1.1 REPORT BY THE CHAIRMAN OF THE SUPERVISORY BOARD

Dear Shareholders,

Pursuant to Article L. 225-68 of the Commercial Code, this is the Chairman of the Supervisory Board report, based on the information made available to me and the Supervisory Board, on the conditions of preparation and organisation of the work of the Supervisory Board throughout the year 2008, including internal control procedures as implemented by the Group.

1.1.1 Corporate Governance

The provisions relating to corporate governance applicable to the Company include French legal provisions, as well as rules dictated by its market authorities. The Company believes that its application of corporate governance principles is appropriate and is in compliance with the best practices of corporate governance in effect in France.

At its meeting of 23 December 2008, the Supervisory Board has reviewed the AFEP-MEDEF recommendations on the compensation of executive directors, issued on 6 October 2008 and incorporated in the AFEP-MEDEF Corporate Governance Code of December 2008.

The Supervisory Board considered that these recommendations are in line with the corporate governance principles of the Company and has decided to apply them to the compensation of the executive corporate officer and more generally, the Company shall apply the guidelines set forth in the AFEP-MEDEF Corporate Governance Code relating to listed companies of December 2008.

The rules and principles pursuant to which the Supervisory Board has determined the compensation and benefits granted to the corporate officers of the Company are set out below in Section «Remuneration Committee» of this report.

The composition of the Supervisory Board prior to 10 February 2009 and the conditions for the preparation and organisation of the work of the Supervisory Board in 2008 are set out in Section «Conditions of preparation and organisation of the work of the Supervisory Board» of this report.

The composition of the Board of Directors following the change in the governance structure of the Company as of such date is set forth in Section «Legal Information» of the present report.

The rules relating to the participation of shareholders in Annual General Meetings are set out in section «Legal Information».

The factors that could be of relevance with regard to takeover bids are set out in section «Legal Information».

1.1.2 Conditions of preparation and organisation of the work of the Supervisory Board

Up until 10 February 2009, Atos Origin was incorporated in France as a "société anonyme" (Joint Stock Corporation) with a Management Board and a Supervisory Board. This two-tier structure separated management and supervision. Prior approval of the Supervisory Board was required for certain decisions, listed in Articles 19.3 and 19.4 of the former by-laws in effect prior to their modification (the "By Laws").

1.1.3 The Management Board in 2008

In 2008, the Management Board was composed of the Chief Executive Officer and one Senior Executive Vice-President. The Management Board was responsible for the general management of the Group’s business operations and met as frequently as necessary. It reported to the Supervisory Board on a quarterly basis and on a case-by-case basis, according to necessity.

Subject to the provisions of Articles 19.3 and 19.4 of the By-Laws, the Management Board had full power and authority to represent the Group in its transactions with third parties. Although each of the members of the Management Board had specific executive responsibilities, by law the Management Board members were collectively empowered to manage the Group’s business operations. In case of split decisions, the Chairman of the Management Board had the casting vote.

Up until 16 November 2008, the Management Board was composed as follows:
<table>
<thead>
<tr>
<th>Name</th>
<th>Operational functions</th>
<th>Transversal functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phillippe Germond</td>
<td>Chairman of the Management Board and Chief Executive Officer</td>
<td></td>
</tr>
<tr>
<td>Eric Guilhou</td>
<td>Senior Executive Vice President</td>
<td>Finance, Human Resources, Processes and IT, Purchasing, Legal and Internal Audit</td>
</tr>
</tbody>
</table>

**Note:** From 1 January 2008 through 31 July 2008, Mr. Wilbert Kieboom was a member of the Management Board and Senior Executive Vice President in charge of Global Operations. As from 31 July 2008, his responsibilities were taken over by Mr. Philippe Germond.

As of 16 November 2008, the Management Board was replaced as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Operational functions</th>
<th>Transversal functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thierry Breton</td>
<td>Chairman of the Management Board and Chief Executive Officer</td>
<td></td>
</tr>
<tr>
<td>Eric Guilhou</td>
<td>Senior Executive Vice President</td>
<td>Finance, Human Resources, Processes and IT, Purchasing, Legal and Internal Audit</td>
</tr>
</tbody>
</table>

In January 2007, a Group Executive Committee was created with a view to assisting the Management Board in driving the operational performance of the Group. Its main tasks included setting and revising business priorities, reviewing Atos Origin’s operational performance and implementation of the Transformation Plan on a monthly basis and defining corrective action plans. The Executive Committee served as a dedicated forum for operational management of the Group, an operational link between the Group’s operations and the Management Board.

