life, communities, social networks, and blogs, up to what is widely used in enterprise. The Group forecasts that the growing adoption of Cloud Computing will be one of the most relevant trends for the IT industry in 2010.

The arrival of Google and Amazon from the mass market to the enterprise illustrates this disruptive change. This evolution is part of the overall "Cloud computing" phenomenon that is now shaping up. After a year 2009, when numerous North American providers have announced their plans of developing Cloud services, players aim at reaching Europe, where they start to prepare marketing actions.

Gartner¹ 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, a Cloud Service is any service delivered to its clients over the Internet on a pay-per-use basis.

¹ Gartner: Worldwide leading IT research and advisory company

Cloud Services is a continuum of existing services, and can be further classified in four functional layers, in which layer '1' describes pure business functions, and layer '4' describes IT infrastructure services:

1. **Business Process as a Service** – service examples include helpdesk, CRM, and card management;
2. **Software as a Service** – service examples include SAP applications, SalesForce.com and Microsoft BPOS;
3. **Platform as a Service** – service examples such as middleware, including database and transaction processing platforms, on-demand development environments and Google applications;
4. **Infrastructure as a Service** – service examples include Amazon infrastructure, and typically provide processing, storage and networking on-demand and the Operating System.

Although still maturing, these services are being delivered today, and analysts are predicting that 25% of IT services will be coming from such non-traditional models by 2012.

Atos Origin believes that pay-per-uses, highly flexible and shared solutions offered by Cloud Computing, are perfectly aligned with clients' current needs and will therefore have a very strong impact on the IT market in the coming years. Atos Origin already has a solid track record in developing and delivering Cloud Services, especially through its Atos Worldline subsidiary, and has decided at the beginning of 2010 to develop new solutions designed to help its client to take the opportunity of the Cloud.

With the launch of **Atos Sphere™** solutions in January, the company has formed a new combination of its Consulting, Hi-Tech Transactional Services, Systems Integration and Managed Services solutions to deliver a complete package of offerings to deal with this new challenge:

- Consulting support to understand what is at stake in their specific situation, design a roadmap and manage their Cloud program,
- a range of Cloud infrastructure services hosted in Atos Origin's own datacenters and taking onboard all security features recognized as a key asset of Atos Origin, offering clients the choice between "Private" and "Public" Cloud,
- a range of functional services, now affordable for SMEs, including advanced SAP testing services, Data Migration services, Product Lifecycle Management services, etc.

Atos Origin is committed to enhance continuously its Atos Sphere solutions to fulfil its vision of becoming a Cloud Enabler for its clients, offering them the integrated access to its own cloud services, but also to the widest range of available Cloud services, in a secure and managed way, consistent with its habit of providing top professional quality of service to the most demanding industries.

Positioning and communication on innovation

Regarding the increasing number of IT solutions on the market, companies have launched initiatives in order to clarify their positioning, and Atos Origin has been actively involved in this communication shift. After the announcement in June 2009 of the HTTS program, which aims at rolling Atos Worldline portfolio out - through the geographies of Atos Origin, the Group established in 2010 a marketing plan in order to renew its solutions and meet clients need for innovation. In this context, the Chief Executing Officer, Thierry Breton, has set up a calendar on a quarterly basis, to communicate each time a major solution is launched.

Over the first semester, AtosSphere, Ambition Carbon Free, Atos WorldGrid as well as Smart Mobility solutions have been launched. On the second Half, the Group will present its Social Computing solutions.

This alternate communication between financial release and communication on innovative offers highlights the focus given to the content of those new solutions and the policy of the Group to differentiate from peers.

4.2.2 Demand

Decrease cost of IT through Outsourcing

Globalisation, multi-sourcing and industrialisation are well established market trends. Together they have had the biggest overall influence on the re-shaping of the IT services market over recent years.

Customers are demanding more sophisticated value propositions with short payback periods. They look for increased flexibility, such as pay for use pricing and key performance indicators based on business outcomes. This has been coupled with more deals being scoped to cover the IT support of end to end processes, Consulting, Systems Integration and Managed Services capabilities.

Growth of demand for BPO

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, asking for labour arbitrage for the clerk work to be added to the traditional value proposition of IT outsourcing.

The Group sees now two other waves increasing the demand for BPO:

- Enterprises widening the scope of the non core processes up to procurement, finance, CRM, and then to business industry specific processes, such as claim management in the insurance, billing in telecom, etc.
- Public organizations, facing ageing civil servants, looking as well to externalize the classic non core processes. The Group believes this emerging trend to grow in the coming years.

Content Management and collaboration

One of the most visible trends in the IT industry in recent times has been the explosive growth of digital information. Most of the customers are reporting a doubling of their enterprise data every 18 months to 2 years. In the coming years, Atos Origin expects this growth trend to continue and even accelerate requiring additional effort and services to be utilized to both secure as well as store this data.

Information volume is expected to grow tenfold over the next five years, but our ability to read and assimilate it will not. Users clearly need a way to extract relevant information quickly and easily out of this increasing amount of data – much of which is non-essential.

It is commonly accepted that by 2013, more than 25% of the content that information workers see in a day will consist of pictures, video, audio or hybrids of the three plus text. Growing demands for incorporating rich information assets such as digital images and video into enterprise or institutional applications will push strategy, technology and infrastructure requirements forward for cost-effective management

However, additionally, and more importantly, a parallel trend is developing to manage and leverage this growing volume of information:

- to increase worker productivity through greater collaboration;
- to respond more effectively to compliancy mandates through intelligent archiving and legal discovery technologies;
- to improve enterprise agility through streamlining business processes and
- to enhance significantly corporate decision making by deploying an enterprise wide information strategy.

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 and successful history deploying Enterprise Content Management for its customers wants to be in the forefront of this new trend in order to help its customers to gain the competitive advantages that effective managing and leveraging their information can deliver.

The drive for sustainability expanding beyond Green IT

While media hype already led to real action in 2008, Atos Origin saw an even stronger marked upturn in 2009 in interest in “The Drive for Sustainability”. Drivers in the private sector have been mostly cost reduction and pending regulation (Green IT), stakeholder pressure, and brand development. Governance Risk and Compliance (GRC) offerings are becoming popular. They expand to the public sector too, both to comply with the overall agenda of serving in a better environment, less energy consumption, etc., but also due to higher expectations expressed by citizens.

The Group has developed a scientific and technological expertise to minimize its own operations’ impact on the environment (Green for IT) and, through its IT solutions, to help its clients optimize their environmental efficiency (IT for Green).

In 2010 Atos Origin is the first IT services company to have reported globally its sustainability achievements regarding 2009, according to the Global Reporting Initiative (GRI), which are the worldwide de facto standards in sustainability reporting. In this respect it has measured its own carbon footprint and reported to the Carbon Disclosure Project. To go even further, in France, Atos Origin has carried out a Carbon Audit in partnership with ADEME & O2 France to evaluate the global carbon footprint of its Aubervilliers datacenter. This assessment can be considered as a groundbreaking initiative in our ICT market.

With its **Ambition Carbon Free** solutions launched in January 2010, Atos Origin is focused on accompanying its clients on their journey toward environmental excellence. The program is designed to harness the IT transformation which consists in integrating energy efficiency best practices and minimizing carbon impact which includes Carbon neutral solutions.

Ambition Carbon Free offerings include:

- **Transformation services and solutions** including sustainability Maturity Assessment (sustainability roadmap), operational measurement systems (Intelligent Sustainability), Change Management Program (Sustainable Cultural Behaviours), Digital Company (Sustainable Working Environment), Business Transformation (Green Procurement, Green Supply-chain and Green Manufacturing), in order to provide the best balance between performance and Green efficiency;
- **IT Green Transformation Projects** include application portfolio rationalization, workplace energy efficiency, Green infrastructure transformation using the new technologies of virtualization, Green data centers where applications are hosted in an environmentally-friendly way. To further decrease the carbon emitted by the hosting applications, Atos Origin has concluded a partnership with Schneider Electric in order to implement the best Green performing cooling technologies in its data centers. Through these various solutions, the IT Carbon footprint of Atos Origin clients can be dramatically abated;
- In addition, for the first time in 2010, Atos Origin proposes to its customers to **offset the remaining IT CO2 emissions**, through a partnership with a trusty offsetting organization. More specifically, Atos Sphere will be providing Cloud solutions with zero carbon footprints. The Offsetting initiative will be part of a Carbon Footprint Abatement Programs with the principal objective of shrinking the CO2 emissions.

Many of the technological solutions proposed in our portfolio have been deployed in Vancouver to minimize the Winter Olympic Games’ carbon footprint. As a result Atos Origin was awarded a “Sustainability Star” by the Vancouver Organizing Committee in December 2009.

These Green offers, as well as the Atos Origin sustainability achievements, are also mentioned in the section 18 of the 2009 Reference Document (on Corporate Social Responsibility) and are detailed in the Corporate Responsibility Report that Atos Origin edited for the first time this year.

4.3 IT SERVICES MARKET BY ACTIVITY

4.3.1 2010 Forecasts from Gartner – Worldwide leading IT research and advisory company

According to its study published over the Second Quarter 2010, the research advisory company Gartner expects a market growth between 1 and 2 percent for the European IT sector in 2010:

(In EUR million)	2008	2009	2010	Spending growth rate (in %)	
				2009 vs. 2008	2010 vs. 2009
Consulting	19,056	17,101	17,491	-10.3%	+2.3%
Development and Integration	54,733	49,541	50,334	-9.5%	+1.6%
Outsourcing - BPO	75,818	72,803	74,110	-4.0%	+1.8%
Western Europe in total	149,607	139,445	141,935	-6.8%	+1.8%

Source: Gartner, IT Services Worldwide Forecast 2000-2014 updated in 2Q 2010 – Western Europe, for Professional services only. Exchange rates used: 1 USD=0.7196 in 2009 and 1 USD = 0.7334 in 2010.

Professional services include consulting, development and integration services, IT management (Managed Services for Atos Origin) and process management (On-line Services and BPO for Atos Origin), but exclude product support (hardware and software maintenance and support).

4.3.2 Focus by activity

Consulting

Companies are continuously transforming their business models, processes, organization and IT to address new markets and create competitive advantage. Increasingly, Technologies are a key component of these transformations whether enabling or driving them.

Companies do not move at the same speed for a variety of reasons. The issue for companies is to identify and adopt relevant technologies faster than the competition and, more importantly, to quickly change their business models, processes and the behaviours of their employees, customers and partners, to reap the full benefits of the new technologies. Challenge for Late Majority technology adopters is to implement new technologies faster while early majority technology adopters' challenge is to change behaviours, business models and processes deeper and faster.

The Consulting market faced tough conditions in 2009. It started already in H2 2008 as large enterprises started to slowdown their discretionary spending to face the crisis; the banking sector, traditionally the largest, was the most difficult market in 2009.

This strong diminution of the demand resulted in a severe decline of the market in Europe but depending geographies and markets:

- North Europe and Spain being the most seriously impacted;
- Public bodies and enterprises have focused this year most of their IT spending in consolidation and projects, enabling them to cross the downturn at best, helping them either to decrease cost of operations by aligning their organization to react quicker, or undertaking some regulatory/or compliance works that were mandatory. Consulting in procurement therefore has been a protected area, as purchase departments had to cut their spending.

Clients' expectations regarding Consulting Services are changing; the market is driven to a new Consulting business model, in which customers will increasingly:

- make no longer difference between business and technology Consulting, as changes in business models and processes are increasingly driven by technology adoption;
- expect a commitment on measurable criteria, through end-to-end transformation services, rather than independent advisory services;
- contract on the basis of institutional capabilities rather than personal relationship;
- buy global offerings built on the back of tangible assets like tools and methodologies, rather than local expertise;
- expect providers to be paid as a percentage of delivered benefits.

Atos Origin's expect Consulting to benefit from two major shifts in 2010:

- business consultancy becoming process oriented;
- slowdown of strong pressure coming from the market in 2010 vs. 2009.

Atos Consulting aims at creating competitive advantage by anticipating Clients' expectations from Consulting Services, mostly by better leveraging Atos Origin assets and better aligning with Atos Origin other Service Lines. In this respect, three major initiatives were launched in 2009 and will continue over 2010:

- Align portfolio of clients (Atos Origin top accounts), in order to increase value to customers by delivering end-to-end Transformation services, reinforce the intimacy with clients, beyond the CIO to business leaders, and increase the pro-activity and share of wallet with the top accounts through improved consultative-selling.
- Align portfolio of offerings: i) move from local capabilities to structured offerings that can be sold consistently on a global basis: this is a major driver of growth as well as a driver of profitability improvement, ii) to align the Consulting offering portfolio with the global offering portfolio of Atos Origin in order to ensure a full continuum of services. As a result, for all major Systems Integration, Infrastructures services, BPO or HTTS offering, a Consulting solution is being defined. For example, on Cloud computing, Atos Consulting is delivering Cloud opportunity assessment, and on sustainability, proposes Green IT consulting, Intelligent sustainability, Enterprise sustainability assessment (current carbon footprint and CO2 reduction action plan).
- Align capabilities, to ensure Atos Consulting be the practice that sets Atos Origin apart when it comes to deliver IT-enabled process innovation and Transformation projects: this building first-class process innovation and Transformation capabilities based on proven tools and methodologies.

Systems Integration

The Systems Integration market faced adverse market conditions during the course of 2009. A lot of enterprises across many industries had to cope with significant and sudden revenues decrease. While they did aggressively cut their expenses, their IT budget was significantly revised down and particularly discrete expenses such professional services. Thus numerous IT projects were postponed or cancelled and sometimes even stopped.

Strong pressure on tariffs has been met by Systems Integration players, some contracts having to be renegotiated to meet customer demand for lower TCO².

According to analysts, the Systems Integration market declined in the range of 5% in 2009 with even larger decrease in several core Atos Origin markets such as the Netherlands and Iberia.

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.

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.

Managed Services

Market growth in Europe for IT management services has been estimated at exceeding 4% in 2009 by the research and advisory company Gartner.

² TCO: Total Cost of Ownership

Outsourcing tends to grow when the economy is weak. However, outsourcing growth stalls in times of uncertainty. Overall, 2009 and next year 2010 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.

These expectations the Group highlighted in the last 2009 Annual Report proved to be true, with limited number of new large deals, numerous renegotiations and extensions of scope. Notable trends during 2009 and 2010 included:

- More growth coming from “add on” business with existing customers – protecting the existing customer base will still be critical in 2010;
- 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, with energy effectiveness or similar references in most bids.
- The growth in interest in sourcing management and governance continued.

The Group expects these trends to continue in 2010. Overall, cost reduction and skill shortages remain major drivers for outsourcing. 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, 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 to selecting the right outsourcing partner. Some analysts believe the outsourcing market will soon fragment into players focused on domain expertise.

4.4 TRENDS AND POSITIONING OF THE GROUP BY VERTICAL MARKET

Thanks to the GAMA program, Atos Origin will be more and more developing aligned offerings based on strong industry focus and comprehensive Go to Markets, together with a coordinated management of the business. This section summarizes its key positions and areas of development.

Among the different verticals, the **Energy and Utilities**, and more particularly the nuclear sector and Green energies, the **Public Sector**, lead to rely on IT services to generate savings, as well as **Financial Services** thanks to the dynamism of Retail Banking, should benefit from the market environment. In this respect, Atos Origin seems to have a good positioning, as in 2009 71% of the Group revenue was achieved in these three verticals.

4.4.1 Public Sector & Health

Trends

2009 has been a stable, but turbulent year for Public organizations:

- Central Government was challenged to support the Financial institutions;
- Focus on core activities is leading to smaller administrations and drive for innovation;
- Plans for major budget reductions are developed which will lead to new business models.

We live in a steadily changing world, and the public sector has to meet the challenges resulting from these changes. The proper functioning of the public sector depends on whether new demands can be met early enough and on whether changes made are sufficient. Complexity is the main challenge facing modern public organisations.

The role of the European Union is getting more visible and more important. The Lisbon Treaty provides content and is divided into five points, with a New European Parliament:

- better equipped for today's challenges
- having more powers in shaping Europe
- tighter hold on EU's purse strings
- greater say on who runs the EU
- stronger voice for Europe's citizens

This increasing importance of Europe will significantly impact IT systems of domestic public organizations.

Atos Origin positioning on the Public Services & Health Market

Atos Origin gets 27% of its Group revenues from Public organizations (Central Government, Local Government, Healthcare, Education and Defence). In Europe Atos Origin has a strong footprint in the Public Services Market with a good mix of Consulting, Systems Integration (professional services, projects and management) and Managed Services. The emphasis on the countries is slightly different, but gives a good position to leverage.

In Central Government, Atos Origin focuses mostly on infrastructure and application outsourcing and is a major provider of IT services for ministries in France, Spain, the UK and The Netherlands.

In Local Government, Atos Origin focuses mostly on all e-government related subjects. The solution developed by Atos Consulting is used in many municipalities and provides citizens an easy way to handle rules and legislation and communicate with the local government.

In Education, Atos Origin focuses on the implementation and management of Student Information Systems and introduced the term 'Olympic Learning'.

In Defence, Atos Origin follows the 'Defence way of working' (joint and combined) and focuses on NATO related topics as Network Enabled Capabilities and Security.

In Healthcare, Atos Origin focuses on BPO, Shared Service Centres and Effective Management of the support processes.

Way forward

As the Public organizations are facing major budget reductions and therefore have to focus on their primary tasks, Atos Origin aims at increasing its outsourcing business, proposing services to allow government to save costs, mainly based on its actual position, and on its ability to leverage its solutions in the support processes by recognizing and using the influence of the EU. The specific vertical areas of expertise which will benefit in reaching this goal are:

- Citizen management with the e-government solution (e-suite);
- Public Private Partnership;
- Governance and Risk Control for ministries and healthcare organizations;
- BPO for subjects as: tax assessment, granting licenses, granting social benefits.

4.4.2 Energy & Utilities

Trends

2009 still was characterized by various forms and levels of utility market deregulation. Some common trends can be drawn regarding challenges faced by utility companies in all geographies:

- A strong focus on customer service satisfaction and customer relationship management,
- Impacts on the industry of regulatory pressure,
- Regulations in the area of customer service levels, asset performance and country specific regulations.

The emergence of new ways of producing energy from solar power through to photovoltaic and wind turbines, together with the "smarter" consumption of electricity through initiatives like electric cars and energy efficient homes, will drive major change in the market. These developments will force transport operators and distribution electricity networks to adapt their infrastructure and related IT management

systems such as the smart grid and command control systems. The key focus will be the energy used and produced by consumers and the impact of that on the overall networks.

Furthermore, oil and gas suppliers are shifting to more remote and unstable locations. At the same time various issues are affecting the industry:

- High fuel and labour costs;
- Environmental pressures;
- Volatile political scenarios;
- Supply security concerns and increasing demand from developing economies.

All this is expected to produce a sustained focus on operational efficiency and on managing performance to improve productivity in the Energy & Utilities industry. However, this has to be done in an environment of growing competition and price instability.

Consumers have to focus on better managing personal costs because of sustained high energy prices. Large consumers are looking for access to the wholesale grids to services to manage the risks associated with variable energy costs.

Atos Origin positioning in the Energy & Utilities Market

In mainland Europe, Atos Origin has a market share of 11% and is ranked 6th IT services provider to the Energy & Utilities Market, as more than 10% of Group revenues are coming from these industries and Atos Origin is a major partner to most large and well established Energy & Utilities companies like EDF, GDF/Suez, Schlumberger, Endesa, Repsol, Total, Nuon, Vattenfall, Petrobras, Shell ... With more than 2,000 skilled Energy & Utilities experts in dedicated global Centers of Excellence, Atos Origin offers global solutions that cover the entire value chain.

Utility suppliers are facing an unprecedented and permanent change in the way they interact with their customer in the production, transport, storage and delivery of energy or water. Atos Origin is at the forefront of the technologies which sustain demand reduction, modernization of transport & distribution networks to significantly reduce their costs, as long as real time control of their utility assets in order to follow consumer demand.

As the Group is convinced that Smart Energy solutions are key to a sustainable growth as well as critical for economic competition in the energy sector, in March 2010 was announced its new innovative offering including solutions for smart utilities and energy, enabling energy efficiencies and carbon savings. Beyond this offer, the Group announced its willingness to create "**Atos WorldGrid**", an international subsidiary focused on these challenging subjects. This entity will capitalize on over twenty years of expertise, Intellectual Property Rights assets and international success which already bring tangible leadership recognition:

- Atos Origin is the sole large IT supplier to provide IT nuclear digital control systems,
- Atos Origin is the sole large IT supplier to provide over 20 years in Service Support on nuclear plant digital control systems or State Grid management systems,
- Atos Origin is the first prime contractor for the biggest program of smart meters deployment as of today.