1.1.4 **Composition of the Supervisory Board in 2008**

As of 31 December 2008, the Supervisory Board was composed of ten members.

The work of the Supervisory Board was governed by written internal rules ("Règlement intérieur"). The Supervisory Board adhered to a Charter, described in more detail in the present report. In accordance with Article L.225-68 of the Commercial Code, the Supervisory Board was responsible for supervising and controlling the work of the Management Board but had no operational prerogatives. It also had certain specific powers described in Articles 19.3 and 19.4 of the By-Laws.
Between 3 July 2008 and the change of the Company's governance structure into a “société anonyme” with a Board of Directors on 10 February 2009, the members of the Supervisory Board were the following:

<table>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>Age</th>
<th>Date of appointment</th>
<th>Committee member</th>
<th>Term of offices (*)</th>
<th>Number of actions held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Philippe Thierry</td>
<td>French</td>
<td>60</td>
<td>2008</td>
<td></td>
<td>2009</td>
<td>1,500</td>
</tr>
<tr>
<td>(Chairman)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>René Abate</td>
<td>French</td>
<td>60</td>
<td>2008</td>
<td>R, S</td>
<td>2012</td>
<td>1,000</td>
</tr>
<tr>
<td>Behdad Alizadeh</td>
<td>American</td>
<td>47</td>
<td>2008</td>
<td>R, S</td>
<td>2012</td>
<td>1,000</td>
</tr>
<tr>
<td>Benoît d’Angelin</td>
<td>French</td>
<td>47</td>
<td>2008</td>
<td>A, R, S</td>
<td>2012</td>
<td>1,000</td>
</tr>
<tr>
<td>Jean-François Cirelli</td>
<td>French</td>
<td>50</td>
<td>2008</td>
<td>N, S</td>
<td>2012</td>
<td>220</td>
</tr>
<tr>
<td>Michel Combès</td>
<td>French</td>
<td>46</td>
<td>2008</td>
<td>S</td>
<td>2012</td>
<td>2,001</td>
</tr>
<tr>
<td>Bertrand Meunier</td>
<td>French</td>
<td>52</td>
<td>2008</td>
<td>N, R</td>
<td>2009</td>
<td>1,000</td>
</tr>
<tr>
<td>Colette Neuville</td>
<td>French</td>
<td>71</td>
<td>2008</td>
<td>N</td>
<td>2012</td>
<td>1,000</td>
</tr>
<tr>
<td>Michel Paris</td>
<td>French</td>
<td>51</td>
<td>2008</td>
<td>A, S</td>
<td>2009</td>
<td>1,000</td>
</tr>
<tr>
<td>Vernon Sankey</td>
<td>British</td>
<td>59</td>
<td>2005</td>
<td>A, N</td>
<td>2012</td>
<td>1,000</td>
</tr>
</tbody>
</table>

A: Audit Committee  
S: Strategic Committee  
R: Remuneration Committee  
N: Nomination Committee

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

On 12 June 2008, the mandates of Mr René Abate, Mr Behdad Alizadeh, Mr Benoît d’Angelin, Mr Jean-François Cirelli, Mr Michel Combès, Ms Colette Neuville, and the renewal of the mandates of Mr Vernon Sankey and Mr Michel Soublin were approved by the Annual Shareholders Meeting and Mr Jean-Philippe Thierry was nominated by the Supervisory Board as Chairman of the Supervisory Board. On 3 July 2008, Mr Bertrand Meunier and Mr Michel Paris were appointed members of the Supervisory Board by the Supervisory Board.

On 26 December 2008, Mr Michel Soublin resigned from his Supervisory Board member mandate.

### Independence of members of the Supervisory Board

The AFEP/MEDEF Corporate Governance Code of December 2008 defines a director as independent “when he/she has no relationship of any kind whatsoever with the corporation, its group or the management of either, that might colour his or her judgment”. The AFEP/MEDEF Code also defines the various criteria that determine whether a director may be deemed to be independent as follows:

- The director is not an employee or corporate officer (“mandataire social”) of the Group, nor an employee or director of its parent or of one of its consolidated subsidiaries, and has not been one during the previous five years.
- The director is not a corporate officer of a company in which the Group holds, either directly or indirectly, a directorship, or in which a directorship is held by an employee of the Group designated as such or by a current or former (going back five years) corporate officer of the Group.
- The director is none of the following (whether directly or indirectly) - a customer, supplier, investment banker or commercial banker – in each case:
  - which is material for the Company or its group, or
  - for which the Company or its group represents a material proportion of the entity’s activity
- The director does not have any close family ties with a corporate officer of the Group.
- The director has not been an auditor of the Group over the past five years.
- The director has not been a director of the Group for more than 12 years.

As regards directors representing major shareholders of the Company, they may be considered as being independent provided that they do not take part in the management of the Company. If a director holds in excess of a 10% holding of stock or votes, the Supervisory Board, upon a report established by the Nomination Committee, should systematically review the qualification of a director.
as independent, having regard to the distribution of the Company’s share capital and the existence of a potential conflict of interest.

Due to the significant change in the composition of the Supervisory Board in June 2008, the new Supervisory Board conducted a specific review of the independence of its members. On that basis, six out of ten members of the Supervisory Board were deemed to be independent, namely Ms Neuville and Mr Abate, Mr Cirelli, Mr Combes, Mr Sankey, and Mr Thierry.

### 1.1.6 Meetings of the Supervisory Board in 2008

In accordance with the By-Laws and internal rules, the Supervisory Board met as frequently as necessary. During 2008, the Supervisory Board met twenty-two times, with the members’ rate of attendance at 88.5%. Due to the effective participation of all members of the Supervisory Board, and due to the complexity of the matters dealt during 2008, it was decided to distribute attendance fees equally among all the members – except for Mr.Behdad Alizadeh, who waived his attendance fees. Mr.Jean-Philippe Thierry also did not receive any fees; as Chairman of the Supervisory Board he benefitted from a fixed compensation (excluding variable compensation) of EUR 240,000 per full year. Mr.Jean-Philippe Thierry therefore collected a total remuneration of EUR 133,115 for the year 2008.

In order to carry out its functions efficiently, the Supervisory Board asked the Management Board to provide regular and comprehensive information, in writing, on all significant matters relating to the operations of the Group.

During 2008, the Supervisory Board meetings dealt, *inter alia*, with the following subjects:

- Annual review of the Group’s strategy and major business trends and business plans;
- Review and approval of the 2008 budgets;
- 3O3 Transformation Plan and the TOP Programme at the end of 2008;
- Reviews of the quarterly trading results, forecasts and commercial prospects;
- Review of financial presentations and press releases;
- Review of off-balance-sheet commitments and risks;
- Review of the consolidated accounts for 2007 and first half of 2008;
- Divestments carried out during the year;
- Investment opportunities pursued during the year;
- Major contracts concluded during the year;
- Remuneration of the Management Board;
- Incentive plans for the senior management of the Group and for employees.

In addition, the Supervisory Board met in many occasions to deal with the following key and specific issues:

- During the first half of the year, the Supervisory Board, in place prior to the Annual General Meeting held on 12 June 2008, spent significant time analysing proposals made by certain shareholders of the Group and the reports and documents prepared by the Management Board and its financial advisors. This was to ensure that any actions that would create value for all shareholders pursuant to the corporate interests of the Group were taken into account in the Management Board’s strategic plan. For that purpose, the Supervisory Board created an *ad hoc* Committee, composed of the following independent Supervisory Board members: Mr Didier Cherpitel, Mr Diethart Breipohl and Mr Vernon Sankey which regularly reported their conclusions to the Supervisory Board.

- During the second half of the year, the new Supervisory Board (appointed on 12 June 2008 and 3 July 2008) nominated a Strategic Committee and conducted an in-depth review of the recommendations made by this Committee, the Management Board and its financial advisors, in respect of each Service Line and geography. This was with a view to maximizing the potential creation of value, under the current market conditions, by focusing on high margin and recurring cash-flow businesses. The Supervisory Board also conducted a study on the opportunity of proposing to the shareholders a change of its governance structure simplifying the governance with a Board of Directors and a Chief Executive Officer.
The Supervisory Board had some of its members focus on particular aspects of the corporation’s governance, within the following four committees:

- The Audit Committee
- The Investment Committee which was transformed on 12 June 2008 into the Strategic Committee
- The Remuneration Committee
- The Nomination Committee

Members of these Committees were appointed by the Supervisory Board. The Committees’ terms of reference were specified in the Supervisory Board’s internal rules and the Committees acted in a consultative capacity, reporting to the Supervisory Board. Their recommendations were discussed at length during the Supervisory Board sessions, together with related documentation.