Three examples of the latest developments of Atos Origin in the Energy and Utility sectors are the followings:

- Atos Origin is the first IT services company to manage such a large scale implementation of smart meters in Europe - targeting 35 million meters being installed for French Distribution System Operator ERDF. The smart meter solutions developed by Atos Origin help Smart Utilities to meet three goals: lower costs; improved delivery and more efficient services to home and business users and a reduction of energy usage by regulating the network. At the beginning of March, ERDF started the operation of its new IT platform of its Linky project.
- Atos Origin will deliver to China Nuclear Power Engineering Corporation (CNPE) four non-classified state of the art digital control systems and a full scope simulation system for extensive operator training and plant operations engineering. Under the subcontract to Invensys Systems Inc. for the Fuqing Nuclear Plant in Fujian Province and the Fang Jiashan Nuclear Plant in Zhejiang Province, the systems will be based on ADACS™ (Advanced Data Acquisition &

Control System). The Atos Origin platform is designed to satisfy specific nuclear power industry requirements including functions aimed at improving the safety, reliability and efficiency of nuclear power plants operations.

- Atos Origin is delivering an innovative Real Time system to control & manage a gas pipe for Wingas, a major German gas transporter. For the first time a unique system will gather the commercial, physical dispatching and capability to adapt quickly to the changing regulations rules. This provides the operator a unique advantage, operating cost reduction and process optimization, thanks to real time status of its pipe and of the contract status".

Way forward

Since the expected IT spending growth in the Energy & Utilities market is one of the highest among all Markets, and based on the excellent position that Atos Origin has at a large number of leading, International customers, ambition for 2010 is to outgrow the market. Atos WorldGrid French subsidiary should be set up at the end of July 2010, and the revenue of the worldwide activities including smart energy production, distribution and transport, and utilities control system are forecasted to generate over 150 million euros in 2010.

4.4.3 Financial services

Trends

In 2009, crisis has seriously damaged the Financial Industry:

- credit demand and availability in the private sector has fallen sharply compared to 2008;
- credit write-down has exceeded USD 3,000 million on a global basis;
- market value of financial institutions has fallen by USD 5,000 million.

While the cost of risks has increased, regulators are creating more prescriptive regulation on Financial Institution transparency, customer demands and the need to product innovate are putting more pressure on margins, reflected for example by the rising number of price comparison Websites. Emergence of mobile banking and implementation of Single Euro Payments Area (SEPA) and MiFID are cutting down barrier to entry for new competitors.

As a result, Financial Institutions are focusing their investments to improve risk management and compliance, improve customer relationship and loyalty, better integrate their past acquisitions and local operations, streamline and consolidate their back-office operations and modernize their core IT systems both in Banking and Insurance.

Atos Origin positioning on the Financial Services Market

In Europe, Atos Origin is the first outsourcing provider and eighth largest IT service provider to Financials Services Market. With 8,000 experts in Financial Services processes and technologies, Atos Origin gets 22% of its Group revenues from Financial Institutions in the Banking and Insurance sub-markets.

For Financial Institutions, Atos Origin manages mission critical systems, such as:

- RTGS platforms and 255 million cleared position yearly;
- 477,000 payment terminals and 2.0 billion acquiring transactions every year;
- clearing and settlement for the major European equity and derivatives markets;
- systems handling EUR 400 billion in investment assets.

In Banking, Atos Origin focuses mostly on Retail Banking and Corporate & Investment Banking and is a major provider of IT services to European leading banks like BNPParibas, ING, Standard Chartered Bank, Crédit Agricole, Commerzbank, Société Générale, Banco Santander, Dexia, La Banque Postale, LCH Clearnet ...

In Insurance the Group has reinforced its positions with major customers like Achmea, Manulife, Mass Mutual, UVIT, NFUM, Capita and Willis.

Beyond outsourcing, Atos Origin provides end-to-end value-added services that successfully deliver innovation, complex transformational change and business outcomes through in areas such as: Target Operating Model design, solution implementation and integration for key business processes functions:

e-Customer Services in Banking & insurance, card payment services, information security, and operate services for business processes, IT applications and platforms.

Way Forward

As Financial Institutions are still minimizing their IT investments, Atos Origin aims at a development based on the one hand on horizontal expertise in IT outsourcing and on the other hand on five vertical areas of expertise targeted to deliver innovative solutions that address the business challenges of its clients:

- customer management: differentiation, retaining and growing the customer base with Online Services for Banking and insurance, and Multi-channel platform;
- operational excellence: setting new standards in cost/income through use of leading core banking and core insurance systems, coupled with Lean business processes;
- risk and compliance: enhancing transparency and achieving compliance with more robust Enterprise Risk Management, meeting Solvency II regulation, improve controls through more effective Enterprise Content Management and information security;
- Business Process Outsourcing: to enhance customer service and deliver cost savings in non-core processes, such as: card payments, credit collection, insurance back-office processing
- Financial infrastructure and solutions: enhance business efficiency with robust and scalable solutions such as clearing & settlement, asset management, brokerage back-office solutions.

4.4.4 Telecommunications

Trends

2009 has been a difficult year for Telecommunications Service Providers, and the Group has identified four major trends:

- mobile usage did further increase in 2009 driving the need for further network capacity extensions;
- the Average Revenue Per User (ARPU) remains flat. Increased focus on value-added services to compensate the continuing decline in voice revenues;
- further consolidation of Telecommunication Service Providers;
- globalization of operations (massification) for reducing production costs.

Flat ARPU while constantly increasing demand in network capacity are putting pressure on margins. Besides, more and more applications (incl. telecommunication application like voice communication) are moving to Internet-based delivery models. That raises the expectation that the underlying basic connectivity as well as communication infrastructure becomes more reliable as well as it enables anytime and everywhere availability of data services. The differentiating levers of a telecommunication service provider do increasingly move out of the core network capabilities into end-user devices/applications with this trend towards 'IP based communication'. The emergence of wholesale business models and respective technical solutions for basic connectivity as well as basic/'no frill' telecommunication services are cutting down the barrier to entry for new competitors.

As a result, Telecommunications Service Providers are focusing their investments on network capacity extensions as well as the deployment of next generation network components that allows them to effectively differentiate themselves in the future as well as to streamline and consolidate their operations (especially across countries).

Atos Origin positioning on the Telecommunication and Media Market

In Western Europe, Atos Origin is one of the Top 3 outsourcing services provider and within the Top 5 largest IT service provider to the Telecommunications Service Provider Market. With more than 4,000 experts in the processes and technologies of Telecommunications Service Providers, Atos Origin gets around 14% of its Group revenues from Telecom operators.

In Telecommunication, Atos Origin focuses mostly on GSM and Fix lines telecommunication service providers and is a major provider of IT services to European leading companies like France Telecom, Vodafone and KPN.

Beyond outsourcing, Atos Origin provides Telecommunication Service Providers with value-added Systems Integration services like OSS deployments (e.g. next generation intelligent network as well as online charging system deployments), BSS deployments (e.g. provisioning and postpaid billing deployments) as well as corporate application deployments (e.g. ERP, CRM and HR systems).

Atos Origin has a particular focus on BPO services for Telecommunications Service Providers where it for instance provides cost effective and efficient solutions for Business Processes like Voucher or Mailbox Management.

In April 2010, Atos Origin appointed Bruno Fabre as Executive Vice President for this vertical. He is more specifically responsible for developing and implementing the strategy to strengthen and grow Atos Origin's positioning in this market.

Way forward

As Telecommunication Service Providers (especially in Western Europe) are still minimizing their IT investments, Atos Origin aims to accompany the market thanks to its horizontal expertise like IT outsourcing and three vertical areas of expertise:

- operational excellence around core processing streams like Billing and CRM;
- deployment excellence for next generation OSS, BSS and CRM application stacks;
- Business Process Outsourcing for standardized Business Processes.

4.4.5 Manufacturing, Retail & Transportation

Trends

Following the Banking sector, Manufacturing, Retail & Transportations were hardest hit by the 2009 economic crisis. Fuelled by the collapse of consumer demand, production and global supply chains were heavily impacted, with many coming to a complete halt. Especially manufacturing companies were focused on survival, aggressively reducing not only investments but also fixed costs, wherever possible. At the same time, many companies leveraged the 2009 period to sharpen their capabilities in sustainability, operational efficiency and customer intimacy.

Even in the scenario of a rebound of the economy at the end of 2010, Manufacturers, Retailers and Transportation companies will continue to do 'more with less', capitalizing on innovation and on efficiencies gained in the downturn as the fuel for growth and sustainability in the upturn. The fundamental business objectives of profitability and growth will prevail. Focus on cost control, cash management, maintenance of customer loyalty and compliance will broaden again to include a renewed focus on revenue growth and market share. Manufacturers will begin to invest and innovate with discretionary focus on winning new customers, developing new markets, products and services while raising the bar on quality and sustainability.

Atos Origin positioning on the Manufacturing, Retail & Transportation (MRT) Market

Atos Origin revenues from the Manufacturing (Automotive, Aerospace, High-Tech, Chemicals, Pharma and Consumer Packaged Goods), Retail (including wholesale) and Transportation sectors combined, account for 25% of overall revenue. In terms of IT Services market potential, the combination of these sectors represent the largest global market, however its growth rate is quite moderate.

Embracing these economic and environmental challenges, Atos Origin supported its Manufacturing, Retail and Transportation customers in achieving their business objectives, from survival, to cost reduction, to improved operational excellence and increased customer loyalty:

- delivering rapid-fire business value assessments to identify, develop and prioritize initiatives to deliver immediate business value;
- providing innovative Sourcing Solutions to enable customers reduce and eliminate fixed costs and capital expenditures, transforming them into SLA based pay-as-you-go services;
- enabling customers to sharpen expertise, capabilities and planning in core disciplines of Global Supply Chain Management, Production & Operational Excellence, Product & Service Innovation and Customer Loyalty & Brand Equity.

To maintain and extend Atos Origin's leadership position in MRT, 2009 was leveraged to sharpen its expertise in key areas and sources of business value:

- Sustainability: jointly with IDC³, the company published a study "The Business Case for Environmental Excellence is Real", and Expanded its portfolio for Manufacturers, Retailers and Transportation companies;
- Manufacturing Execution Systems (MES): Atos Origin established in March a Center of Excellence, patented M4MES, a proprietary business value delivery methodology, and gained International recognition for thought leadership and expertise;
- Product Lifecycle Management (PLM): a Global partnership was signed with PTC in June, a Center of Excellence established in October, On-demand PLM Services launched in December;
- Supply Chain Management: domain expertise and proprietary solutions for logistics and warehouse management were further developed;
- Customer Loyalty & Brand Equity: global sourcing services (HTTS and Web 2.0) for customer loyalty, and branding programs for Manufacturers, Retailers and Transportation customers were expanded on the third quarter.

Way Forward

In 2010, Atos Origin, with its unique skilled professionals in Manufacturing, Retail and Transportation systems and operations will continue to serve its world-class clientele including (but not limited to): 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. As well, the company will seek to maintain and extend its leadership in its core selected industries.

³ IDC: International Data Corporation, advisory and research group

4.5 IT SERVICES MARKET BY GEOGRAPHY

4.5.1 Positioning in the European IT Services market environment

According to Gartner latest study ^(*), the market shares and respective position of the Group in the main geographies were as follows:

(In EUR million)	Market size		Weight (2009)	Atos Origin		
	2008	2009		Market shares	Ranking	Market Leader
United Kingdom	49,273	44,838	32%	2.3%	9	British Telecom
Central Europe	31,120	29,300	21%	2.7%	7	T-Systems
France	19,553	18,588	13%	8.1%	2	Capgemini
Benelux	15,263	14,349	10%	12.6%	3	Capgemini
Spain	8,435	8,102	6%	3.9%	6	IBM
Nordics	15,044	13,960	10%	-	-	TietoEnator
Rest of Western Europe	11,980	11,325	8%	-	-	
Western Europe in total	149,607	139,445	100%	3.4%	5	IBM

() Source : IT Services Worldwide Market Share 2000-2014, Gartner 2Q 2010 on Western Europe and for Professional services only. Exchange rate considered: USD 1 = EUR 0.7196 in 2009*

United Kingdom includes Ireland, Central Europe is composed of Germany, Switzerland and Austria, Benelux includes The Netherlands and Belgium, and Nordics is composed of Sweden, Norway, Finland and Denmark.

4.5.2 Identified competitors in Western Europe

COUNTRIES	COMPETITORS
United Kingdom	British Telecom, Capita, HP-EDS, Fujitsu, IBM, Capgemini, Accenture, CSC, Logica
Central Europe	T-Systems, Siemens, IBM, HP, Accenture
France	Capgemini, IBM, Logica, Accenture, France Telecom, Sopra, Steria
Benelux	Capgemini, IBM, Getronics, Logica, Ordina, HP, Accenture, KPN
Spain	IBM, Telefonica, Accenture, Fujitsu, Indra

Source: IT Services Worldwide Market Share 2000-2014, Gartner, 2Q 2010

5 OPERATIONAL REVIEW

5.1 OPERATING PERFORMANCE (STATUTORY)

The underlying operating performance on the ongoing business is presented within Operating Margin, while unusual, abnormal and infrequent income or expenses (other 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.

Statutory revenue achieved EUR 2,494 million during the first half of 2010, representing a statutory decrease of -3.7%.

<i>(in EUR million)</i>	6 months ended 30 June 2010	% Margin	6 months ended 30 June 2009 (*)	% Margin	% change
Statutory revenue	2,494		2,589		-3.7%
Statutory Operating Margin	150.1	6.0%	118.0	4.6%	+26.9%
Other operating income (expenses)	(54.2)		(75.8)		
Operating income	95.9	3.8%	42.2	1.6%	

(*) Does not include the EUR 0.3 million impact from the change in accounting policies for the calculation of pensions

During the first half 2010, the Group achieved an Operating Margin of EUR 150.1 million (6.0% of revenue), taking into account the new business tax (CVAE) in France. Without this regulatory impact, the operating margin was EUR 141 million, representing 5.7 per cent of revenue, compared to 4.6 per cent reached in the first half of 2009, an increase of 110 bp.

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

5.2 REVENUE

5.2.1 Organic growth

External revenue for the first half of the year amounted to EUR 2,494 million, representing a decrease of -3.7% against statutory revenue of EUR 2,589 million for the same period last year. Excluding exchange rates positive impact of EUR 26 million, organic revenue decrease reached -4.6% or EUR -121 million over the period.

<i>(in EUR million)</i>	6 months ended 30 June 2010	6 months ended 30 June 2009	% change
Statutory revenue	2,494	2,589	-3.7%
Exchange rates impacts		26	
Revenue at constant scope and exchange rates	2,494	2,615	-4.6%

Exchange rates movement resulted in a positive effect of EUR +26 million on a comparable year-on-year basis, almost half of it coming from British pound for EUR 12 million, EUR 7 million coming from the Brazilian Real currency, EUR 3 million from South African Rand, and the remaining EUR 4 million derive from various other countries.

5.2.2 Revenue per quarter evolution

Revenues in H1 2010 represented an organic decrease of -4.6%, of which -5.5% in the first quarter, and -3.8% in the second quarter of 2010.

<i>(In EUR million)</i>	Quarter 1 2010	Quarter 2 2010	Half-year 2010
Revenue	1,231	1,264	2,494
% statutory top line growth	-4.9%	-2.4%	-3.7%
% organic growth (*)	-5.5%	-3.8%	-4.6%

(*) Organic growth at 2010 scope and exchange rates

As the cyclical activities recovery is shaping up, the decline over the second quarter has been lower than the one observed over the first three months of the year.

5.2.3 Revenue by Global Business Unit

The revenue performance by **Global Business Unit** (GBU) was as follows:

<i>(in EUR million)</i>	6 months ended 30 June 2010	6 months ended 30 June 2009	% growth (*)	2010 revenue breakdown
France	573	573	+0.1%	23%
Benelux	459	517	-11.2%	18%
United Kingdom	442	458	-3.6%	18%
Atos Worldline	420	416	+0.9%	17%
Germany / CEMA	241	288	-16.3%	10%
Spain	158	175	-9.5%	6%
Other countries	200	188	+6.7%	8%
Revenue at constant scope and exchange rates	2,494	2,615	-4.6%	100%

(*) Organic growth at 2010 scope and exchange rates

Revenue by GBU was as follows:

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

In **France**, Consulting revenue increased organically by +7.6 per cent at EUR 20 million, mainly due to additional projects in the Public and in the Financial sectors. Price pressure which led to a lower average daily rate in 2009, continued in the first half of 2010, but due to strong actions from the management, the utilisation rate significantly improved to 75 per cent compared with 62 per cent for the first half of 2009. Key contracts have been won in the Financial sector with Banque Postale and Swiss Life, in the Public sector with Ministry of Finance and SNCF, and in the Industry with EADS.

In Systems Integration, revenue increased to EUR 324 million by +2.6 per cent compared to last year, with an acceleration in the second quarter of the year at 4.4 per cent organic growth compared to 0.9 per cent in the first quarter. Revenue grew in Energy and Utilities and stabilized in the automotive industry, after a downward last year. Public Sector and Telecom sectors revenue decreased respectively with French Ministries and France Telecom. Average daily rate remained stable in the first half 2010, compared to the first half 2009. Utilisation rate was maintained at a level above 83 per cent, as it was already the case in the first half of 2009.

In Managed Services, revenue in the first half of 2010 was down by -3.6 per cent to EUR 223 million, due to a lower level of cross-selling on the existing contracts. Expected orders have been postponed, therefore there was no significant ramp-up on new projects to generate additional volumes over the first part of 2010.

In the **Benelux**, cyclical activities, Consulting and Systems Integration, decreased by -18 per cent to EUR 201 million, as they continued to suffer from lower demand of large customers, in the Telecom and in the Financial verticals. In Consulting, the market demand in general was weak with a lack of substantial business projects, affecting more particularly Finance, Manufacturing. In Consulting, thanks to a tight management the utilisation rate reached 61 per cent versus 58 per cent in the first half 2009.

In Systems Integration the market demand remained weak mainly in the Telecom, in Finance and in Manufacturing. The Group continued to reskill its workforce, and succeeded in increasing the utilisation rate at 74 per cent compared to 73 in the first half of 2009.

In Managed Services, revenue declined by -5.6 per cent at EUR 257 million, mainly coming from Professional Services due to delays in transition projects following postponements on customers' decisions. On the rest of Managed Services, revenue is generated by long term recurring contracts and was almost stable. Main reductions were in the Telecoms with KPN, in the Utilities with Nuon and in the Finance with ING. On the opposite revenue increased with NXP and with UVIT.

In the **United Kingdom**, Consulting activity reached EUR 25 million, decreasing by -9.3 per cent, however with an increase by +1.1 per cent in the second quarter compared to -18.7 per cent in the first quarter of 2010. The decline came from fewer assignments in the Public Sector following the Government decision to reduce its spending in the Consulting area. In the private sector, grew with customers such as Credit Suisse, Fiserv or Lloyds TSB. The Group kept its focus on strong workforce management as the utilisation rate improved to 54 per cent compared to 51 per cent in the first half of 2009.

Systems Integration decreased by -11.7 per cent at EUR 107 million after a weak first quarter due to lower volumes. In the second quarter, the sequential growth compared to the first quarter was +8% with additional revenue both in the public and in the private sector. Strong management of resources materialised to a further increase of the utilisation rate at 79.5% slightly above of the level of the first half of 2009 which was 79.4%.

In Managed Services, revenue reached EUR 190 million with a decrease contained at -5.8% mainly coming from less purchase for reselling. The sequential growth in the second quarter was +8% compared to the first quarter.

HTTS reached EUR 40 million, an organic increase by +27% coming both from new contracts such as Capita, and from a higher number of transactions. HTTS is already benefiting from the roll out of Atos Worldline offerings to its large customers' base, and more particularly insurance companies, Highways Agency, Train Operating Companies.

Finally in Medical BPO revenue was EUR 80 million with an organic growth of +5.1%, coming from additional volumes of medical assessments.

Atos Worldline reported a revenue of EUR 420 million with an organic growth of 0.9%. The growth reached +2.3% excluding the Euroclear contract in Financial Market which ended in the second half of 2009. This growth was fuelled by a significant increase of number of transactions in Payment services, particularly in Belgium, and Germany. Revenue in France was impaired by an unfavourable comparison basis due to the speed control device deployment and the ramp-up of biometric passports in the first half of 2009. This effect was not yet compensated by the additional revenue deriving from the newly signed Health Personal File contract (Dossier Medical Personnalisé).

In **Germany / CEMA**, revenue decreased by -16.3 per cent, representing EUR- 47 million. Arcandor revenue decreased from EUR 64 million in the first half of 2009 to EUR 32 million, a drop of EUR 32 million as anticipated by the Group. Overall, the Arcandor revenue ramp-down represented a EUR -11 per cent decline out of the -16 per cent decrease of the GBU.

Systems Integration reached EUR 120 million declining by -15% due to a lower demand in Industry and in Retail. The Arcandor ramp down affected also Systems Integration and the Retail sector was also impacted by less revenue with Neckermann. The Group pursued its policy of re skilling staff and restructuring when re skilling was not possible. As a result, in this adverse situation, the utilisation rate reached 76% slightly above the level of 75% reported for the first half of 2009.

In Managed Services, revenue reached EUR 121 million with a decrease of -17.6% coming from the Retail sector. The revenue was affected by the strong decrease of revenue with Arcandor. The first half of the year was impacted by almost no revenue made with Primondo Quelle, the Arcandor mail order business, which has been liquidated in the fourth quarter of 2009.

Excluding the Arcandor ramp down effect, Germany revenue slightly decreased by -4 per cent. Revenue was affected by the Telecom vertical in most of the CEMA countries, South Africa excluded.

In **Spain**, the difficult market conditions pursued throughout the first half of 2010. As a result, revenue decreased by -9% at EUR 158 million.

While Consulting activities were particularly affected with -22% decline at EUR 23 million due to a freeze of projects mainly in the private sector, the decrease was contained in Systems Integration at -4% with a revenue reported at EUR 105 million. Price pressure continued in all sectors, but more particularly in Public Sector and Telecoms. The tight workforce management allowed maintaining the utilisation rate at a high level reaching 87% compared to 85% for the first half of 2009.

Managed Services were impacted by a ramp down with Telefonica and revenue decreased to EUR 17 million compared to EUR 20 million for the first semester of 2009.

Finally, HTTS activities reached EUR 13 million in the loyalty cards processing businesses.

In “**Other Countries**”, revenue reached EUR 200 million representing an organic growth of +6.7 per cent.

Asia including India reported revenue at EUR 99 million, a +12 per cent 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 the Americas the situation was more difficult mainly in Systems Integration, in North America with the ramp down of some Application Management contracts in Manufacturing sector, and in South America where the demand remained low with customers in the Telecoms and in the Energy sectors.

In the unit Major Events, all the projects related to the Vancouver Olympic and Paralympic Games were successfully delivered and contributed to the revenue growth of the GBU.

5.2.4 Revenue by Service Line

The revenue performance by **Service Line** was as follows:

<i>(in EUR million)</i>	6 months ended 30 June 2010	6 months ended 30 June 2009	% growth (*)	2010 revenue breakdown
Managed Services	903	963	-6.2%	36%
Systems Integration	902	955	-5.6%	36%
Hi-Tech Transactional Services	499	488	+2.2%	20%
Consulting	110	132	-17.0%	4%
Medical BPO	80	76	+5.1%	3%
Revenue at constant scope and exchange rates	2,494	2,615	-4.6%	100%

() Organic growth at 2010 scope and exchange rates*

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

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

The **Hi-Tech Transactional Services** activity reported a revenue of **EUR 499 million**, representing 20 per cent of the Group revenue and up by +2 per cent organically. After a +0.6 per cent growth in the first quarter, HTTS increased by +3.8 per cent in the second quarter. Over the first half of 2010, the Payment business which represents two thirds of total HTTS revenue increased by +4 per cent, while electronic services (e-CS) were almost flat. At the same time, revenue related to financial markets dropped by -8 per cent, due to the investments in new offerings.

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

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

5.2.5 Revenue by industry sector

The revenue performance by **industry sector** was as follows:

<i>(in EUR million)</i>	6 months ended 30 June 2010	6 months ended 30 June 2009	% growth	2010 revenue breakdown
Public & Health	585	599	-2.3%	23%
Financial Services	562	556	+1.1%	23%
Telecoms, Media & Serv.	388	449	-13.6%	16%
Manufacturing, Retail & Transp.	691	746	-7.4%	28%
Energy and Utilities	269	265	+1.5%	11%
Revenue at constant scope and exchange rates	2,494	2,615	-4.6%	100%

() Organic growth at 2010 scope and exchange rates*

The Group is organised in five main industry sectors, which total 100 per cent of Group revenue.

Public Sector posted a EUR 585 million revenue, which represented 23 per cent of total. The main contributors of the vertical include French Ministries, French Social and Health institution, the UK Department for Work and Pensions, and UK Department of Justice. The vertical posted a -2.3 per cent organic decline of which majority came from less business with French Ministries and in the UK with the Ministry of Justice.

The **Financial services** sector reported a EUR 562 million revenue representing 23 per cent of total Group revenue. This sector had a revenue organic growth of +1.0 per cent thanks to increased revenue with the vertical main accounts such as BNP Paribas in France, UVIT in the Netherlands, SCB in Asia and Royal Liver in the United Kingdom.

Telecoms, Media and Services reported revenue at EUR 388 million weighted for 16 per cent of total Group revenue, and showed a -13.6 per cent decline over the semester. Business was tough in Systems Integration with Telecoms operators increasing price pressure. Main customers contributing to the decrease of the revenue in this sector were KPN in the Netherlands and France Telecom in France.

Manufacturing, Retail and Transportations' revenue reached EUR 691 million representing 28 per cent of total Group revenue. This sector posted a -7.4 per cent decline, more than half of the decrease coming from Arcandor customer in Germany. Business has stabilised with clients such as Renault or Rhodia in France, and growth was generated with OCE in the Netherlands, SNCF in France or Highways Agency in the United Kingdom. In addition to Arcandor, revenue mainly declined with small and medium sized accounts.

Energy and Utilities, representing 11 per cent of total Group, reported a revenue of EUR 269 million representing an organic growth of +1.5%. This industry is showing signs of recovery and Atos Origin is well positioned to benefit from its expertise in this sector. The recent signings with EDF in France and with CNNC in China for the IT monitoring of nuclear plants clearly show the interest from clients regarding the Smart Grid offerings. The Group decided the creation of Atos WorldGrid, a dedicated subsidiary to Smart Energy and Utilities in order to accelerate the growth of this market in the coming quarters.

5.2.6 Order input

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

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

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

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

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

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

5.3 OPERATING MARGIN

5.3.1 Operating Margin performance

The Operating Margin performance was as follows:

<i>(in EUR million)</i>	6 months ended 30 June 2010	6 months ended 30 June 2009 (*)	% growth
Statutory Operating Margin	150.1	118.0	+27%
<i>Operating Margin %</i>	<i>6.0%</i>	<i>4.6%</i>	+140 bp
Exchange rates		1.0	
Operating Margin at constant scope and exchange rates	150.1	119.0	+26%
<i>Operating Margin %</i>	<i>6.0%</i>	<i>4.6%</i>	+140 bp

() Does not include the EUR 0.3 million impact from the change in accounting policies for the calculation of pensions*

As far as the seasonality is concerned, the start of the year is traditionally impacted by a contractual reduction in revenue on long term contracts in which the Group has agreed in advance to share specific benefits with clients.

Group Operating Margin for the first half of 2010 was EUR 150.1 million representing 6.0 per cent of revenue. By quarter, the Operating Margin rate improved in Q2 2010 compared to Q1 2010, from 4.1

per cent to 7.9 per cent of revenue. This performance was achieved thanks to the savings deriving from the TOP Program and strong workforce management. Moreover, the second quarter OM includes the reclassification of part of the new French Business Tax (Cotisation sur la Valeur Ajoutée des Entreprises - CVAE) for a total of EUR 9.1 million. This tax was previously recorded in Operating Margin, and is now classified in the Income Tax, following the directive of the French accounting regulator (CNCC). Excluding this reclassification, Operating Margin for the semester would have reached 5.7 per cent (plus 110 basis points), and the second quarter OM would have been 7.1 per cent.

The benefits from the TOP Program on the Operating Margin have continued during the first half of 2010 resulting in a further reduction of the cost base. The most important reductions during the first half of 2010 compared to the first half of 2009 derived from maintenance costs which dropped by -17 per cent (full year 2009 cost was EUR 257 million) and on company cars for which costs reduced by -17 per cent (2009 cost basis was EUR 93 million). At the same time, rental cost of premises was down by -4 per cent. The current move of the Paris offices to the Campus in Bezons will generate additional savings during the next 12 months.

<i>(in EUR million)</i>	Quarter 1 2010	% Margin	Quarter 2 2010	% Margin	Half-year 1 2010	% Margin
Revenue	1,231		1,264		2,494	
Operating Margin	50.9	4.1%	99.2	7.9%	150.1	6.0%

5.3.2 Operating Margin by Global Business Unit

The Operating Margin performance by Global Business Unit was as follows:

<i>(in EUR million)</i>	6 months ended 30 June 2010 (*)	% Margin	6 months ended 30 June 2009 (*)	% Margin	% growth
France	17.6	3.1%	22.1	3.9%	-20%
Benelux	42.8	9.3%	34.4	6.7%	24%
United Kingdom	36.2	8.2%	37.5	8.2%	-3%
Atos Worldline	69.7	16.6%	61.2	14.7%	14%
Germany / CEMA	10.9	4.5%	4.2	1.5%	158%
Spain	(9.3)	-5.9%	5.0	2.9%	-286%
Other countries	21.5	10.8%	2.9	1.6%	641%
Corporate central (*)	(31.4)	-1.3%	(33.9)	-1.3%	+7%
Global Service Lines (*)	(8.1)	-0.3%	(14.4)	-0.5%	+44%
Oper. Margin at constant scope and exchange rates	150.1	6.0%	119.0	4.6%	+26%

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

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

In **France**, the improvement of the Operating Margin continued in Systems Integration. The situation in Managed Services was more difficult due to a lack of cross-selling additional revenue, which usually generates a higher level of margin. As a result, the improvement of Consulting and System Integration profitability was wiped out, and the GBU Operating Margin declined by 80 basis points. Without the effect of the CVAE tax reclassification, the Operating Margin in France would have been 2 per cent.

In the **Benelux**, the Operating Margin strongly increased from EUR 34 million (6.7 per cent) to EUR 43 million (i.e. 9.3 per cent), growing by 260 basis points, despite a reduction of revenue of EUR 58 million (-11 per cent). This very strong performance, mainly coming from Managed Services derived from three major items:

- Savings generated by the TOP Program,
- less hiring due to successful redeployment of resources freed up by the *Lean* processes implementation,
- strong reduction in indirect cost structure.

In the **United Kingdom**, Operating Margin remained stable at 8.2 per cent despite a decline in revenue of EUR 16 million (-3.6 per cent). This performance was achieved thanks to the reassignment of resources to growing activities as well as further improvement of the cost base.

Atos Worldline managed to increase its profitability from 14.7 per cent to 16.6 per cent despite the cost of the commercial efforts to deploy its offerings in the first wave of HTTS geographies (UK, Netherlands, Spain and Asia). This performance derived from higher volumes of transaction in the Payment Services, combined with a strict control of overheads.

Germany / CEMA restored its Operating Margin at 4.5 per cent compared to 1.5 per cent for the same period in 2009, with a strong improvement of Managed Services profitability and despite lower revenue coming from the Arcandor Group.

“**Other Countries**” posted the largest margin improvement in the first half 2010, from 1.6 per cent over the first semester 2009 to 10.8 per cent this semester, a step-up of EUR 18 million. Three major items fuelled this performance:

- the renegotiation of large Managed Services contracts in Asia combined with a decrease of datacenters cost base,
- a strong improvement in Systems Integration contract management in Asia due to a new management team,
- the successful deployment of the Group new Global Delivery Model implemented in Asia in 2009.

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

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

5.3.3 Operating Margin by Service Line

<i>(in EUR million)</i>	6 months ended 30 June 2010	% Margin	6 months ended 30 June 2009	% Margin	% growth
Managed Services	63.3	7.0%	33.2	3.4%	91%
Systems Integration	33.2	3.7%	37.7	3.9%	-12%
Hi-Tech Transactional Services	79.6	15.9%	71.8	14.7%	11%
Consulting	(3.1)	-2.8%	1.6	1.2%	-293%
Medical BPO	8.4	10.6%	8.6	11.3%	-2%
Corporate central (*)	(31.4)	-1.3%	(33.9)	-1.3%	+7%
Operating Margin at constant scope and exchange rates	150.1	6.0%	119.0	4.6%	+26%

(*) Corporate central costs exclude Global Service Lines costs allocated to the Service Lines

Managed Services reported a strong margin improvement at EUR 63 million representing 7 per cent Operating Margin. The Margin increase was reached thanks to the implementation of a new Delivery

Model and the acceleration of the TOP Program. This performance was achieved despite a revenue decreasing by -6 per cent. The main improvements came from:

- Germany / CEMA where the revenue drop coming from Arcandor was absorbed by strong actions on costs including restructuring. In June 2009, the group booked a EUR 14 million provision for bad debt. The GBU improved its Operating Margin by EUR 16 million this year;
- Benelux, benefiting from the TOP Program including *Lean* management and non personal costs savings, allowing a margin improvement by EUR 10 million while revenue decreased by EUR 15 million;
- In “Other countries”, South America benefited from resizing and tight cost control actions which led to EUR 3 million margin increase, while in Asia the EUR 8 million margin improvement came from the implementation of a new Delivery Model but also from a better pricing on large contracts;
- United Kingdom where Operating Margin remained stable in absolute value absorbing EUR 12 million less revenue thanks to a reduction of the cost base;
- In France however, Operating Margin fell to a slightly positive level, due to a lack of cross selling revenue which usually generates a higher level of margin.

Systems Integration, in the context of a revenue decrease by -6 per cent, has contained its Operating Margin at 3.7 per cent compared to 3.9 per cent in the first half of 2009. In absolute value the Operating Margin declined to EUR 33 million versus EUR 38 million last year. Two entities contributed to the margin decrease:

- Germany / CEMA which dropped from a positive margin at EUR 9 million to a negative one at EUR -1 million. To face a reduction of the activity, the management has set up cost savings measures which have not materialised yet. Over the second half of 2010, the GBU should also benefit from an appropriate workforce optimization.
- Spain where the Operating Margin was negative at EUR -5 million compared to a positive one at EUR 4 million one year ago. Price pressure continued to erode margins, and the entity had to face projects' overruns.

These negative effects have been partially offset by actions on revenue and costs allowing Operating Margin improvement in Asia, in France and on the central costs of Global Systems Integration. Operating Margin was maintained in the Netherlands and in the United Kingdom.

Hi-Tech Transactional Services improved its Operating Margin both in absolute value at EUR 80 million compared to EUR 72 million one year ago, and also its profitability at 15.9 per cent versus 14.7 per cent one year ago. As the Group is currently investing in order to roll out the Atos Worldline offerings in its other geographies, the margin improvement came from Atos Worldline, and more particularly from Payments, where profitability benefited from growing volumes. In its three geographies, France, Belgium and Germany, Atos Worldline has accelerated TOP projects which led to productivity gains and margin improvement compared to last year.

In **Consulting**, the Operating Margin has improved in France at 5.3 per cent of revenue further to the revenue increase. In Benelux, thanks to a tight workforce management which led to an increase of the utilisation rate, the Operating Margin slightly improved despite the strong revenue decrease already mentioned above. If the Operating Margin slightly decreased in the United Kingdom, the main effect came from Spain where the Operating Margin dropped at the same level than the revenue decrease. As a result, the Consulting Service Line reported a negative Operating Margin at EUR -3 million compared to a positive Margin last year of EUR 2 million.

Medical BPO has maintained its Operating Margin during the first half of 2010 at a double digit level. In this activity, volumes growth has been offset by price decrease

5.4 HUMAN RESOURCES REVIEW

5.4.1 Change in the Group workforce

<i>Employees</i>	First Half 2010	First Half 2009	Change
Headcount opening	49,036	50,975	(1,939)
Change in scope	(130)	(139)	9
Hiring (*)	2,487	2,007	480
Leavers (*)	(2,146)	(2,074)	(72)
Restructuring	(1,059)	(1,362)	303
Headcount at closing 30 June	48,188	49,407	(1,219)

(*) *Permanent staff only, excluding temporary staff movements*

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

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

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

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

The number of external subcontractors was 2,337 almost stable for the last 12 months. This figure was in line with the current Group policy, around 5 per cent of total staff. The cost of external subcontractors was down by -13 per cent (circa EUR 40 million) in the first half of 2010 compared to the same period in 2009.

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

5.4.2 Staff movements by Service Line and Global Business Units

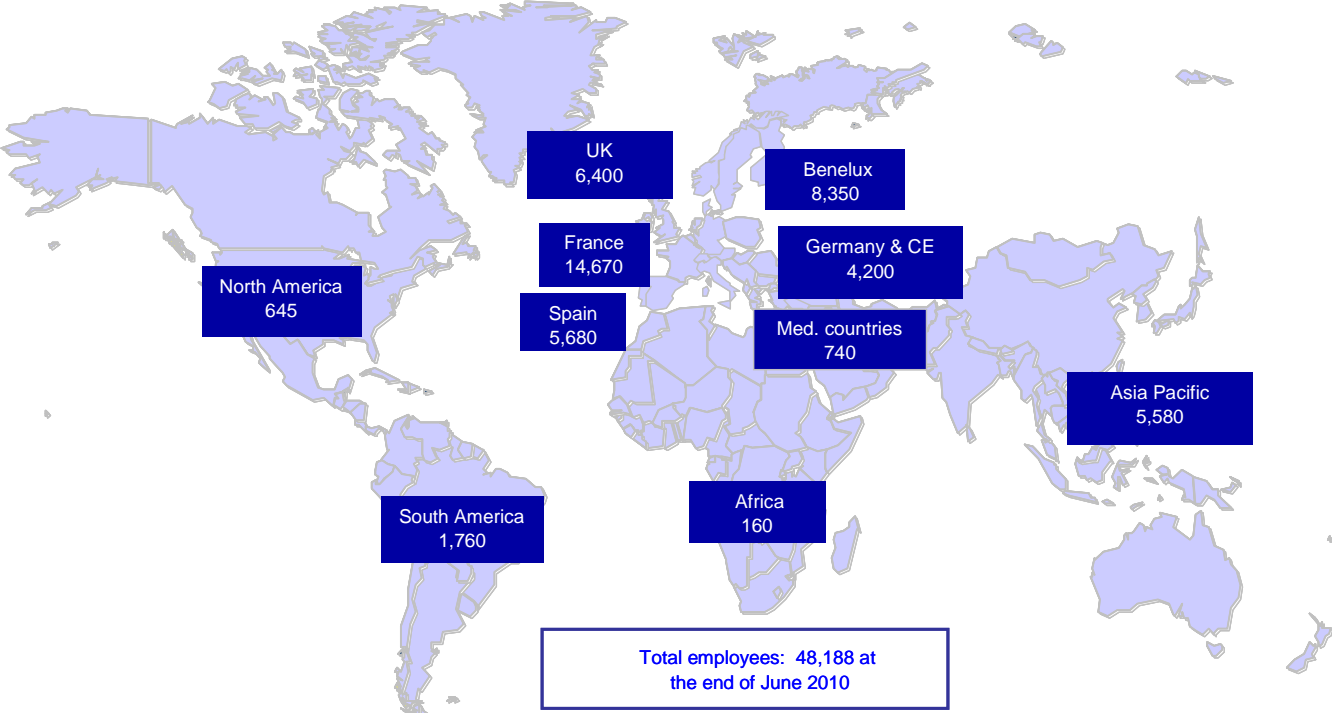
Employees	30 June 2010	31 Dec. 2009	Change
Consulting	1,919	2,070	-7%
Systems Integration	21,949	22,647	-3%
Managed Services	16,131	16,305	-1%
Hi-Tech Transactional Services	5,896	5,771	2%
Medical BPO	1,931	1,879	3%
Corporate (*)	215	214	0%
Shared service Center (Poland)	147	150	-2%
Total	48,188	49,036	-2%
France	11,583	11,954	-3%
Benelux	7,230	7,750	-7%
United Kingdom	6,399	6,269	2%
Atos Worldline	4,817	4,804	0%
Germany / CEMA	3,628	3,746	-3%
Spain	5,527	5,668	-2%
Other countries	8,642	8,481	2%
Corporate	215	214	0%
Shared service Center (Poland)	147	150	-2%
Total	48,188	49,036	-2%

(*) Corporate includes General Management, and Group Support Functions

As of 30 June 2010, total staff reached 48,188 decreasing by -2 per cent compared to the end of last year. The major decrease in the number of staff came from the GBUs Benelux, Germany CEMA, France and Spain. Atos Worldline almost maintained their headcounts. Asia and the United Kingdom slightly increased their workforce by 2 per cent in order to deliver new projects.

By Service Line, the Group restructured in the cyclical activities with the departure of staff which were either low performer or unable to be reskilled in order to join projects for customers.

5.4.3 Staff breakdown by regions as of 30 June 2010



6 TOP PROGRAM (TOTAL OPERATIONAL PERFORMANCE)

6.1 LEAN MANAGEMENT

6.1.1 Definition and ambition

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 at Work.

This disruptive approach has been initially applied to Global Service Desks and Infrastructure Services then introduced to all other service areas, from Application Management to Onsite Support Services. Results observed are similar in all areas, with a rate of capture comprised between three and nine months.

The continued use of Lean management across all the operations of the Group will therefore provide 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.