1.1.7 The Audit Committee

As of 31 December 2008, the Audit Committee was composed of Mr Soublin (Chairman until 26 December 2008), Mr d’Angelin, Mr Paris, and Mr Sankey. The Committee met eight times in 2008 and the attendance rate of its members was 89.3%.

The Committee reviewed the accounting policies adopted by the Group in preparing the Parent Company and Group consolidated financial statements and ensured that they were appropriate and applied consistently. It also monitored the proper implementation of internal controls. It was kept informed of key risks, including major litigations and financial commitments. The Committee held various meetings with the Management Board member in charge of Global Functions, the Group Chief Financial Officer, the Group General Counsel, the Group Senior Vice-President in charge of Internal Audit and the statutory auditors. The Committee also held meetings with the corporation’s statutory auditors without the presence of the management of the Group.

The Audit Committee reviewed the quarterly Group financial reporting package addressed to the Board. It was regularly informed of the Group’s financial strategy and its implementation. It was informed on the terms and conditions of significant contracts (including the risk management aspect of such contracts). It also regularly reviewed the status of the major existing contracts delivered under the risk management programmes. The Committee examined the accounting and financial documents to be submitted to the Board. It also received reports from the statutory auditors on the conclusions of their work. A specific session was held, as each year, in addition to ordinary meetings, in order to review specific contracts engagements, major contracts, risks and losses declared.

During its eight meetings held in 2008, the Audit Committee reviewed both recurring and specific matters, as listed hereafter:

- Recurring matters:
  - Quarterly financial information to the Supervisory Board and financial market;
  - Statutory external auditors, reports on audit and internal control plan;
  - Internal control audit plans and recommendations;
  - Risk management reports for existing and new contracts;
  - Provisions (including pension provisions), risks and undertakings;
  - External audit fee budget;
  - Material claims and litigation (including tax audits).

- Specific matters:
  - Support functions organisation and key control processes;
  - Debt structure and risk liquidity in current market conditions;
  - Renewal process and validation of Grant Thornton as external auditor;
  - The Group Book of Internal Control;
  - The exposure and opportunities in respect of the United Kingdom and The Netherlands independent Pension Funds;
  - Full review of tax structure and exposure of the Group.
1.1.8 The Strategic Committee (formerly the Investment Committee)

The Strategic Committee was set up further to the Shareholders’ Meeting of 12 June 2008 and was composed of Mr Combes (Chairman), Mr Abate, Mr Alizadeh, Mr d’Angelin, Mr Cirelli and Mr Paris. The Investment Committee and the Strategic Committee met seven times during 2008. The attendance rate of its members was 88.23%.

The Investment Committee’s initial purpose was to review all proposed acquisitions, divestments and strategic developments likely to have a material impact on the Group’s organic and external growth. On 12 June 2008, the Supervisory Board decided to rename the Committee as the Strategic Committee. On that occasion the Committee’s scope was enlarged to include assessing and reviewing the Group’s strategy. The Strategic Committee, in close cooperation with the Management Board and the Group Chief Financial Officer, and with the support of external advisors, reviewed all material investments and strategic options available to the Company.

1.1.9 The Remuneration Committee

As of 31 December 2008, the Remuneration Committee was composed of Mr Alizadeh (Chairman), Mr Abate, Mr d’Angelin, and Mr Meunier. In 2008, the Committee met nine times and the attendance rate of its members was 90.91%.

From 1 January 2008 to 12 June 2008

The Remuneration Committee analysed and made recommendations on various topics which resulted in the following decisions by the Supervisory Board:

- Variable compensation for 2007 related to Mr. Germond, Mr. Guilhou and Mr. Kieboom described in more details in Section 5.5.1 of the 2007 Annual Report;
- Benchmark of compensation to the members of the Management Board (i.e. Mr. Germond, Mr. Guilhou and Mr. Kieboom). The remuneration package for these members in 2008 was modified with a combination of fixed compensation, variable annual bonus and incentive package. The total compensation included:
  - 26% fixed compensation for the Chairman of the Management Board and 30% for the other members of the Management Board;
  - 30% variable annual bonus of which:
    - 60% (100% for the Chairman of the Management Board) was based equally on three financial criteria (i.e., revenue, operating margin and net debt);
    - 40% (none for the Chairman of the Management Board) was based on qualitative objectives;
    - Bonus is triggered with a low end objective achievement resulting in a 50% bonus with a curve up to an high end achievement resulting in a 150% bonus;
  - 44% Incentive Package for the Chairman of the Management Board (40% for the other members of the Management Board). The Incentive Package was based on one part on a free-share Long-Term Incentive scheme open to the top 400 managers based on achieving a rolling two-year financial performance linked to Operating Cash Capacity (OCC) which represents “OMDA-Net capital expenditure” and on the other part on a stock options grant:
    - The Long Term Incentive represents 50% of the nominal variable bonus and can be triggered only if the two-year financial performance is achieved at 100% minimum. Such incentive can exceed 100%, with a maximum of 300%. The Long Term Incentive was granted in March 2008 in free shares that are locked up for two years after target achievement. 20% of the free shares must be retained until the end of their mandate;
    - The stock option plan (in replacement of The Management Incentive Plan implemented in 2007) was based on 110% of the fixed salary for the Chairman of the Management Board and 83% for the other Management Board members. The amount of stock options was
calculated on the basis of 30% of the stock price reference of the share at the time of the grant.