This has led the Group to accelerate the rollout of Lean management: from the end of 2009 when about 3,000 direct staff was operating under Lean management principles, an additional 2,000 direct staff have been put under Lean management in the first half 2010. The ambition is to reach about 9,000 direct staff under Lean management by the end of 2010 and to continue the acceleration in 2011.

To support this ambition, the Group has invested in building a group of 150 full-time Lean experts who are performing Lean transformations, one site at a time. In addition, the *Lean Academy* ensures methodological training and support of these experts, as well as the top 3,600 managers who have been trained into the *Lean Mindset*.

6.1.2 Lean case studies

Improving Application Management (Systems Integration)

In 2009 and 2010 the Company successfully completed several Lean transformation projects in its Application Management operations. One of these early projects was in Bordeaux, France. It tackled the mission-critical third-party maintenance application projects, followed by build-type Systems Integration projects focused on SAP. Embracing Lean management requires participation by the largest amount of people working on a site. For this reason all developers, project leaders, project directors and the director of the service center became actively involved in the Lean process.

It was up to each team to define its own bottom-up action plan based on the Lean diagnostic findings. This approach has reinforced a continuous improvement and problem ownership mentality in each team.

In addition to increasing work efficiency, piloting the Lean methods and processes at the Bordeaux site has led to improved client satisfaction. For Philippe Thomieres, the SAP Service Center in Bordeaux "is now a real showcase of our activities which impresses clients visiting the Center. Today, and even more for the future, it is the 'Lean SAP by Atos Origin' methodologies which will allow us to compete on the market alongside with the other big players."

Improving Onsite Support

In early 2010, the Company completed several pilots in Germany, France and Belgium in its Onsite Support operations. The aim of these pilots was to see how the Company can maintain or increase

service quality while radically increasing efficiency at each location. Applying Lean management on distributed field service environments involves a complexity level in comparison to site-based Lean projects, such as the optimization of interactions between service desks and site-based teams, and improving physical team setup relative to the customers' geographical coverage.

Following these pilots, Atos Origin has implemented a number of changes including new standardized work practices that significantly reduce the time per onsite intervention and improve the customer experience, strengthened the information flow with onshore and offshore service desks to increase resolution rate, thus reducing onsite support workload. In parallel, each onsite team has implemented visual management and communication norms that develop team cohesion and reactivity to customer needs.

6.1.3 Sustainability of impact

In parallel to driving 70 Lean transformation projects, the Group has developed a robust set of mechanisms to sustain the impact of Lean management and embed continuous improvement into the Atos Origin culture.

These include Lean sustainability audits, a community of site managers having undergone Lean transformations (Lean Commodores), and extended linkages with HR on workforce management aspects. 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.

The Group is also enhancing its change management effort to enhance staff support to the transformation, motivate teams and boost its Well Being at Work efforts.

6.2 ACCOUNT DEVELOPMENT METHODOLOGY

6.2.1 Top Sales 2 program: progress on implementation

TOP SALES 2 aims at growing our existing accounts by +4% per annum from 2011.

The objective is to identify growth opportunities on all existing accounts and define action plans to deliver targeted growth.

This initiative is leveraging three major growth drivers:

- growing international accounts outside of domestic market, leveraging our intimacy with our customers' business and our relationship with their corporate headquarters,
- systematically selling all relevant offering portfolio to all accounts to increase cross-fertilization,
- identifying new growth opportunities by analyzing customers' business issues and key performance improvement initiatives.

This initiative includes four major actions:

- define a global account planning methodology,
- implement in all GBUs, a new role, called Sales navigator, to facilitate the account planning process,
- roll-out account planning methodology to 250 accounts through a series of workshops involving all countries relevant for the account,
- build and roll-out a global Client Satisfaction Survey methodology, which is perceived as an additional way of identifying growth opportunities with our customers.

In the first half of 2010, a global Client Satisfaction Survey methodology has been defined and rolled-out on more than 50 accounts and a global account planning methodology has been defined and roll-out on more than 80 accounts.

On the accounts that have been addressed, opportunities have been identified to grow these accounts by more than 4%. This growth is coming for about 35% on international development of accounts, 20%

selling high value added offerings like HTTS and Atos WorldGrid, 45% further developing Consulting, SI and MO on account domestic markets.

An additional 170 accounts will be addressed over H2 to cover close to 100% of our revenues.

6.2.2 Top Sales 1 program: progress on implementation

- As part of the TOP Sales initiatives, TOP Sales 1 (TS1) aims at aligning sales skills with our growth plan). In Q4 2009, a global Sales Training Curriculum has been developed jointly between HR and Sales, aligning the training need to the sales plan and focusing on areas of growth of Atos Origin: portfolio of offerings, off-shore, and accounts development.
- At the end of 2009, an ambitious training plan for 2010 has been built and approved by the Executive Committee of Atos Origin, targeting 1,700 people across the board from our Sales Community, providing common culture and increasing efficiency in cross border sales.
- In H1 2010, 3,000 days of training have been invested on five core training programs: Sales Effectiveness (common Sales Methodology), Win Workshop (Atos best practice in opportunity management), Global Sourcing Selling, Offerings and Proactive Sales Mindset (new account development methodology).
- In H2 and for 2011 onward, in addition to the sustainable 5 core programs, Sales Training investments will be focused on enhanced sales training programs, providing our sales people additional skills to support our customers CXOs in their core businesses.

Working in cooperation with the Atos University, the TOP Sales 1 program will endure outcomes for our clients and for Atos through the Atos Sales Academy. The Sales Academy incorporated the new Sales Training Programs developed in H1 to its comprehensive portfolio of training programs. The Atos Sales Academy meets the needs of sales specialists and others involved in the sales process at all levels across the entire Atos Origin Group.

6.2.3 Proactive Sales Mindset

The core principle of Proactive Sales Mindset is to move Atos from a supplier to a trusted advisor of our customers and focus on value for them in order to build a solid three-year sales plan with identified opportunities together with our customers.

In H1, the PSM training program has been built by the TOP Sales 1 initiative in order to train our sales teams to this new approach to account planning with a new creative and ambitious mindset. 400 sales people (Account Sales Executives, Account Executives, Account Partners) are being trained in total, across 10 geographies in Europe, US, Lat. Am. and Asia, through more than 30 training sessions.

PSM training program is concerned with teaching participants how to make the revenue required for growth, to think with the end in mind, and to anticipate anything that may prevent that revenue from being realized. Over the one-day program, participants consider the components of an account plan and what an account strategy could be, as well as how to implement an account plan successfully. Via case studies, participants learn how to gain an understanding of the client and its situation, the outlook and forecasting ambition, and how to write an effective account strategy.

Proactive Sales Mindset applies to the all accounts of Atos. Every account is important and managed by an Account Executive. Account teams have been trained to Proactive Sales Mindset all along H1 2010.

By developing this new mindset, account teams of Atos will ensure that any service delivered to our customers are fully aligned with their core business interest, relying on solutions chosen among the best capabilities within Atos. Developing sales in a win-win approach, PSM will support revenue growth for both our customers and Atos. This is a cultural change for Atos and our customers are already testifying their satisfaction

6.3 BOOSTING OFF SHORING

In today's market, off-shoring is mandatory to ensure that costs drop faster than market prices and Atos Origin stays competitive and focused on excellent delivery. For contract renewals and new client wins, off-shoring is a prerequisite, mostly in markets under strong Globalization, such as telecommunication, manufacturing, finance, where Atos Origin needs to demonstrate innovation, market knowledge and competitive pricing. Through the TOP Program, with its Global Delivery Lines in Managed Services and System Integration, the Group strongly increased in 2009 the size of the teams in off-shore locations. This effort has been continued over H1 2010 and will further expand.

Managed Services

Off-shoring in this Service Line has been achieved by transferring server management and monitoring services progressing well to the four key offshore locations for Managed Services: India, Malaysia, Morocco and Poland. In parallel to transferring services offshore, Atos Origin is also running training schemes to re-skill its onshore staff for other onshore job opportunities.

Systems Integration

A plan build in five steps has accelerated off-shoring while improving efficiency, service quality and profitability:

1. **Speed up roll-out of the Service Delivery Platform** – standardize processes and tools worldwide, so that the Company can off-shore quickly and efficiently;
2. **Move to the factory approach** – create a catalogue of services at pre-defined tariffs that guarantee delivery and make it easier for Global Business Units to price solutions for their clients. This will replace the previous system where fees were calculated on a pro rata basis;
3. **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;
4. **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, java and .net development, in addition to focus service lines for applications management;
5. **Develop sales collateral** – help the sales and account teams more effectively to master and manage the offer of off-shore in all new deals.

At the end of the first half of 2010, Atos Origin has now 14 production lines around various technologies up and running in India.

HTTS program

HTTS and Atos Worldline are increasing their offshore capabilities to support strong portfolio development at the most competitive cost. A significant part of its payment solutions is now executed from India.

Strong attention is paid as well at developing centers having similar language capabilities as the Demand Countries:

➤ Morocco

To meet the increasing demand from its 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 Near-shore", 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 is applying the same approach than the one implanted in India.

➤ Argentina

To meet as well demand from Spain, the Group has decided to strengthen its SI offshore capabilities in Argentina, as banks and large international Group headquartered in Spain are looking at developing their operations in South America.

6.4 WELL BEING AT WORK

At the end of 2009, Atos Origin launched its “Well Being at Work” program at Group level. This is part of the Group’s transformation plan with the objective of imagining a new way of working, intensively using new technologies while matching the social expectations of our employees and the “Y generation” so as to be recognised as one of the best companies to work for by 2012.

Early 2010, seven new programs have been launched and a “Well Being at Work” council has been implemented with the aim to think out of the box and:

- imagine a new way of working
- define the future work relationships with the company
- challenge the Group’s Scientific Community for innovation
- be visionary in our customers’ expectations

The Group has developed an approach that 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. The first deliverables of this program concern the new Group’s Campus and Headquarters in Bezons.

In this new building as well as in its other locations, the Group has worked on making optimal use of its office space.

6.5 SUPPORTING INNOVATION

6.5.1 Globalising the Payment Platforms

In 2009, Atos Worldline processed almost three billion payment transactions in its domestic markets - Belgium, France and Germany. In order to strengthen its position 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.

These global payment processing platforms are 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.

6.5.2 Rewarding and investing in innovation

Atos Origin is at the forefront of the world’s leading technology projects in the Energy, Public Sector, Telecom and Financial Services market. Through the TOP Program, the Company has used a systematic approach to identify these projects to ensure that they are recognised both internally and externally. It has also enabled the Company to benefit from subsidies granted for innovation in R&D. This together with the improved cash flow has meant Atos Origin has been able to further invest in Research and Development.

7 FINANCIAL REVIEW

7.1 INCOME STATEMENT

The Group reported a net income (Group share) of EUR 60.0 million for the half year 2010, which represents 2.4% of Group revenues of the period.

(in EUR million)	6 months ended 30 June 2010	% margin	6 months ended 30 June 2009	% margin
Operating margin	150.1	6.0%	118.3	4.6%
Other operating income / (expenses)	(54.2)		(75.8)	
Operating income	95.9	3.8%	42.5	1.6%
Net financial income / (expenses)	(10.0)		(14.4)	
Tax charge	(23.8)		(7.7)	
Non-controlling interests and associates	(2.1)		(2.2)	
Net income – Group share	60.0	2.4%	18.2	0.7%
Adjusted net income – Group share (*)	98.3	3.9%	73.9	2.9%

(*) Defined hereafter

7.1.1 Operating margin

Operating margin represents 6.0% of total revenues of the period, taking into account the new French business tax the “Cotisation sur la Valeur Ajoutée des Entreprises” (CVAE) recorded in income tax. Without this regulatory impact, the operating margin was EUR 141.0 million (5.7% of revenue to be compared with 4.6% last year).

7.1.2 Operating income

Other operating income and expenses relate to income and expenses that are unusual, abnormal and infrequent and represent a net expense of EUR 54.2 million in June 2010. The following table analyses this amount by nature and destination:

(in EUR million)	Group transformation costs	Other non recurring items	Total
Staff restructuring	(19.2)	3.1	(16.1)
Paris offices rationalisation	(14.2)	-	(14.2)
Other locations rationalisation	(1.1)	1.8	0.7
Goodwill impairment	-	(25.0)	(25.0)
Release of OBS provision and others	-	0.4	0.4
Total	(34.5)	(19.7)	(54.2)

Group transformation costs (EUR 34.5 million expenses)

The EUR 19.2 million staff restructuring 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 two actions affected mainly The Netherlands (EUR 6.0 million), Iberia (EUR 5.0 million) and France (EUR 3.7 million).

The expense related to the Paris offices rationalisation program corresponds mainly to:

- The rent of the new building for which fittings and fixtures were still under construction in the first semester 2010 for EUR 8.8 million. This rent expense will not be cashed out in 2010 as the landlord granted a two year rental exemption starting in 2010;
- The settlement with the landlord of the building “Les Miroirs” for EUR 20.0 million in exchange of an early termination of the lease agreement in the third quarter of 2010. Given that EUR 17.0 million of this cost was already covered by the provision booked in 2009, this transaction leads to an additional charge of EUR 3.0 million in operating income;

- Furthermore, the activities located in the Suresnes' building will be transferred to Bezons. This decision that has been formally announced to the Workers' Representatives, triggered the booking of an additional provision of EUR 4.9 million.

Other non-recurring items (EUR 19.7 million expense)

Other non-recurring items mostly comprised the impairment expense of EUR 25.0 million recorded on Iberia cash generating unit following a deteriorating economic environment in Spain.

7.1.3 Net financial expense

Net financial expense amounted to EUR 10.0 million for the period. This expense includes:

- the net cost of financial debt, and,
- non-operational financial costs.

The net cost of financial debt was an expense for EUR 8.5 million compared to EUR 6.5 million in June 2009.

The EUR 8.5 million comes from an average gross borrowing of EUR 564.2 million offset by the level of average gross cash and cash equivalents of EUR 430.0 million. Part of the available cash and cash equivalents is related to the convertible bond proceeds (OCEANE).

The average financial costs of gross borrowing was 3.19% (this percentage is negatively impacted by the 6.68% effective interest rate calculated under IFRS for the OCEANE, taking into account the value of the conversion options) and the average income of the gross cash was 0.31%.

During the period, the average net debt has decreased from EUR 368.6 million in June 2009 to EUR 134.2 million in June 2010.

The net cost of financial debt was covered 18 times by operating margin, compared with a requirement of not less than 4 times cover under the terms of the Group syndicated loan.

Non-operational financial costs amounted to EUR 1.5 million compared to EUR 7.9 million in June 2009. This improvement was mainly due to pension figure which represents the difference between the interests cost and the expected return on plan assets. The expected return on plan assets increased because of improved asset base at previous year end following the reversal of previous depreciations.

7.1.4 Tax charge

The tax charge for the first half of the year is EUR 23.8 million based on a profit before tax of EUR 85.9 million. This results in an Effective Tax Rate (ETR) of 27.7%, deriving from the normalised ETR of 34.8% calculated on full year basis, subsequently adjusted for the tax impact of discrete items.

The normalised ETR of 34.8% includes the "Cotisation sur la Valeur Ajoutée des Entreprises" (CVAE) and the tax impact of the impairment of EUR 25.0 million in Spain. The tax charge of June 2010 includes a CVAE for a gross amount of EUR 9.1 million.

On a midterm basis, the expected effective tax rate is 29%-30%, including the booking of the CVAE in income tax.

7.1.5 Non controlling interests

Non controlling interests include shareholdings held by joint venture partners and other associates of the Group. They are located mainly in Atos Worldline Processing services in Germany (42%) until the 24 June 2010, date of acquisition of these non controlling interests.

7.1.6 Adjusted net income

The net income - Group share before unusual, abnormal and infrequent items (net of tax) was EUR 98.3 million, 3.9% of total revenues.

(in EUR million)	6 months ended 30 June 2010	6 months ended 30 June 2009
Net income - Group share	60.0	18.2
Reorganisation and rationalisation	(29.6)	(74.8)
Pensions	0.4	1.4
Release of opening balance sheet provisions no longer needed	2.1	0.1
Capital gains / (losses)	(1.7)	(1.6)
Impairment losses & Other	(25.4)	(0.9)
Sum of unusual items	(54.2)	(75.8)
Tax effect	15.9	20.1
Sum of unusual items - net of tax	(38.3)	(55.7)
Adjusted net income - Group share	98.3	73.9

7.2 EARNINGS PER SHARE

(in EUR million)	6 months ended 30 June 2010	6 months ended 30 June 2009
Net income – Group share	60.0	18.2
Net income restated of dilutive instruments – Group share	64.4	18.2
Adjusted net income – Group share	98.3	73.9
Adjusted net income restated of dilutive instruments – Group share	102.7	73.9
(In EUR)		
Basic EPS	0.87	0.27
Diluted EPS	0.85	0.27
Adjusted basic EPS	1.42	1.08
Adjusted diluted EPS	1.35	1.08

The dilutive effects on the number of shares were the convertible bonds for 5,414,771 shares and the stock options for 1,243,306 options.

The impact of the restatement of dilutive instruments on the net income is EUR 4.4 million net of tax and derives from the interest expenses on the convertible bonds.

Based on a diluted weighted average of 75,823,157 shares in issue during the first half of 2010, the adjusted basic and diluted EPS were respectively EUR 1.42 and EUR 1.35.

7.3 CASH FLOW AND NET DEBT

The Group began the year with an opening net debt of EUR 139.4 million. At the end of June, it reached EUR 119.1 million.

The main elements affecting the Group's net cash flow in June 2010 are the following:

- an OMDA at EUR 240.2 million, representing 9.6% of revenue (8.3% in June 2009),
- a strong reduction of the capital expenditures, decreasing to 2.9% of the external revenue (4.1% in June 2009) materializing the objective of the Group to reduce its capital intensity,
- the positive change in working capital requirement for EUR 1.2 million in the period,
- the net financial investments for EUR 54.0 million. This amount related mainly to :
 - o the acquisition of Shere Ltd for EUR 19.7 million net of cash 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, and,
 - o the acquisition of non controlling interests of Atos Worldline Processing services in Germany (42%) for EUR 35.0 million on 24 June 2010,
- an equivalent reorganisation and rationalization cash outflow in the period for EUR 69.4 million compared to June 2009 (EUR 69.5 million).

(in EUR million)	6 months ended 30 June 2010	6 months ended 30 June 2009
OMDA	240.2	214.7
Net capital expenditures	(72.8)	(106.6)
Change in working capital requirement	1.2	(38.3)
Cash from operations	168.6	69.8
Taxes paid	(27.3)	(10.7)
Net cost of financial debt paid excl. Convertible bonds	(2.9)	(6.3)
Net interests of convertible bonds	(5.6)	-
Reorganisation in other operating income	(47.0)	(62.1)
Rationalisation in other operating income	(22.4)	(7.4)
Net financial investments	(54.0)	(6.6)
Dividends paid	(4.3)	(3.6)
Purchase and sale of treasury stock	1.4	1.6
Other changes (*)	13.8	1.7
Net cash flow	20.3	(23.6)
Opening net debt	(139.4)	(304.0)
Closing net debt	(119.1)	(327.6)

(*) Other changes include common stock issues, translation differences, profit-sharing amounts payable to French employees transferred to debt, disposal of operational assets, other operating income with cash impact (excluding reorganisation & rationalisation) and other financial items with cash impact.

7.3.1 Operating investments

During the first six months of 2010, net capital expenditures amounted to EUR 72.8 million.

The purchases represent EUR 81.7 million. The main Global Business Units contributing to these investments are:

- the United Kingdom for EUR 15.6 million, of which EUR 6.0 million for the acquisition of intellectual property rights and EUR 6.0 million of IT equipment related to various customer contracts;
- Atos Worldline for EUR 11.6 million;
- The Netherlands for EUR 8.8 million, of which EUR 4.2 million being servers and PC dedicated to clients and the rest mainly for storage and network equipment EUR 4.0 million and;
- France for EUR 8.4 million (out of which EUR 5.5 million dedicated to clients and EUR 1.1 million for shared infrastructures).

Proceeds from disposal of assets EUR 8.9 million mostly come from the disposal of mainframes in Germany.

7.3.2 Change in working capital

The positive change in working capital is EUR 1.2 million over the period.

In 2009, the Group has implemented a half year scheme for bonuses, instead of a yearly scheme in the previous years. Consequently, the change in working capital for the first semester of 2009 includes the payment of full 2008 bonuses, whereas the change in working capital for the first semester of 2010 includes only the payment of bonuses related to the second semester of 2009.

Moreover, DSO has improved by 6 days at 58 days at the end of June 2010 compared to 64 days in June 2009. This evolution was the result of the strong actions carried out by Atos Origin to reduce seasonality of the working capital and accelerate client collection (T18).

7.3.3 Bank covenants

The Group is substantially within its borrowing covenants, with a consolidated leverage ratio (net debt divided by OMDA) of 0.2 at the end of June 2010. It may not be more than 2.5 times throughout the term of the Group syndicated loan.

The consolidated interest cover ratio (operating margin divided by the net cost of financial debt) was more than 18 times in the first half of 2010.

It may not be less than 4 times throughout the term of the Group syndicated loan.

7.4 PARENT COMPANY RESULTS

The profit before tax of the parent company amounts to EUR 92.1 million for the end of June 2010, compared with EUR 116.9 million for the first semester 2009.

8 HALF-YEAR FINANCIAL REPORT

8.1 STATUTORY AUDITORS' REVIEW REPORT ON HALF-YEAR CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

This is a free translation into English of the statutory auditor's review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code Monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Atos Origin, for the period January 1 to June 30, 2010,
- the verification of information contained in the interim management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusions on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion expressed above, we draw your attention on the matters set out in:

- the note "Basis of preparation and significant accounting policies" to the condensed half-year consolidated financial statements regarding the change in accounting policy regarding actuarial gain and losses of pensions,
- the note 9 "Goodwill" which presents the results of the impairment tests performed by the Group, on the goodwill of certain cash generating units as of June 30, 2010.

2. Specific verification

We have also verified the information given in the interim management report commenting the condensed half-year consolidated financial statements subject to our review.

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

Paris and Neuilly-sur-Seine, July 29, 2010

The Statutory Auditors,

Deloitte & Associés

Grant Thornton
French member of Grant Thornton International

Tristan Guerlain

Christophe Patrier

Jean-Pierre Colle

Vincent Frambourt

8.2 HALF-YEAR CONDENSED FINANCIAL STATEMENTS

8.2.1 Interim consolidated income statement

(in EUR million)	Notes	6 months ended 30 June 2010	6 months ended 30 June 2009	12 months ended 31 December 2009
Revenue	Note 2	2,494.2	2,589.3	5,127.0
Personnel expenses	Note 3	(1,434.8)	(1,471.8)	(2,862.3)
Operating expenses	Note 4	(909.3)	(999.2)	(1,974.1)
Operating margin		150.1	118.3	290.6
% of revenue		6.0%	4.6%	5.7%
Other operating income and expenses	Note 5	(54.2)	(75.8)	(259.3)
Operating income		95.9	42.5	31.3
% of revenue		3.8%	1.6%	0.6%
Net cost of financial debt		(8.5)	(6.5)	(13.5)
Other financial expenses		(24.4)	(20.8)	(31.9)
Other financial income		22.9	12.9	21.0
Net financial income	Note 6	(10.0)	(14.4)	(24.4)
Profit before tax		85.9	28.1	6.9
Tax charge	Note 7	(23.8)	(7.7)	1.1
Net income		62.1	20.4	8.0
Of which:				
- Group share		60.0	18.2	3.9
- Non controlling interests	Note 13	2.1	2.2	4.1

(in EUR and number of shares)

Net income - Group share per share	Note 8			
Weighted average number of shares		69,165,080	68,620,160	68,772,224
Basic earnings per share		0.87	0.27	0.06
Diluted weighted average number of shares		75,823,157	68,620,160	74,420,585
Diluted earnings per share		0.85	0.27	0.06

8.2.2 Interim consolidated statement of comprehensive income

(in EUR million)	6 months ended 30 June 2010	6 months ended 30 June 2009	12 months ended 31 December 2009
Profit for the period	62.1	20.4	8.0
Other comprehensive income			
Cash flow hedging :			
- Current period gains / (losses)	2.3	5.0	2.9
- Reclassification to profit or loss	(0.6)	(0.5)	2.5
Income tax relating to cash flow hedging	(0.1)	(1.4)	(1.2)
Actuarial gains and losses generated in the period	(47.6)	-	(29.5)
Exchange differences on translation of foreign operations	78.4	55.2	25.2
Total Other comprehensive income	32.4	58.3	(0.1)
Total comprehensive income for the period	94.5	78.7	7.9
Of which:			
- Group share	92.3	76.5	3.4
- Non controlling interests	2.2	2.2	4.5

8.2.3 Interim consolidated statement of financial position

(in EUR million)	Notes	30 June 2010	31 December 2009	30 June 2009
ASSETS				
Goodwill	Note 9	1,556.4	1,507.6	1,564.4
Intangible assets		76.6	68.9	80.5
Tangible assets		394.9	407.4	441.7
Non-current financial assets	Note 10	147.7	220.0	63.0
Non-current financial instruments	Note 17	0.2	1.1	1.4
Deferred tax assets		286.4	249.0	227.3
Total non-current assets		2,462.2	2,454.0	2,378.3
Trade accounts and notes receivable	Note 11	1,345.4	1,281.3	1,392.9
Current taxes		8.0	26.3	32.3
Other current assets		207.3	164.4	206.6
Current financial instruments	Note 17	7.6	3.8	0.9
Cash and cash equivalents	Note 12	430.9	534.7	164.8
Total current assets		1,999.2	2,010.5	1,797.5
TOTAL ASSETS		4,461.4	4,464.5	4,175.8
(in EUR million)		30 June 2010	31 December 2009	30 June 2009
LIABILITIES AND SHAREHOLDERS' EQUITY				
Common stock		69.7	69.7	69.7
Additional paid-in capital		1,330.2	1,329.7	1,329.7
Consolidated reserves		236.5	300.9	286.9
Translation adjustments		(75.0)	(153.4)	(123.4)
Net income for the period		60.0	3.9	18.2
Shareholders' equity – Group share		1,621.4	1,550.8	1,581.1
Non controlling interests	Note 13	3.5	11.0	10.1
Total shareholders' equity		1,624.9	1,561.8	1,591.2
Provisions for pensions and similar benefits	Note 14	422.9	437.1	261.9
Non-current provisions	Note 15	113.9	126.6	105.0
Borrowings	Note 16	506.7	483.4	262.4
Deferred tax liabilities		62.7	63.0	59.8
Non current financial instruments	Note 17	1.7	4.3	3.7
Other non-current liabilities		13.3	1.1	1.1
Total non-current liabilities		1,121.2	1,115.5	693.9
Trade accounts and notes payable	Note 18	528.1	475.3	517.9
Current taxes		38.4	28.3	49.2
Current provisions	Note 15	99.2	135.2	84.3
Current financial instruments	Note 17	4.6	1.2	1.0
Current portion of borrowings	Note 16	43.3	190.7	230.0
Other current liabilities	Note 19	1,001.7	956.5	1,008.3
Total current liabilities		1,715.3	1,787.2	1,890.7
Total liabilities and shareholders' equity		4,461.4	4,464.5	4,175.8

8.2.4 Interim consolidated cash flow statement

(in EUR million)	Notes	6 months ended 30 June 2010	6 months ended 30 June 2009	12 months ended 31 December 2009
Profit before tax		85.9	28.1	6.9
Depreciation of fixed assets	Note 4	101.6	111.9	222.0
Net charge / (release) to operating provisions		(26.8)	(26.0)	(34.5)
Net charge / (release) to financial provisions		5.6	6.9	7.2
Net charge / (release) to other operating provisions		(63.7)	3.7	83.5
Impairment of long-term assets		25.0	-	31.1
Net accrual to other operating expenses		22.6	-	-
Losses / (gains) on disposals of fixed assets		2.4	2.6	5.7
Net charge for equity-based compensation		5.6	7.9	15.1
(Gains)/Losses on financial instruments		(0.2)	(1.2)	(2.2)
Net cost of financial debt	Note 6	8.5	6.5	13.5
Cash from operating activities before change in working capital requirement, financial interests and taxes		166.5	140.4	348.3
Taxes paid		(27.3)	(10.7)	(39.5)
Change in working capital requirement		1.2	(38.3)	34.6
Net cash from / (used in) operating activities		140.4	91.4	343.4
Payment for tangible and intangible assets		(81.7)	(109.1)	(204.8)
Proceeds from disposals of tangible and intangible assets		8.9	2.5	7.3
Net operating Investments		(72.8)	(106.6)	(197.5)
Amounts paid for acquisitions and long-term investments		(59.3)	(7.1)	(17.0)
Cash and cash equivalents of companies purchased during the period		1.1	1.3	1.2
Proceeds from disposals of financial investments		4.2	0.8	3.3
Cash and cash equivalents of companies sold during the period		-	(1.6)	(1.6)
Net long-term investments		(54.0)	(6.6)	(14.1)
Net cash from / (used in) investing activities		(126.8)	(113.2)	(211.6)
Common stock issues on the exercise of equity-based compensation		0.5	-	0.1
Portion of convertible bonds : - in equity	Note 16	-	-	47.8
- in financial liability	Note 16	-	-	200.7
Purchase and sale of treasury stock		1.4	1.6	5.7
Dividends paid to minority shareholders of subsidiaries		(4.3)	(3.6)	(4.3)
New borrowings	Note 16	25.4	9.4	33.0
New Finance lease	Note 16	0.1	4.5	2.3
Repayment of long and medium-term borrowings	Note 16	(24.8)	(74.7)	(79.2)
Net cost of financial debt paid		(2.9)	(6.3)	(13.3)
Other flow related to financing activities	Note 16	(141.0)	(26.3)	(52.8)
Net cash from / (used in) financing activities		(145.6)	(95.4)	140.0
Increase / (decrease) in net cash and cash equivalents		(132.0)	(117.2)	271.8
Opening net cash and cash equivalents	Note 16	532.9	261.9	261.9
Increase/ (decrease) in net cash and cash equivalents		(132.0)	(117.2)	271.8
Impact of exchange rate fluctuations on cash and cash equivalents		28.8	10.8	(0.8)
Closing net cash and cash equivalents	Note 16	429.7	155.5	532.9

8.2.5 Interim consolidated statement of changes in shareholders' equity

(in EUR million)	Number of shares at period-end (thousands)	Common Stock	Additional paid-in capital	Consolidated reserves	Translation adjustments	Items recognized directly in equity	Net income - Group share	Equity - Group share	Non controlling interests	TOTAL
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								-		-
* Appropriation of prior period net income				46.0			(46.0)	-		-
* Dividends								-	(3.6)	(3.6)
* Equity-based compensation				7.9				7.9		7.9
* Changes in treasury stock				1.6				1.6		1.6
* Other								-		-
Transactions with owners	-	-	-	55.5	-	-	(46.0)	9.5	(3.6)	5.9
* Net income for the period							18.2	18.2	2.2	20.4
* Other Comprehensive income					55.2	3.1		58.3		58.3
Total comprehensive income for the period	-	-	-	-	55.2	3.1	18.2	76.5	2.2	78.7
At 30 June 2009	69,717	69.7	1,329.7	289.3	(123.4)	(2.4)	18.2	1,581.1	10.1	1,591.2
* Common stock issued	3							-		-
* Appropriation of prior period net income								-		-
* Dividends								-	(1.4)	(1.4)
* Equity-based compensation				7.2				7.2		7.2
* Changes in treasury stock				4.1				4.1		4.1
* Equity portion of compound instrument				31.3				31.3		31.3
* Other				0.2				0.2		0.2
Transactions with owners	3	-	-	42.8	-	-	-	42.8	(1.4)	41.4
* Net income for the period							(14.3)	(14.3)	1.9	(12.4)
* Other Comprehensive income				(29.9)	(30.0)	1.1		(58.8)	0.4	(58.4)
Total comprehensive income for the period	-	-	-	(29.9)	(30.0)	1.1	(14.3)	(73.1)	2.3	(70.8)
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	21	0.0	0.5					0.5		0.5
* Appropriation of prior period net income				3.9			(3.9)	-		-
* Dividends								-	(3.9)	(3.9)
* Equity-based compensation				5.6				5.6		5.6
* Changes in treasury stock				1.4				1.4		1.4
* Equity portion of compound instrument								-		-
* Other				(29.2)				(29.2)	(5.8)	(35.0)
Transactions with owners	21	-	0.5	(18.3)	-	-	(3.9)	(21.7)	(9.7)	(31.4)
* Net income for the period							60.0	60.0	2.1	62.1
* Other Comprehensive income				(47.7)	78.4	1.6		32.3	0.1	32.4
Total comprehensive income for the period	-	-	-	(47.7)	78.4	1.6	60.0	92.3	2.2	94.5
At 30 June 2010	69,741	69.7	1,330.2	236.2	(75.0)	0.3	60.0	1,621.4	3.5	1,624.9

8.2.6 Notes to the half-year condensed consolidated financial statements for the period ended 30 June 2010

8.2.6.1 Basis of preparation

The 2010 interim consolidated financial statements have been prepared in accordance with the recognition and measurement principles set out in International Financial Reporting Standards (IFRS). The international standards comprise the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS), the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The accounting policies, presentation and methods of computation that have been followed in these interim consolidated financial statements are in line with those that were applied in the preparation of the 31 December 2009 financial statements and disclosed in the Group's 2009 Reference Document, except for the impact of the adoption of the Standards and Interpretations described below:

- Pensions accounting principles: the Group has decided to abandon the so called "corridor" method to use the recognition of actuarial gains and losses through the other comprehensive income proposed by paragraph 93 A-D of IAS 19 (for more details on these changes, refer to the appropriate sections in this paragraph);
- The effect of IFRS 3 (revised) – *Business combinations and IAS 27 (revised) - Consolidated and Separate Financial Statements*.

The interim consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with the standard IAS 34 - *Interim Financial Reporting*. As such these financial statements do not include all of the information required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2009.

Accounting policies applied by the Group conform to those standards and interpretations adopted by the European Union as at 30 June 2010. Those standards and interpretations can be found at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

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*;
- IAS 39 - *Recognition and Measurement Eligible Hedged Items*;
- IFRS 2 - *Group Cash-settled Share-based Payment Transactions*;
- IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations (amendment following the May 2008 IFRS improvement program)*;
- Amendments to various IFRS statements, 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 impact of the other changes on the Group's Financial Statements is limited.

The interim consolidated financial statements do not take into account:

- Standards and interpretations published by the IASB, adopted at the European level, but with an application date subsequent to 30 June 2010:
 - Amendment to IAS 32 *Classification of Rights Issues*
- New standards, interpretations and amendments to existing standards and interpretations not yet approved by the European Union. This notably concerns:
 - IAS 24 *Related Party Disclosure*;
 - IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*;

- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement;
 - Amendments to various IFRS statements, following the IFRS improvement program of 2010;
 - IFRS 9 Financial Instruments (IAS 39 Phase I).
- Draft standards that are still at the exposure draft stage at the International Accounting Standards Board (IASB)

At the date of this report, the potential impact on the consolidated financial statements of the application of those standards and interpretations is not available.

8.2.6.2 Significant accounting policies

In addition to the accounting principles as disclosed in the annual accounts, the following accounting principles are relevant for the interim accounts:

Impairment of assets

Goodwill and assets that are subject to amortisation are tested for impairment whenever events or circumstances indicate that the carrying amount could not be recoverable. If necessary, an impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable value.

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.

Pensions and similar benefits

The Group has decided to abandon 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 95 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 or their related 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 are recognized in other comprehensive income. As a result, as from 30 June 2010 and going forward, the net pension liability presented on the Group balance will be reflecting the difference between the valuation of pension commitments and related assets, plus or minus any unrecognized past service costs.

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 tables below summarize the impact of this change in accounting principle on the Income Statement and Balance Sheet of the Group at 30 June 2009 and at 31 December 2009:

- Income statement

(in EUR million)	12 months ended 31 December 2009	6 months ended 30 June 2009
Personnel expenses	0.6	0.3
Operating margin	0.6	0.3
Other operating income and expenses	(38.9)	-
Operating income	(38.3)	0.3
Tax charge	10.5	(0.1)
Net income	(27.8)	0.2
Of which:		
- Group share	(27.8)	0.2
- Non-controlling interests	-	-

- Statement of financial position

(in EUR million)	31 December 2009	30 June 2009
ASSETS		
Non-current financial assets	82.4	(15.0)
Deferred tax assets	41.0	15.9
Total non-current assets	123.4	0.9
TOTAL ASSETS	123.4	0.9

(in EUR million)	31 December 2009	30 June 2009
LIABILITIES AND SHAREHOLDERS' EQUITY		
Consolidated reserves	(64.7)	(34.9)
Translation adjustments	(0.7)	(4.2)
Net income for the period	(27.8)	0.2
Shareholders' equity – Group share	(93.2)	(38.9)
Non-controlling interests	0.9	0.6
Total shareholders' equity	(92.3)	(38.3)
Provisions for pensions and similar benefits	214.0	37.6
Deferred tax liabilities	1.7	1.6
Total non-current liabilities	215.7	39.2
Total liabilities and shareholders' equity	123.4	0.9

The remeasurement principle for pension liabilities and assets at interim periods is unchanged, i.e. actuarial remeasurements are only triggered if there are significant moves in the discount rate to be used under IAS 19, and limited to the Group's most significant pension plans. For less significant plans or if there are no significant evolutions in discount rates to be used, actuarial projections are used.

Business combination and subsequent changes in the Group ownership interest

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 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 realizable deferred taxes subsequent to acquisition date are effective for transactions occurring after January 1, 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

Upon first consolidation, all assets, liabilities and contingent liabilities (unless they are not present obligations) of the acquired company are estimated at their fair value.

Purchase consideration includes any contingent element (adjustment in the acquisition price conditional upon one or more events). In the estimate of the contingent element, attention is paid to use assumptions that are consistent with the assumptions used for the valuation of intangible assets.

- For business combinations that occurred before 1 January 2010, a contingent element was included in the cost of the combination to the extent the adjustment was probable and could be measured reliably. If the future events do not occur or the estimate needs to be revised, the cost of the business combination continues to be adjusted accordingly, taking account of the impact in terms of additional goodwill and/or adjustments of the valuation of acquired assets and liabilities.
- For business combinations that occurred on or after 1 January 2010, any change to the estimate of the contingent element between the acquisition date and the amount actually subsequently paid is recognized in the income statement.

Direct transaction costs related to a business combination are charged in the income statement when incurred.

In step acquisitions, any non-controlling interest held previously by the Group is measured at fair value and the resulting adjustment is recognized through the net income. Similarly, when an additional acquisition changes the status of the control from significant influence/joint control to control, any investment pre-existing in a former associate/joint venture is re-measured to its fair value with the gain or loss recognized through net income (consequently also resulting in a change in the previously recognized amount of goodwill).

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.

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 (Group share). Any further change in the fair value of the non-controlling interests purchase commitment will also be recorded in equity (Group share).

Corporate income tax

The income tax charge includes current and deferred tax expenses. For the purposes of the interim condensed consolidated financial statements, consolidated income tax expense is determined by applying the estimated effective tax rate for the full year to the "half-year net income before tax". The estimated effective tax rate for the full-year is determined on the basis of forecasted current and deferred tax expense for the year in the light of full-year earnings projections.

8.2.6.3 Notes to the half-year condensed consolidated financial statements

Note 1 Changes of scope of consolidation

Since 1st January 2010, there has been no significant change of scope.

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
ISAM	Spain, Portugal and Andorra	Iberia
	Argentina, Brazil, Chile and Colombia	Other countries
RoW	United States and Mexico	Other countries
	China, Taiwan, Japan, Malaysia, Singapore, Thailand, Indonesia	
	India	

The requirements of IFRS 8 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 in France
▪ Benelux	Consulting, systems integration, managed services and high technology transactional services in The Netherlands and Belux
▪ United Kingdom	Consulting, systems integration, managed services, business process outsourcing and high technology transactional services in the United Kingdom and Sweden
▪ Worldline	High technology transactional services in France, Belgium and Germany
▪ GCEMA	Systems integration, managed services and high technology transactional services in Germany, Switzerland, Poland, Austria, Greece, Turkey and South Africa
▪ Iberia	Consulting, systems integration, managed services and high technology transactional services in Spain, Portugal and Andorra
▪ Other countries	Consulting, systems integration, managed services and high technology transactional services 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 operating segment information for the periods is as follows:

(in EUR million)	France	Benelux	United Kingdom	Worldline	GCEMA	Iberia	Other countries	Total Operating	Global Delivery	Other Corporate	Elimination	Total Group
6 months ended 30 June 2010												
External revenue by segment	573.0	459.3	441.7	420.2	241.3	158.1	200.4	2,494.0		0.2		2,494.2
%	23.0%	18.4%	17.7%	16.8%	9.7%	6.3%	8.0%	100.0%				100.0%
Inter-segment revenue	25.3	14.8	2.5	5.5	23.0	2.9	52.6	126.6			(126.6)	
Total revenue	598.3	474.1	444.2	425.7	264.3	161.0	253.0	2,620.6		0.2	(126.6)	2,494.2
Segment operating margin	17.6	42.8	36.2	69.7	10.9	(9.3)	21.7	189.6	(8.1)	(31.4)		150.1
%	3.1%	9.3%	8.2%	16.6%	4.5%	-5.9%	10.8%	7.6%				6.0%
Total segment assets	712.2	748.0	747.6	593.5	327.3	232.0	318.2	3,678.8		57.3		3,736.1
6 months ended 30 June 2009												
External revenue by segment	572.4	517.2	445.8	416.3	283.5	174.6	179.2	2,589.0		0.3		2,589.3
%	22.1%	20.0%	17.2%	16.1%	10.9%	6.7%	6.9%	100.0%		0.0%		100.0%
Inter-segment revenue	35.3	15.3	3.3	5.6	21.3	3.0	41.4	125.2			(125.2)	0.0
Total revenue	607.7	532.5	449.1	421.9	304.8	177.6	220.6	2,714.2		0.3	(125.2)	2,589.3
Segment operating margin	22.1	34.3	36.9	61.2	4.0	4.9	3.1	166.5	(14.2)	(34.0)		118.3
%	3.9%	6.6%	8.3%	14.7%	1.4%	2.8%	1.7%	6.4%				4.6%
Total segment assets	686.8	639.1	766.6	648.9	378.5	274.8	317.4	3,712.1		39.3		3,751.4
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)	0.0
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

The reportable assets are reconciled to total assets as follows:

(in EUR million)	30 June 2010	31 December 2009	30 June 2009
Total segment assets	3,736.1	3,654.5	3,751.4
Tax Assets	294.4	275.3	259.6
Cash & Cash Equivalents	430.9	534.7	164.8
Total assets	4,461.4	4,464.5	4,175.8

Note 3 Personnel expenses

(In EUR million)	6 months ended 30 June 2010	% revenue	6 months ended 30 June 2009	% revenue	12 months ended 31 Dec 2009	% revenue
Wages and salaries (*)	(1,107.0)	44.4%	(1,138.8)	44.0%	(2,188.4)	42.7%
Social security charges	(328.7)	13.2%	(331.9)	12.8%	(661.0)	12.9%
Tax, training, profit-sharing	(26.2)	1.1%	(23.8)	0.9%	(49.0)	1.0%
Equity-based compensation	(5.5)	0.2%	(6.9)	0.3%	(14.0)	0.3%
Net charge to provisions for staff expenses	(1.1)	0.0%	1.6	-0.1%	1.3	0.0%
Difference between pensions contributions and net pension expense (**)	33.7	-1.4%	28.0	-1.1%	48.8	-1.0%
Total	(1,434.8)	57.5%	(1,471.8)	56.8%	(2,862.3)	55.8%

(*) of which no impact for restructuring in June 2010 compared to EUR 0.6 million in June 2009

(**) difference between total cash contributions made to the pensions funds and the net pension expense under IAS19

Equity based compensation

The EUR 5.5 million charge recorded within operating margin for equity based compensation (EUR 6.9 million during the first half of 2009) is made of:

- EUR 1.4 million related to the Management and Long-Term Incentive plans ("MIP" and "LTI" plans) implemented in 2008 and in 2007, and
- EUR 4.1 million related to the stock option plans granted in 2009 and in previous years.

Free share plans

No new free share plan was set up during the first half of 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 semester is as follows:

(In EUR million)	6 months ended 30 June 2010	6 months ended 30 June 2009
LTI 2008	0.2	0.8
MIP 2008	0.8	2.2
LTI 2007	0.2	-
MIP 2007	0.2	0.9
Total	1.4	3.9

Stock option plans

The Group recognized a total expense of EUR 4.1 million on stock options (EUR 3.0 million during the first half of 2009). The 2010 expense comprises EUR 0.7 million related to the plan granted in December 2008 and EUR 3.4 million related to the three plans launched in 2009.

Total expense in operating margin related to stock option plans granted in 2009 during the semester is as follows:

(In EUR million)	6 months ended 30 June 2010	6 months ended 30 June 2009
26 March 2009	1.3	1.2
3 July 2009	1.6	-
4 September 2009	0.5	-
Total	3.4	1.2

Note 4 Operating expenses

(In EUR million)	6 months ended 30 June 2010	% revenue	6 months ended 30 June 2009	% revenue	12 months ended 31 December 2009	% revenue
Subcontracting costs direct	(264.0)	10.6%	(296.7)	11.5%	(574.8)	11.2%
Purchase hardware and software	(96.4)	3.9%	(84.2)	3.3%	(169.2)	3.3%
Maintenance costs	(108.6)	4.4%	(130.8)	5.1%	(256.9)	5.0%
Rent & Lease expenses	(100.1)	4.0%	(104.5)	4.0%	(211.3)	4.1%
Telecom costs	(62.1)	2.5%	(54.4)	2.1%	(111.2)	2.2%
Travelling expenses	(57.6)	2.3%	(55.4)	2.1%	(114.3)	2.2%
Company cars	(39.3)	1.6%	(46.9)	1.8%	(92.8)	1.8%
Professional fees	(47.5)	1.9%	(77.7)	3.0%	(148.6)	2.9%
Taxes & Similar expenses	1.3	-0.1%	(15.6)	0.6%	(27.8)	0.5%
Others expenses	(40.4)	1.6%	(22.2)	0.9%	(44.8)	0.9%
Subtotal expenses	(814.7)	32.7%	(888.4)	34.3%	(1,751.7)	34.2%
Depreciation of fixed assets	(101.6)	4.1%	(111.9)	4.3%	(222.0)	4.3%
Net charge to provisions	(5.7)	0.2%	(3.3)	0.1%	(15.5)	0.3%
Gains / (Losses) on Disp of Assets	(0.9)	0.0%	(1.0)	0.0%	(2.0)	0.0%
Trade Receivables write-off	(0.9)	0.0%	(4.8)	0.2%	(6.5)	0.1%
Capitalized Production	14.5	-0.6%	10.2	-0.4%	23.6	-0.5%
Subtotal other expenses	(94.6)	3.8%	(110.8)	4.3%	(222.4)	4.3%
Total	(909.3)	36.5%	(999.2)	38.6%	(1,974.1)	38.5%

Note 5 Other operating income and expenses

(In EUR million)	6 months ended 30 June 2010	6 months ended 30 June 2009	12 months ended 31 December 2009
Reorganisation	(16.1)	(57.4)	(140.6)
Rationalization	(13.5)	(17.4)	(86.3)
Pensions	0.4	1.4	1.3
Release of opening balance sheet provisions no longer needed	2.1	0.1	13.4
Capital gains and losses on disposal of assets	(1.7)	(1.6)	(15.3)
Impairment gains/(losses) on long-term assets and other	(25.4)	(0.9)	(31.8)
Total	(54.2)	(75.8)	(259.3)

Other operating income and expenses relate to income and expenses that are unusual, abnormal and infrequent and represent a net expense of EUR 54.2 million in June 2010. The following table analyses this amount by nature and destination:

(in EUR million)	Group transformation costs	Other non recurring items	Total
Staff restructuring	(19.2)	3.1	(16.1)
Paris offices rationalisation	(14.2)	-	(14.2)
Other locations rationalisation	(1.1)	1.8	0.7
Goodwill impairment	-	(25.0)	(25.0)
Release of OBS provision and others	-	0.4	0.4
Total	(34.5)	(19.7)	(54.2)

Group transformation costs (EUR 34.5 million expenses)

The EUR 19.2 million staff restructuring 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 two actions affected mainly The Netherlands (EUR 6.0 million), Iberia (EUR 5.0 million) and France (EUR 3.7 million).

The expense related to the Paris offices rationalisation program corresponds mainly to:

- The rent of the new building for which fittings and fixtures were still under construction in the first semester 2010 for EUR 8.8 million. This rent expense will not be cashed out in 2010 as the landlord granted a two year rental exemption starting in 2010;
- The settlement with the landlord of the building "Les Miroirs" for EUR 20.0 million in exchange of an early termination of the lease agreement in the third quarter of 2010. Given that EUR 17.0 million of this cost was already covered by the provision booked in 2009, this transaction leads to an additional charge of EUR 3.0 million in operating income;
- Furthermore, the activities located in the Suresnes' building will be transferred to Bezons. This decision that has been formally announced to the Workers' Representatives, triggered the booking of an additional provision of EUR 4.9 million.

Other non-recurring items (EUR 19.7 million expenses)

Other non-recurring items mostly comprised the impairment expense of EUR 25.0 million recorded on Iberia cash generating unit following a deteriorating economic environment in Spain.

Note 6 Net financial income

Net cost of financial debt

(In EUR million)	6 months ended 30 June 2010	6 months ended 30 June 2009	12 months ended 31 December 2009
Net Interest expenses	(8.9)	(6.9)	(13.9)
Interest on obligations under finance leases	(0.1)	(0.2)	(0.4)
Gain/(loss) on disposal of cash equivalents	0.5	0.6	0.8
Gain/(loss) on interest rate hedges of financial debt	-	-	-
Net cost of financial debt	(8.5)	(6.5)	(13.5)

The net cost of financial debt was an expense for EUR 8.5 million compared to EUR 6.5 million in June 2009.

The EUR 8.5 million comes from an average gross borrowing of EUR 564.2 million offset by the level of average gross cash and cash equivalents of EUR 430.0 million. Part of the available cash and cash equivalents is related to the convertible bonds (OCEANE).

The average financial costs of gross borrowing was 3.19% (this percentage is negatively impacted by the 6.68% effective interest rate calculated under IFRS for the OCEANE, taking into account the value of the conversion options) and the average income of the gross cash was 0.31%.

During the period, the average net debt has decreased from EUR 368.6 million in June 2009 to EUR 134.2 million in June 2010.

The net cost of financial debt was covered 18 times by operating margin, compared with a requirement for not less than 4 times cover under the terms of the Group syndicated loan.

Other financial income and expenses

(In EUR million)	6 months ended 30 June 2010	6 months ended 30 June 2009	12 months ended 31 December 2009
Foreign exchange (expenses)/ income	(1.1)	0.7	(1.9)
Fair value gain/(loss) on forward contracts held for trading	5.4	0.8	1.6
Discounting financial expenses	(0.3)	(0.3)	(0.5)
Other income / (expenses)	(5.5)	(9.1)	(10.1)
Other financial income and expenses	(1.5)	(7.9)	(10.9)
Of which:			
- other financial expenses	(24.4)	(20.8)	(31.9)
- other financial income	22.9	12.9	21.0

The EUR 1.5 million of other expenses mainly relate to gains on forward contracts held for trading (EUR +5.4 million), exchange rate impacts (EUR -1.1 million) and pensions (EUR -5.1 million). The pension figure represents the difference between the interests cost and the expected return on plan assets. The expected return on plan assets increased because of improved asset base at previous year end following the reversal of previous depreciations.

Please refer to Note 14 Pension for further explanation.

Note 7 Income tax expenses

The Effective Tax Rate (ETR) for the semester is 27.7%, deriving from the normalised ETR of 34.8% calculated on full year basis, subsequently adjusted for the tax impact of discrete items.

The normalised ETR of 34.8% includes the "Cotisation sur la Valeur Ajoutée des Entreprises" (CVAE) and the tax impact of the impairment of EUR 25.0 million in Spain. The tax charge of June 2010 includes a CVAE for a gross amount of EUR 9.1 million.

Note 8 Earnings per share

Basic and diluted earnings per share are reconciled in the table below. Potential dilutive instruments comprise stock options and convertible bonds (equivalent to 5,414,771 shares). The convertible bonds are the only ones generating 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 tax (EUR 4.4 million). The average number of stock options not exercised on first half of 2010 amounted to 10,284,117 shares, out of which 1,243,306 have a dilutive effect on earnings per share.

Basic and diluted earnings per share are reconciled as follows:

(In EUR million)	6 months ended 30 June 2010	6 months ended 30 June 2009	12 months ended 31 December 2009
Net income - Group share [a]	60.0	18.2	3.9
Net income restated of dilutive instruments - Group share [b]	64.4	18.2	4.7
Weighted average number of shares outstanding [c]	69,165,080	68,620,160	68,772,224
Impact of dilutive instruments [d]	6,658,077	-	5,648,361
Diluted weighted average number of shares [e]=[c]+[d]	75,823,157	68,620,160	74,420,585
Earnings per share in EUR [a]/[c]	0.87	0.27	0.06
Diluted earnings per share in EUR [b]/[e]	0.85	0.27	0.06

Note 9 Goodwill

(In EUR million)	31 December 2009	Acquisition/ depreciation	Disposals	Others	Exchange rate fluctuations	30 June 2010
Gross value	2,038.2	14.0	-	-	83.9	2,136.1
Impairment loss	(530.6)	(25.0)	-	-	(24.1)	(579.7)
Total	1,507.6	(11.0)	-	-	59.8	1,556.4

Goodwill are allocated to cash generating units (CGUs) that are then part of one of the operating segments disclosed in Note 2 as per IFRS 8 requirements.

Impairment tests for interim financial reporting have been limited to:

- CGUs for which an event occurred during the semester giving an indication that their assets may be impaired,
- other "sensitive" CGUs at year end 2009, for which the recoverable amount of assets was close to their carrying values.

During the semester, the Group's operations in Spain have been impacted by a deteriorating economic environment. Following an assessment of the recoverable value of the Iberia cash generating unit, the Group has recorded an impairment charge of EUR 25.0 million.

The Group has also performed impairment tests for the two other "sensitive" CGUs (Germany and South America). As a result, no further impairment charge needs to be recorded in the June 2010 accounts.

The increase of the gross value of goodwill is due to the acquisition of Shere Ltd, a market leading and innovative provider of integrated self-service, web and desktop systems delivering services to the UK rail and hospitality markets.

Over the first six months of 2010, the balance sheet of the Group has been significantly impacted by the effect of foreign exchange rates variations, specifically the GBP. The main consequence has been the increase of the net goodwill by EUR 41.0 million since December 2009.

Note 10 Non-current financial assets

(In EUR million)	30 June 2010	31 December 2009
Pension prepayments	124.1	196.9
Other (*)	23.6	23.1
Total	147.7	220.0

(*) "Other" includes Loans, Deposits, Guarantees, investments in associates accounted for under the equity method and non consolidated investments.

Note 11 Trade accounts and notes receivable

(In EUR million)	30 June 2010	31 December 2009
Gross value	1,353.8	1,298.5
Transition costs	42.9	36.0
Provision for doubtful debts	(51.3)	(53.2)
Net asset value	1,345.4	1,281.3
Prepayments	(7.7)	(11.0)
Deferred income and upfront payments received	(293.5)	(292.8)
Net accounts receivable	1,044.2	977.5
Number of days' sales outstanding	58.0	57.0

Note 12 Cash and cash equivalent

(In EUR million)	30 June 2010	31 December 2009
Cash in hand and short-term bank deposit	293.6	429.0
Money market funds	137.3	105.7
Total	430.9	534.7

Depending on market conditions and short-term cash flow expectation, Atos Origin may from time to time invest in Money Market Funds for a maturity not exceeding three months.

Note 13 Non-controlling interests

(In EUR million)	31 December 2009	2010 Income	Dividends	Other	30 June 2010
Atos Worldline Processing GmbH	7.9	1.6	(3.7)	(5.8)	-
Others	3.1	0.5	(0.2)	0.1	3.5
Total	11.0	2.1	(3.9)	(5.7)	3.5

The other movement for Atos Worldline Processing services in Germany is due to the acquisition of these non-controlling interests on 24 June 2010.

The dividends for EUR 3.9 million were cashed out in June 2010.

Note 14 Pension

The net total amount recognised in the balance sheet in Group accounts in respect of pension plans and other long term employee benefits is EUR 298.8 million.

The measurement of the liabilities is highly sensitive to long term interest rates, on which the discount rate to be used under IAS19 is based. Reference discount rates for the Euro-zone have significantly dropped from 5.20% per December 2009 to 4.35% per June 2010. In line with Group accounting principles, the liabilities of major pension plans denominated in this currency have been re-measured, while liabilities of major plans denominated in GBP have not been re-measured as market interest rates in that currency were more stable.

The Group has adopted a new accounting policy, abandoning the corridor method per 1 January 2010. In line with IAS19 paragraphs 93A-93D all actuarial gains and losses and eventual asset ceiling impacts will now be recognised via Other Comprehensive Income. Numbers below reflect this new accounting policy. A more comprehensive overview of the impact of this change in accounting policies can be found in "Significant accounting policies" section of this report.

Accounting entries of plans that were not re-measured have been based on projections from 31 December 2009 actuarial valuations, adjusted for actual benefit or contribution payments.

The development of pension provisions over the half year is therefore as follows:

(In EUR million)	30 June 2010	31 December 2009
Amounts recognised in financial statements consist of :		
Prepaid pension asset – post employment plans	124.1	196.9
Accrued liability – post employment and other long term benefits	(422.9)	(437.1)
Net amount recognised – Total	(298.8)	(240.2)

The net impact of defined benefits plans on Group profit and loss can be summarized as follows:

(In EUR million)	6 months ended 30 June 2010	6 months ended 30 June 2009	12 months ended 31 December 2009
Operating margin	(10.2)	(11.4)	(23.9)
Other operating items	(0.1)	1.4	(0.9)
Financial result	(5.1)	(6.6)	(7.4)
Total (expense)/profit	(15.4)	(16.6)	(32.2)

In the Netherlands, the agreed recovery plan was approved by the local regulator (DNB). The realized recovery to date is in line with the projected recovery.

In Germany, further harmonization of the pension plans and the closing of a jubilee plan have lead to curtailment gains of EUR 0.3 million and EUR 0.9 million respectively.

Opening and closing positions reconcile as follows:

(In EUR million)	30 June 2010	31 December 2009
Net amount recognised at beginning of period	(240.2)	(233.8)
Reclassification other current liabilities	-	(2.1)
Net periodic pension cost – post employment plans and other long term benefits plans	(15.4)	(32.9)
Benefits paid / Employer Contributions	44.3	75.5
Amounts recognised in Other Comprehensive Income	(64.5)	(45.2)
Other	(23.0)	(1.7)
Net amount recognised at end of period	(298.8)	(240.2)

Note 15 Provisions

(In EUR million)	31 December 2009	Charge	Release used	Release unused	Other (a)	30 June 2010	Current	Non Current
Reorganisations	70.9	7.3	(34.0)	(7.1)	0.1	37.2	37.2	-
Rationalisations	94.7	4.0	(22.1)	(11.3)	3.2	68.5	26.8	41.7
Project commitments	23.2	16.1	(1.8)	(3.2)	0.9	35.2	35.2	-
Litigations and contingencies	73.0	6.9	(3.0)	(7.4)	2.7	72.2	-	72.2
Total provisions	261.8	34.3	(60.9)	(29.0)	6.9	213.1	99.2	113.9

(a) Other movements mainly consist of the currency translation adjustments and impacts of changes in scope of consolidation.

Release of unused provisions in operating margin amounted to EUR 7.0 million during the first half of 2010 compared to EUR 8.3 million during the first half of 2009.

Note 16 Borrowings

(In EUR million)	30 June 2010			31 December 2009		
	Current	Non- Current	Total	Current	Non- Current	Total
Finance leases	1.7	0.3	2.0	2.9	0.5	3.4
Bank loans	0.2	288.8	289.0	0.3	268.3	268.6
Securitisation	9.5	-	9.5	145.0	-	145.0
Convertible bonds	3.1	203.2	206.3	1.1	199.6	200.7
Other borrowings	28.8	14.4	43.2	41.4	15.0	56.4
Total borrowings	43.3	506.7	550.0	190.7	483.4	674.1

Tangible assets held under finance leases had a net carrying value of EUR 1.5 million.

Non-current borrowings maturity

(In EUR million)	2011	2012	2013	2014	>2015	Total
Bonds	-	-	-	-	250.0	250.0
Finance leases	0.3	-	-	-	-	0.3
Bank loans	1.2	280.8	0.8	0.7	5.3	288.8
Other borrowings	4.7	3.4	2.5	3.8	-	14.4
As at 30 June 2010 long-term debt	6.2	284.2	3.3	4.5	255.3	553.5
Bonds - Financial fees and discounting effect	-	-	-	-	(46.8)	(46.8)
As at 30 June 2010 long-term debt excluding bonds - Financial fees and discounting effect	6.2	284.2	3.3	4.5	208.5	506.7

As at 30 June 2010, there are no financial instruments on borrowings.

Change in net debt over the period

(In EUR million)	30 June 2010	30 June 2009
Opening net debt	139.4	304.0
New borrowings	25.4	9.4
Convertible bonds	5.6	-
Repayment of long and medium-term borrowings	(24.8)	(74.7)
Variance in net cash and cash equivalents	132.0	117.2
New finance lease	0.1	4.5
Long and medium-term debt of companies sold during the period	-	-
Impact of exchange rate fluctuations on net long and medium-term debt	(22.9)	(6.5)
Profit-sharing amounts payable to French employees transferred to debt	5.3	-
Other flow related to financing activities	(141.0)	(26.3)
Closing net debt	119.1	327.6

Net cash and cash equivalents

(In EUR million)	30 June 2010	31 December 2009
Cash and cash equivalents	430.9	534.7
Overdrafts	(1.2)	(1.8)
Total net cash and cash equivalents	429.7	532.9

Note 17 Fair value and characteristics of financial instruments

(In EUR million)	30 June 2010		31 December 2009	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	7.8	(6.3)	4.9	(5.5)
Analysed as:				
Non-current	0.2	(1.7)	1.1	(4.3)
Current	7.6	(4.6)	3.8	(1.2)

The fair value of financial instruments is provided by banking counterparties.

Breakdown of the designation of the instruments per currency is as follows:

(in EUR million)	Instruments	30 June 2010		31 December 2009	
		Fair value	Notional	Fair value	Notional
Cash flow hedge					
<i>Foreign exchange</i>					
	Forward contracts USD	(2.9)	48.3	0.9	25.4
	Option contracts USD	0.0	0.3	0.2	0.9
	Forward contracts CAD	-	-	0.7	5.7
	Forward contracts GBP	(0.9)	33.2	(3.1)	21.8
	Option contracts GBP	0.3	12.8	0.3	14.4
	Forward contracts INR	2.7	51.1	(1.1)	45.4
	Forward contracts PLN	0.0	7.1	0.6	9.3
	Forward contracts CNY	(0.3)	4.1	0.4	5.6
	Forward contracts JPY	(0.2)	3.5	-	-
Trading					
<i>Foreign exchange</i>					
	Forward contracts USD	(1.1)	13.8	0.2	8.7
	Option contracts USD	0.9	5.8	-	-
	Forward contracts INR	2.7	11.9	0.3	12.7
	Forward contracts GBP	0.4	6.1	-	-

Note 18 Trade accounts and notes payable

(In EUR million)	30 June 2010	31 December 2009
Trade payables	525.3	472.0
Amounts payable on tangible assets	2.8	3.3
Total	528.1	475.3

Trade accounts and notes payable are expected to be paid within one year.

Note 19 Other current liabilities

(In EUR million)	30 June 2010	31 December 2009
Advances and down payments received on client orders	7.7	11.0
Employee-related liabilities	313.4	246.8
Social security and other employee welfare liabilities	140.2	177.5
VAT payable	159.2	159.0
Deferred income	249.2	244.1
Other operating liabilities	132.0	118.1
Total	1,001.7	956.5

Other operating liabilities are expected to be settled within one year, expected for deferred income that is released over the particular arrangement of the corresponding contract.

Note 20 Off-balance-sheet commitments

Contractual commitments

(In EUR million)	Maturing				31 December 2009
	30 June 2010	Up to 1 year	1 to 5 years	Over 5 years	
Convertible Bonds	206.3	3.1	-	203.2	200.7
Bank loans	289.1	0.2	283.6	5.3	268.6
Finance leases	2.0	1.7	0.3	-	3.4
Recorded on the balance sheet	497.4	5.0	283.9	208.5	472.7
Operating leases: land, buildings, fittings	419.2	109.9	250.3	59.0	423.3
Operating leases : IT equipment	12.0	7.5	4.5	-	10.2
Operating leases: other fixed assets	74.9	35.0	39.9	-	89.8
Non-cancellable purchase obligations (>5 years)	17.4	16.6	0.8	-	16.1
Commitments	523.5	169.0	295.5	59.0	539.4
Total	1,020.9	174.0	579.4	267.5	1,012.1

Commercial commitments

(In EUR million)	30 June 2010	31 December 2009
Bank guarantees	61.2	64.1
Performance guarantees	1,321.1	1,182.3
Pledges	0.2	0.2
Total	1,382.5	1,246.6

For various large long term contracts, the Group provides performance or financial guarantees to its clients. These limited exposure guarantees amount to EUR 1,321.1 million as at 30 June 2010, compared with 1,182.3 million as at 31 December 2009.

Note 21 Subsequent events

No significant event occurred since 30 June 2010.

9 COMMON STOCK EVOLUTION AND SHARE PERFORMANCE

Atos Origin shares are traded on the Paris Eurolist Market under Euroclear code 5173 ISIN FR0000051732. They were first listed in Paris in 1995. The shares are not listed on any other stock exchange and Atos Origin SA is the only listed company in the Group.

9.1 TRADING OF SHARES (EURONEXT)

Number of shares traded	: 69,741,238
Sector classification	: Information Technology
Main index	: CAC AllShares
Other indices	: CAC IT, CAC IT20, CAC Next20, Euronext 100, SBF120
Market	: Eurolist segment A
Trading place	: Euronext Paris (France)
Tickers	: ATO (Euronext)
Code ISIN	: FR0000051732
Payability PEA / SRD	: Yes / Yes

9.2 COMMON STOCK

9.2.1 Common stock at 30 June 2010

At 30 June 2010, the Company's issued common stock amounted to EUR 69.7 million, comprising 69,741,238 fully paid-up shares of EUR 1 par value each.

Except the issuing of 20,776 new shares which resulted from the exercise of stock subscription options, there has been no change in the Company's issued common stock since 31 December 2009.

Transactions	Number of shares issued	Common stock (in EUR million)	Additional paid-in capital (in EUR million)	Total (in EUR million)
At 31 December 2009	69,720,462	69.7	1,409.8	1,479.5
Exercise of stock options	20,776	0.0	0.5	0.5
At 30 June 2010	69,741,238	69.7	1,410.3	1,480.0

9.2.2 Share ownership structure

Main shareholders

Principal changes in the ownership of the Company's shares during the first half of 2010 have been as follows:

In shares	30 June 2010		31 December 2009	
	Shares	%	Shares	%
Financière Daunou 17 (PAI Partners)	17,442,839	25.0	15,765,838	22.6
Pardus Investments Sarl	5,964,424	8.6	7,000,004	10.0
FMR Llc (Fidelity Investments)	3,498,744	5.0	-	-
Centaurus Capital	NS	NS	1,332,140	1.9
Board of Directors	16,640	0.0	14,938	0.0
Total Directors	16,640	0.0	14,938	0.0
Employees	2,178,253	3.1	2,279,112	3.3
Treasury stock	294,551	1.4	652,152	0.9
Public	40,345,787	61.0	42,676,278	61.2
Total	69,741,238	100.0	69,720,462	100.0

The ownership of the Company's shares by employees relates to ownership plans such as mutual funds and corporate savings plans. The management of these shares is made through the Group mutual fund.

Disclosure of interests

The Company has been advised of the following share movements in the first half of 2010:

	Date of statement	Shares	% interest (a)	% voting rights (b)
FMR Llc (Fidelity Investments) (upwards)	15/01/2010	3,498,744	5.0%	5.0%
Financière Daunou 17 (upwards)	04/05/2010	16,075,538	23.2%	23.2%
Financière Daunou 17 (upwards)	21/05/2010	16,868,969	24.2%	24.2%
Pardus Investments Sarl (downwards)	01/06/2010	5,964,424	8.6%	8.6%
Financière Daunou 17 (upwards)	17/06/2010	17,442,839	25.0%	25.0%
Movements since 30 June 2010				
Pardus Investments Sarl (downwards)	08/07/2010	4,928,848	7.1%	7.1%
Pardus Investments Sarl (downwards)	20/07/2010	3,893,272	5.6%	5.6%

(a) On the basis of the capital at the date of statement mentioned

(b) On the basis of the capital excluding treasury stock at this date

The Company has not received notice of any shareholder agreements for filing with the stock exchange authorities and, to the best knowledge of the Group Management, neither other concerted action ("Action de Concert"), nor shareholder agreements or similar agreements exist.

To the knowledge of the Group, there is no other agreement which may have a material effect on the share capital of the Group.

9.2.3 Potential common stock

Number of stock subscription options at 31 December 2009	10,310,776
Stock subscription options granted in H1 2010	0
Stock subscription options exercised in H1 2010	(20 776)
Stock subscription options forfeited in H1 2010	(149,736)
Stock subscription options expired in H1 2010	(6,000)
Number of stock subscription options at 30 June 2010	10,134,264

During the first half-year 2010, no stock options were granted.

The Group had in parallel signed a derogative participation plan on 2009 accounts, paid in 2010, applicable to at least 90% of the employees of the French subsidiaries of the Company Atos Origin SA.

On the first half-year 2010, a total of 155,736 stock subscription options were cancelled and 20,776 were exercised.

Based on 69,741,238 shares in issue, the common stock of the Company could be increased by 10,134,264 new shares, representing 12.7% of the common stock after dilution. This can occur only through the exercise of stock subscription options granted to employees, as detailed below.

	30 June 2010	31 December 2009	Change	% dilution	EUR million
In shares					
Number of shares outstanding	69,741,238	69,720,462	20,776		
Stock subscription options	10,134,264	10,310,776	(176,512)	12.7%	440.5
Total Employees = potential dilution	10,134,264	10,310,776	(176,512)	12.7%	440.5
Total potential common stock	79,875,502	80,031,238	(155,736)		

The exercise of all the options would have the effect of increasing total shareholders' equity by EUR 440.5 million and common stock by EUR 10.1 million.

Nevertheless, 57% of stock subscription options granted to employees have an exercise price that exceeds the stock market price at 30 June 2010 (EUR 33.17).

Unused authorisations to issue shares and share equivalents

Following the resolutions voted during the Annual Shareholders Meeting of May 27, 2010, the unused authorisations to issue shares and share equivalents are the following:

Authorisation (in EUR)	Amount authorised Nominal value	Amount utilised Nominal value	Amount not utilised Nominal value	Authorisation expiry date
EGM 27/05/2010 10th resolution Capital increase with preferential subscription rights (*)	20,000,000		20,000,000	26/07/2012
EGM 27/05/2010 11th resolution Capital increase without preferential subscription rights (*)	10,500,000		10,500,000	26/07/2012
EGM 27/05/2010 13th resolution Capital increase in the event of a public exchange offer (*)	10,500,000		10,500,000	26/07/2012
EGM 27/05/2010 14th resolution Capital increase in payment for contributions in kind (*)	6,973,071		6,973,071	26/07/2012
EGM 27/05/2010 16th resolution Capital increase to the benefit of the employees	1,394,614		1,394,614	26/07/2012

(*) up to the total aggregate limit amount of EUR 20,000,000 for the cumulated authorizations from the 10th to the 14th resolutions.

The total number of authorised potential shares to be issued is of 21,394,614.

The following authorisation to cancel shares corresponds to 10% of the issued common stock as of May 2010.

Authorisation (in EUR)	Amount authorised Nominal value	Amount utilised Nominal value	Amount not Utilised Nominal value	Authorisation expiry date
EGM 27/05/2010 9 th resolution Share cancellation	6,973,071		6,973,071	26/11/2011
Capital			6,973,071	

9.3 DIVIDENDS

During the Annual General Meeting held on 27 May 2010, the shareholders approved the resolution proposed by the Board of Directors not to pay a dividend in 2010 on the 2009 results.

9.4 SHARE TRADING PERFORMANCE

9.4.1 Monthly and quarterly trading volumes

Based on a closing share price of EUR 33.17 at the end of June 2010 and 69,741,238 shares in issue, the market capitalisation of the Group at 30 June 2010 was EUR 2.3 billion.

Source : Euronext	High	Low	Closing	Weighted average price	Trading Volume	Trading Volume
	(in EUR per share)				(in thousands of shares)	(in EUR thousands)
January	36.63	31.71	33.75	34.92	6,055	211,450
February	35.80	30.84	34.23	33.42	5,341	178,490
March	38.43	34.37	37.18	36.63	7,350	269,220
1st Quarter 2010					18,746	659,160
April	40.72	36.61	38.34	38.79	5,923	229,770
May	39.70	34.17	36.25	36.60	8,317	304,370
June	38.34	32.30	33.17	35.87	6,225	223,320
2nd Quarter 2010					20,465	757,460
% of capital traded during the period :			56%		39,211	1,416,620

The daily average number of shares traded during the first 6 months of 2010 was 307,232 which is close to the average level recorded in H1 2009 (+2%) and to the level of full-year 2009 (-1%). The monthly average trading volume during the first half of 2009 was EUR 236 million, 70% higher than H1 2009 level (+29% compared to full-year 2009 average).

10 SHAREHOLDER RELATIONS

10.1 COMMUNICATION

The Company aims to provide regular and clear information to all its shareholders, whether private individuals or institutions. We ensure the uniformity and transparency of information through the distribution of formal financial documents, the Company's web site and personal meetings.

10.2 CONTACTS

Institutional investors, financial analysts and individual shareholders may obtain information:

- from Gilles Arditti, Group Senior Vice President Investor Relations:
Tel. : + 33 (0) 1 55 91 28 83
E-mail : gilles.arditti@atosorigin.com
- or by sending requests for information to: investors@atosorigin.com

10.3 SHAREHOLDER DOCUMENTATION

In addition to the Half-Year Report, which is published in English and French, the following information is available to shareholders:

- An annual report
- Quarterly revenue and trading update announcements
- The Company's informational website at www.atosorigin.com
- Regular press releases, available through the web site or via the AMF database

Legal documents relating to the Company bylaws, minutes of Shareholder Meetings, Auditors' reports, etc. may be viewed at the Company's registered office (Legal Department) by prior appointment.

10.4 REGISTRAR

The Company's share registrar and paying agent is Société Générale.

10.5 FINANCIAL CALENDAR

2010 Calendar

- | | |
|--------------------|------------------------------|
| ▪ 13 October 2010 | ➤ 2010 Third quarter revenue |
| ▪ 16 February 2011 | ➤ 2010 Annual results |
-

10.6 UPDATE OF DOCUMENTS ISSUED

In accordance with Article 221-1-1 of the Autorité des Marchés Financiers (AMF) general regulations, the following list includes all financial information published or made available since 1 January 2007.

This document is a full free translation of the original French text

Document	Date of issue	Source
Financial reports		
▪ Half-year report 2010	30/07/09	website Atos Origin/website AMF
▪ Annual report 2009	01/04/10	website Atos Origin/website AMF
▪ Half-year report 2009	31/07/09	website Atos Origin/website AMF
▪ Annual report 2008	09/04/09	website Atos Origin/website AMF
▪ Half-year report 2008	29/07/08-28/08/08	website Atos Origin/website AMF
▪ Annual report 2007	29/02/08-09/04/08	website Atos Origin/website AMF
▪ Half-year report 2007	01/08/07-28/08/07	website Atos Origin/website AMF
▪ Annual report 2006	28/02/07-06/04/07	website Atos Origin/website AMF
Financial press releases		
▪ Half-year results 2010	28/07/10	website Atos Origin/website AMF
▪ Annual results 2009	17/02/10	website Atos Origin/website AMF
▪ Half-year results 2009	29/07/09	website Atos Origin/website AMF
▪ Annual results 2008	18/02/09	website Atos Origin/website AMF
▪ Half-year results 2008	29/07/08	website Atos Origin/website AMF
▪ Annual results 2007	15/02/08	website Atos Origin/website AMF
▪ Half-year results 2007	01/08/07	website Atos Origin/website AMF
▪ Annual results 2006	28/02/07	website Atos Origin/website AMF
▪ First quarter revenue 2010	14/04/10	website Atos Origin/website AMF
▪ Third quarter revenue 2009	16/10/09	website Atos Origin/website AMF
▪ First quarter revenue 2009	15/04/09	website Atos Origin/website AMF
▪ Fourth quarter revenue 2008	05/02/09	website Atos Origin/website AMF
▪ Third quarter revenue 2008	31/10/08	website Atos Origin/website AMF
▪ Second quarter revenue 2008	29/07/08	website Atos Origin/website AMF
▪ First quarter revenue 2008	30/04/08	website Atos Origin/website AMF
▪ Fourth quarter revenue 2007	31/01/08	website Atos Origin/website AMF
▪ Third quarter revenue 2007	15/11/07	website Atos Origin/website AMF
▪ Second quarter revenue 2007	01/08/07	website Atos Origin/website AMF
▪ First quarter revenue 2007	14/05/07	website Atos Origin/website AMF
▪ Fourth quarter revenue 2006	05/02/07	website Atos Origin/website AMF
Financial presentations		
▪ Half-year 2010 results	28/07/10	website Atos Origin
▪ Full-year 2009 results	17/02/10	website Atos Origin
▪ Half-year 2009 results	29/07/09	website Atos Origin
▪ Full-year 2008 results	18/02/09	website Atos Origin
▪ Half-year 2008 results	29/07/08	website Atos Origin
▪ Full-year 2007 results	15/02/08	website Atos Origin
▪ Half-year 2007 results	01/08/07	website Atos Origin
▪ Operational 2006 results and transformation plan	05/02/07	website Atos Origin
▪ Full-year 2006 results	28/02/07	website Atos Origin
Other financial communications		
▪ Offering by Atos Origin of bonds convertible into and/or exchangeable for new or existing shares	21/10/09 – 23/10/09	website Atos Origin/website AMF

Document	Date of issue	Source
(OCEANE)		
▪ Description of trading programme of Company's shares	25/06/09	website Atos Origin/website AMF
▪ Description of trading programme of Company's shares	03/07/08	website Atos Origin/website AMF
▪ Description of trading programme of Company's shares	30/05/07	website Atos Origin/website AMF
Shareholders' meetings		
▪ Shareholders' meeting presentation 2009	27/05/10	website Atos Origin
▪ Shareholders' meeting presentation 2008	26/05/09	website Atos Origin
▪ Shareholders' meeting presentation 2007	12/06/08	website Atos Origin
▪ Shareholders' meeting presentation 2006	23/05/07	website Atos Origin
▪ Minutes of the 2009 AGM (full text of resolutions and results of vote)	27/05/10	Company's registered office
▪ Minutes of the 2008 AGM (full text of resolutions and results of vote)	26/05/09	Company's registered office
▪ Minutes of the 2007 AGM (full text of resolutions and results of vote)	12/06/08	Company's registered office
▪ Minutes of the 2006 AGM (full text of resolutions and results of vote)	23/05/07	Company's registered office
Financial statements		
▪ Condensed consolidated financial statements for the first half 2010	29/07/10	Company's registered office/Commercial court/Half-year report
▪ Consolidated financial statements 2009	17/02/10-01/04/10	Company's registered office/Commercial court/Document de Reference
▪ Parent company financial statements 2009	01/04/10	Company's registered office/Commercial court/Document de Reference
▪ Condensed consolidated financial statements for the first half 2009	31/07/09	Company's registered office/Commercial court/Half-year report
▪ Consolidated financial statements 2008	18/02/09-09/04/09	Company's registered office/Commercial court/Document de Reference
▪ Parent company financial statements 2008	09/04/09	Company's registered office/Commercial court/Document de Reference
▪ Condensed consolidated financial statements for the first half 2008	29/07/08-28/08/08	Company's registered office/Commercial court/Half-year report
▪ Consolidated financial statements 2007	29/02/08-09/04/08	Company's registered office/Commercial court/Document de Reference
▪ Parent company financial statements 2007	29/02/08-09/04/08	Company's registered office/Commercial court/Document de Reference
▪ Condensed consolidated financial statements for the first half 2007	01/08/07-28/08/07	Company's registered office/Commercial court/Half-year report
▪ Consolidated financial statements 2006	28/02/07	Company's registered office/Commercial court/Document de Reference
▪ Parent company financial statements 2006	28/02/07	Company's registered office/Commercial court/Document de Reference

Auditors reports

Document	Date of issue	Source
▪ Auditors' letter regarding the information given in the half-year report 2010	29/07/10	Company's registered office
▪ Auditors' review report on the first half-year financial information 2010	29/07/10	Company's registered office/Commercial court/Document de Reference
▪ Auditors' report on the consolidated financial statements 2009	01/04/10	Company's registered office/Commercial court/Document de Reference
▪ Auditors' report on the parent company financial statements 2009	01/04/10	Company's registered office/Commercial court/Document de Reference
▪ Auditors' special report on regulated agreements 2009	01/04/10	Company's registered office/Document de Reference
▪ Auditors' special report on the report prepared by the Chairman of the Board of Directors 2009	01/04/10	Company's registered office/Document de Reference
▪ Auditors' letter regarding the information given in the Document de Reference 2009	01/04/10	Company's registered office
▪ Auditors' letter regarding the information given in the half-year report 2009	31/07/09	Company's registered office
▪ Auditors' review report on the first half-year financial information 2009	31/07/09	Company's registered office/Commercial court/Document de Reference
▪ Auditors' report on the consolidated financial statements 2008	08/04/09	Company's registered office/Commercial court/Document de Reference
▪ Auditors' report on the parent company financial statements 2008	08/04/09	Company's registered office/Commercial court/Document de Reference
▪ Auditors' special report on regulated agreements 2008	08/04/09	Company's registered office/Document de Reference
▪ Auditors' special report on the report prepared by the Chairman of the Supervisory Board 2008	08/04/09	Company's registered office/Document de Reference
▪ Auditors' letter regarding the information given in the Document de Reference 2008	08/04/09	Company's registered office
▪ Auditors' letter regarding the information given in the half-year report 2008	29/07/08	Company's registered office
▪ Auditors' review report on the first half-year financial information 2008	29/07/08	Company's registered office/Commercial court/Document de Reference
▪ Auditors' report on the consolidated financial statements 2007	08/04/08	Company's registered office/Commercial court/Document de Reference
▪ Auditors' report on the parent company financial statements 2007	08/04/08	Company's registered office/Commercial court/Document de Reference
▪ Auditors' special report on regulated agreements 2007	08/04/08	Company's registered office/Document de Reference
▪ Auditors' special report on the report prepared by the Chairman of the Supervisory Board 2007	08/04/08	Company's registered office/Document de Reference
▪ Auditors' letter regarding the information given in the Document de Reference 2007	08/04/08	Company's registered office
▪ Auditors' letter regarding the information given in the half-year report 2007	28/08/07	Company's registered office
▪ Auditors' review report on the first half-year financial information 2007	28/08/07	Company's registered office/Commercial court/Document de Reference
▪ Auditors' report on the consolidated financial statements 2006	06/04/07	Company's registered office/Commercial court/Document de Reference
▪ Auditors' report on the parent company financial statements 2006	06/04/07	Company's registered office/Commercial court/Document de Reference
▪ Auditors' special report on regulated agreements	06/04/07	Company's registered office/Document

Document	Date of issue	Source
2006		de Reference
▪ Auditors' special report on the report prepared by the Chairman of the Supervisory Board 2006	06/04/07	Company's registered office/Document de Reference
▪ Auditors' letter regarding the information given in the Document de Reference 2006	06/04/07	Company's registered office
Declarations		
▪ Declaration of share transfer made by Members of the Management Board and of the Supervisory Board of Atos Origin	26/06/07-08/08/07-07/05/08-15/05/08-16/05/08-22/05/08-24/06/08-13/08/08-27/08/08-09/09/08-18/09/08-22/09/08-23/09/08-26/09/08-22/12/08	website AMF/Document de Reference
▪ Declaration of share transfer made by Board of Directors of Atos Origin	19/03/09-27/03/09-18/05/09-22/02/10	website AMF/Document de Reference
▪ Disclosure of liquidity contract	11/06/07-07/01/08-02/07/08-18/06/09-09/06/10	website AMF
▪ Liquidity contract – Half-Year declaration	05/01/07- 03/07/07-17/01/08- 03/07/08-09/01/09- 07/07/09-05/01/10- 02/07/10	website AMF/Document de Reference
▪ Auditors' fees 2009	01/04/10	website AMF/Document de Reference
▪ Auditors' fees 2008	09/04/09	website AMF/Document de Reference
▪ Auditors' fees 2007	29/02/08-09/04/08	website AMF/Document de Reference
▪ Auditors' fees 2006	28/02/07-06/04/07	website AMF/Document de Reference

Websites mentioned:

- **Atos Origin** www.atosorigin.com
- **AMF** www.amf-france.org > Décisions et informations financières > Communiqués des sociétés
- **BALO** www.journal-officiel.gouv.fr

11 PERSONS RESPONSIBLE FOR THE DOCUMENT AND THE AUDIT OF THE FINANCIAL STATEMENTS

11.1 PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT AND ITS UPDATE

Thierry BRETON,
Chairman and Chief Executive Officer

11.2 PERSON RESPONSIBLE FOR THE ACCURACY OF THE REFERENCE DOCUMENT AND ITS UPDATE

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the update of the registration 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 condensed 2010 half-year 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 faithful picture of the information herein, e.g. material events occurring during the first six months of the 2010 financial year and their impact on the half-yearly accounts, a description of the principal risks and uncertainties for the remaining six months of the year 2010.

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

The half-year condensed consolidated financial statements for the period ended 30 June 2010 presented in the update of the registration document have been subject to a report from the Statutory Auditors shown in page 47 and 48.

Without qualifying their opinion, the Statutory Auditors, in their report on the condensed consolidated financial statements, drew the attention to the matter set out in the note "Basis of preparation and significant accounting policies" to the condensed half-year consolidated financial statements regarding the change in accounting policy regarding actuarial gain and losses of pensions, and in the note "Goodwill" which presents the results of the impairment tests performed by the Group, on the goodwill of certain cash generating units as of June 30, 2010.

The Consolidated and the Annual 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 from the Statutory Auditors shown respectively from page 109 to 111 and from page 192 to 193 of that document.

Without qualifying their opinion, the Statutory Auditors, in their report on the Consolidated Financial Statements, drew the attention to the matter set out in the note "Basis of preparation and significant accounting policies" of the consolidated financial statements regarding the application of new standards and interpretations from 1 January 2009.

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 from the Statutory Auditors shown respectively from pages 85 to 86 and from page 166 to 167 of that document.

Without qualifying their opinion, the Statutory Auditors, in their report on the Consolidated Financial 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.

Without qualifying their opinion, the Statutory Auditors, in their report on the Annual Financial Statements, drew the attention to the change in accounting principles regarding the application as from 1st January 2008 of Regulation n°2008-15 of the Comité de la Réglementation Comptable on stock options plans and free share plans.

Thierry BRETON,
Chairman and CEO
Paris - La Défense, 29 July 2010

11.3 RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Statutory Auditors	Substitute Auditors
Grant Thornton Jean-Pierre Colle and Vincent Frambourt <ul style="list-style-type: none">Appointed on 12 June 2008 for a term of 6 yearsTerm of office expires: at the end of the Annual General Meeting held to adopt the 2013 financial statements	Cabinet IGEC, 3, rue Léon Jost, 75017 Paris <ul style="list-style-type: none">Appointed on 12 June 2008 for a term of 6 yearsTerm of office expires: at the end of the Annual General Meeting held to adopt the 2013 financial statements
Deloitte & Associés Tristan Guerlain and Christophe Patrier <ul style="list-style-type: none">Appointed on 23 May 2006 for a term of 6 yearsTerm of office expires: at the end of the Annual General Meeting held to adopt the 2011 financial statements	Cabinet B.E.A.S., 7/9, Villa Houssay 92200 Neuilly-sur-Seine <ul style="list-style-type: none">Appointed on 23 May 2006 for a term of 6 yearsTerm of office expires: at the end of the Annual General Meeting held to adopt the 2011 financial statements

FIRST HALF 2010 RESULTS

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

Full year 2010 objectives confirmed

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

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

Revenue by Service Line

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

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

The **Hi-Tech Transactional Services** activity reported revenue of **EUR 499 million** representing 20 per cent of the Group revenue and up by +2 per cent organically. After +0.6 per cent growth in the first quarter, HTTS increased by +3.8 per cent in the second quarter. Over the first half, the Payment

business which represents two thirds of total HTTS revenue, increased by +4 per cent, while electronic services (e-CS) were almost flat. At the same time, revenue related to financial markets dropped by -8 per cent, due to the investments in new offerings.

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

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

Revenue by Global Business Unit (GBU)

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

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

Operating performance

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

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

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

- The **Benelux**, where the operating margin strongly increased from 6.7 per cent to 9.3 per cent at EUR 43 million, in the first half of 2010, thanks to a strong improvement in Managed Services, benefiting more particularly from the implementation of Lean processes within the TOP Program;
- **Germany / CEMA** where operating margin was restored at 4.5 per cent compared to 1.5 per cent for the same period in 2009. Managed Services improved strongly its profitability despite lower revenue coming from Arcandor group;
- **Atos Worldline** where operating margin increased from 14.7 per cent to 16.6 per cent benefiting from higher volumes of transactions in the Payment services combined with a strict control of overheads;
- **The United Kingdom** where operating margin remained stable at 8.2 per cent despite a decline in revenue; this performance was achieved thanks to the reassignment of resources to growing activities as well as further improvement of the cost base;
- The "**Other Countries**" entity, where the operating margin significantly increased from 1.6 per cent to 10.8 per cent of revenue, due to the improvements achieved by the

Global Delivery Model implemented in Asia in 2009 both for Managed Services and Systems Integration.

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

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

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

Operating income and Net Income

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

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

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

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

Net debt

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

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

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

Human Resources

Total number of **Group employees** declined slightly from 49,036 at the end of December 2009 to **48,188** at the end of June 2010. The number of direct staff has stabilised since April 2010, while

indirect staff are still being reduced in the context of the Added Value Analysis process implementation in each country.

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

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

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

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

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

Commercial activity

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

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

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

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

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

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

TOP Program

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

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

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

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

2010 Objectives

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

Operating margin

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

Cash Flow

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

Revenue

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

13 GLOSSARY – DEFINITIONS

Financial terms and Key Performance Indicators

- Current and non-current assets or liabilities
- DSO
- EBITDA
- EPS
- Gearing
- Gross margin – Direct costs
- Indirect costs
- Interest cover ratio
- Leverage ratio
- Net debt
- Adjusted EPS
- Adjusted net income
- OMDA
- Operating income
- Operating margin
- Operational Capital Employed
- ROCE (Return Of Capital Employed)

Business Key Performance Indicators

- Attrition rate
- Backlog / Order cover
- Book-to-bill
- Direct and indirect FTE
- External revenue
- Full Time Equivalent (FTE)
- Legal staff
- Order entry / bookings
- Organic growth
- Permanent and temporary staff
- Pipeline
- Ratio S
- Subcontractors and interims
- TCV (Total Contract Value)
- Turnover
- Utilisation rate and non-utilisation rate

Business terms

- BPO
- CMM
- CRM
- ERP
- LAN
- MMS
- SCM
- SEPA
- WAN
- CMMI
- ITO

Market terms

- Consensus
- Dilutive instruments
- Dividends
- Enterprise Value (EV)
- Free float
- Free float capitalisation
- Market capitalisation
- PEG (Price Earnings Growth)
- PER (Price Earnings Ratio)
- Volatility

13.1 FINANCIAL TERMS AND KEY PERFORMANCE INDICATORS USED IN THIS DOCUMENT

Operating margin. Operating margin comprises operating income before major capital gains or losses on the disposal of assets, major reorganisation and rationalisation costs, impairment losses on long-term assets, net charge to provisions for major litigations and the release of opening balance sheet provisions no longer needed.

Operating income. Operating income comprises net income before deferred and income taxes, net financial expenses, share of net income from associates and the results of discontinued operations.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation). For Atos Origin, EBITDA is based on Operating margin less non-cash items and is referred to as **OMDA** (Operating Margin before Depreciation and Amortisation)

OMDA (Operating Margin before Depreciation and Amortisation) is calculated as follows:

Operating margin

Less - Depreciation of fixed assets (as disclosed in the "Financial Report")

Less - Operating net charge of provisions (composed of net charge of provisions for current assets and net charge of provisions for contingencies and losses, both disclosed in the "Financial Report")

Less - Net charge of provisions for pensions (as disclosed in the "Financial Report")

Less - Equity-base compensation

Gross margin and Indirect costs. Gross margin is composed of revenues less the direct costs of goods and services sold. Direct costs relate to the generation of products and/or services delivered to customers, while indirect costs include all costs related to indirect staff (defined hereafter), which are not directly linked to the realisation of the revenue. The operating margin comprises gross margin less indirect costs.

Adjusted net income. Net income (Group share) before unusual, abnormal and infrequent items, net of tax.

EPS (earnings per share). Basic EPS is the net income divided by the weighted-average number of common shares outstanding during the period. Diluted EPS is the net income divided by the diluted weighted-average number of common shares for the period (number of shares outstanding + dilutive instruments with dilutive effect). **Adjusted EPS** is based on adjusted net income.

Operational capital employed. Operational capital employed comprises net fixed assets and net working capital, but excludes goodwill and net assets held for sale.

Current and non-current assets or liabilities. A current and non-current distinction is made between assets and liabilities on the balance sheet. Atos Origin has classified as current assets and liabilities those that Atos Origin expects to realise, use or settle during its normal cycle of operations, which can extend beyond 12 months following the period-end. Current assets and liabilities, excluding the current portion of borrowings and financial receivables, represent the Group's working capital requirement.

Net debt. Net debt comprises total borrowings (bonds, finance leases, short and long-term bank loans, securitisation and other borrowings), short-term financial assets and liabilities bearing interest with a maturity of less than 12 months, less cash and cash equivalents (transferable securities, cash at bank and in hand).

DSO (Days' Sales Outstanding). DSO is the amount of trade accounts receivables (including work in progress) expressed in days' revenue (on a last-in, first-out basis). The number of days is calculated in accordance with the Gregorian calendar.

Gearing. The proportion, expressed as a percentage, of net debt to total shareholders' equity (Group share and minority interests).

Interest cover ratio. Operating margin divided by the net cost of financial debt, expressed as a multiple.

Leverage ratio. Net debt divided by OMDA.

ROCE (return on capital employed). ROCE is net income (Group share), before the net cost of financial debt (net of tax) and the depreciation of goodwill, divided by capital employed.

13.2 MARKET TERMS

Consensus. Opinion that emerges from the financial community, in which financial analysts play a prominent role. Consensus can relate to earnings outlook (individual stock consensus) or to a group of companies in the same sector (market consensus).

Dilutive instruments. Financial instruments such as bonds, warrants, stock subscription options, free shares, which could be converted into shares and have therefore a potential dilutive impact on common stock.

Dividends. Cash or stock payments from a company's profits that are distributed to stockholders.

Free float. Free float is the proportion of a Company's share capital that is regularly traded on the stock exchange. It excludes shares in the six categories listed below (source Euronext):

- *Shares held by Group companies*
Shares of the listed company held by companies that it controls within the meaning of Article 233/3 of the French Commercial Code.
- *Shares held by founders*
Shares held directly or indirectly by the founders (individuals or family group) when these founders have managerial or supervisory influence (management positions, control by voting rights, influence that is a matter of public knowledge, etc.).
- *Shares held by the State*
Interests held directly by the State, or by public sector or other companies which are themselves controlled by the State.
- *Shares within the scope of a shareholders agreement*
Shares subject to a shareholders' agreement within the meaning of Article 233/10 and 11 of the French Commercial Code, and other than those held by founders or the State.
- *Controlling interest*
Shares held by juridical persons (other than founders or the State) exercising control within the meaning of article 233/3 of the French Commercial Code.
- *Interests considered stable*
Interests exceeding 5%, which have not declined by one percentage point or more, excluding the impact of dilution, in the three preceding years. This category also includes shareholders that, in addition to or in association with the link represented by share ownership, have recently entered into significant industrial or strategic agreements with the Group.

Free-float capitalisation. The share price of a company multiplied by the number of free-float shares as defined above.

Market capitalisation The share price of a company multiplied by the number of its shares in issue.

Volatility. The variability of movements in a share price, measured by the standard deviation of the ratio of two successive prices.

Enterprise Value (EV). Market capitalisation + debt.

PER (Price Earnings Ratio). Market capitalisation divided by net income for a trailing (or forward) 12-month period.

PEG (Price Earnings Growth). Price-earnings ratio divided by year-on-year earnings growth.

13.3 BUSINESS TERMS

BPO (Business Process Outsourcing). Outsourcing of a business function or process, e.g. administrative functions such as accounting, HR management, call centers, etc.

CMM (Capability Maturity Model). CMM is a method for evaluating and measuring the competence of the software development process in an organisation on a scale of 1 to 5.

CMMI. Capability Maturity Model Integration.

CRM (Customer Relationship Management). Managing customer relationships (after-sales service, purchasing advice, utilisation advice, customer loyalty) has become a strategic component of a company's successful operation. Not only does CRM facilitate efficiency, it also leads to higher sales by building customer loyalty.

ERP (Enterprise Resource Planning). An ERP system is an integrated management software system built in modules, which is capable of integrating sales, manufacturing, purchasing, accounting and human resources systems into an enterprise-wide management information system.

ITO (Information Technology Outsourcing). Refers to the process of subcontracting part or total of IT management to a third-party.

LAN (Local Area Network). A local network that connects a number of computers within a single building or unit.

MMS (Multimedia Message Service). A message capable of carrying text, sounds, fixed or animated colour images, generally sent to a mobile phone.

SCM (Supply Chain Management). A system designed to optimise the logistics chain, aimed at improving cost management and flexibility.

SEPA (Single Euro Paiement Area). Regulating initiative from European countries involving the creation of a specific zone where all transactions will be considered as domestic in terms of billing (no longer cross-border electronic payments surcharge).

WAN (Wide Area Network). A long-distance network that generally comprises several local networks and covers a large geographical area.

13.4 BUSINESS KPIs (KEY PERFORMANCE INDICATORS)

13.4.1 Revenue

External revenue. External revenue represents Atos Origin sales to third parties (excluding VAT and internal revenue). External revenue includes sales of services and purchase for reselling (hardware and software), but excludes sales when the Group is acting as a mere agent between the client and the supplier.

Order Entry/ Bookings. The total value of contracts (TCV), orders or amendments signed during a defined period. Application to the 3 main types of contracts:

- *Contracts with firm orders*
When an offer is won (contract signed), the total contract value of the firm order is added to the backlog and the order entry is recognized.
- *Contracts based on volume*
When the contract is signed, the total contract value added to the backlog corresponds to the total value of the contract defined in the contract business plan.
- *Framework agreement*
When a framework agreement without guaranteed workload or amount of revenue is signed, the total contract value recognized in the backlog corresponds to 70% of the total expected revenues over the life of the framework agreement in case Atos Origin has exclusivity, or, if Atos Origin does not have exclusivity, 80% of the total expected revenues of the agreement over a 12 months period, divided by the number of retained suppliers.

- Any adjustment on previous order entry is recognized in backlog.

Book-to-bill. A ratio expressed in percentage terms based on order entry in the period divided by revenue of the same period.

TCV (Total Contract Value). The total value of a contract at signature (prevision or estimation) over its duration. It represents the firm order and contractual part of the contract excluding any clause on the decision of the client, as anticipated withdrawal clause, additional option or renewal.

Backlog/ Order cover. The value of signed contracts, orders and amendments that remain to be recognized over their contract lives. For a defined period, closing backlog = opening backlog + order entry (recognized over the period) – external revenue (recognized over the period).

Pipeline. The value of revenues that may be earned from outstanding commercial proposals issued to clients. Qualified pipeline applies an estimated percentage likelihood of proposal success.

Organic growth. Organic growth represents the % growth of a unit based on a constant scope (restated of significant acquisitions and disposals) and exchange rates basis (previous period being restated using current period foreign exchange rates).

13.4.2 Human resources

Legal staff. The total number of employees under Atos Origin employment contracts at the end of the period. Legal staff includes those on long sickness or long absence, apprentices, trainees, and employees on maternity leave, but excludes subcontractors and interims.

FTE (Full-time equivalent) staff. The total number of staff calculated using information from time sheets on the basis of working time divided by standard contractual workable time per employee. In general, a person working on a full time contract is considered as one FTE, whereas a person working on a part time contract would be considered less than one FTE.

Calculations are based on contractual working time (excluding overtime and unpaid holidays) with potential workable time (in hours or days) = nominal time + overtime balance – unpaid vacation. For subcontractors and interims, potential workable hours are based on the number of hours billed by the supplier to Atos Origin.

Subcontractors. External subcontractors are third-party suppliers. Outsourced activities (direct activities such as printing or call center activities, or indirect activities e.g. shared services centers) and fixed price subcontracting are excluded from the recorded number of subcontractors or interims.

Interims. Staff from an agency for temporary personnel. Interims are usually used to cover seasonal peaks or for situations requiring staff for a short period of time.

Direct FTE. Direct FTE include permanent staff and subcontractors, whose work is billable to a third party.

Indirect FTE. Indirect FTE include permanent staff or subcontractors, who are not billable to clients. Indirect FTE are not directly involved in the generation of products and/or services delivered to clients.

Permanent staff. Permanent staff members have a contract for an unspecified period of time.

Temporary staff. Temporary staff have a contract for a fixed or limited period of time.

Ratio S. Measures the number of indirect FTE as a percentage of total FTE staff, including both own staff and subcontractors.

Staff turnover and attrition rate (for legal staff). Turnover and attrition rates measure the proportion of legal staff that has left the Group (voluntary and/or involuntary) in a defined period.

Turnover measures the percentage of legal staff that has left the business in a defined period.

Attrition measures the percentage of legal permanent staff that has voluntarily left the business in a defined period. Attrition rate is a ratio based on total voluntary leavers in the period on an annual basis divided by the average number of permanent staff in the period.

Utilisation rate and non-utilisation rate. Utilisation rate + non-utilisation rate = 100% of workable time for direct FTE, which excludes legal vacations, long-term sickness, long-term sabbaticals and parental leave. Workable time is composed of billed time, inactivity that is billable but not billed (exceptional holidays, sickness, on the bench which is between two assignments, other inactivity as delegation), and non-billable time (pre-sales, training, management meetings, research and development and travel).

Utilisation rate measures the proportion of workable time (hours or days) of direct FTE (own staff excluding subcontractors) that is billed to customer. The ratio is expressed in percentage terms based on billed hours divided by workable hours excluding vacations. Non-utilisation rate measures the workable time (hours or days) of direct FTE (own staff excluding subcontractors) that is not billed or is non-billable to clients.

14 LOCATIONS

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