- Validation of share based plans for top management and employees:
  - Amendment of the Long Term Incentive Plan 2007 to modify the performance conditions to Operating Cash Capacity (OCC);
  - Implementation of the Long Term Incentive Plan 2008 for the top 400 managees under which 228,442 free shares were granted under performance conditions (of which 36,136 for the Management Board members);
  - Implementation of the Management Incentive Plan 2008 for the top 400 managers under which 248,306 free shares were granted subject to conditions of presence in the Group and investment in Atos Origin shares through the vesting period and of which none for any members of the Management Board;

> From 12 June 2008 to 16 November 2008

Further to the Annual General Meeting held on 12 June 2008, the new Remuneration Committee analysed and made recommendations on various topics which resulted in the following decision by the Supervisory Board:

- Termination of Mr Wilbert Kieboom’s Management Board mandate resulting in the following termination package:
  - Termination indemnity of EUR 2.6 million;
  - 2008 bonus based on the financial target elements pro-rata based from 1 January 2008 to 31 July 2008 of EUR 0.3 million
  - Payment of EUR 0.65 million related to the notice period.
  - As a result of the settlement agreement but subject to subsequent approval by the shareholders (at the Annual Shareholders Meeting of 26 May 2009):
    - Payment of EUR 0.15 million related to the 2008 personal objectives pro-rata based from 1 January 2008 to 31 July 2008;
    - 3,013 free shares under the Long Term Incentive Plan 2007;

- Termination of Mr Philippe Germond Management Board mandate resulting in the following termination package:
  - Payment of EUR 0.8 million related to 2008 annual bonus pro-rata based from 1 January 2008 to 16 November 2008;
  - Vesting of the LTI 2007, LTI 2008 and MIP 2007 according to the contractual terms of these plans;
  - In addition, Mr Philippe Germond asked for the payment of a termination benefit amounting to around EUR 4 million. In its meeting held on 11 December 2008, the Supervisory Board of the Company decided to reject Mr Germond’s request for such payment.

> From 16 November 2008 to 31 December 2008

Further to the appointment of Mr Thierry Breton as Chairman of the Management Board on 16 November 2008, the following compensation elements were approved by the Supervisory Board:

- On 16 November 2008, Mr Thierry Breton was appointed Chairman of the Management Board. With respect to his compensation in this capacity, the Supervisory Board decided to grant him the following compensation package for 2008:
  - A fixed annual compensation of EUR 1.2 million;
  - An annual variable compensation of EUR 1.2 million based on 100% on financial criteria similar to those defined hereunder for the Chairman of the Management Board (operating margin and free cash flow generated by the
activity). In any case, the variable compensation subject to the achievement of the operational objectives is capped at 100% of its nominal value.

For the next three years, Mr Thierry Breton was granted three tranches of stock options exercisable under strict performance conditions (233,334 for 2010, 233,333 for 2011 and 233,333 for 2012). Regarding external performance conditions, each of the stock options tranche has an exercise price with a premium over the stock price at the time of the grant (respectively 5% for the first tranche, 25% for the second one and 50% for the third one based on a closing stock price at grant date of EUR 17.60). In addition, the second and third tranches will be subject to internal performance conditions which are as follows:

(i) Net cash flow before dividend and proceeds from acquisitions/disposal at least equal to 80% of the annual budget or at least superior by 10% to the previous year’s result; and

(ii) Operating margin at least equal to 80% of the annual budget or at least superior by 10% to the previous year’s result.

5% of the shares resulting from the exercise of those stock options must be locked up until the end of the mandate.

- During its 23 December 2008 meeting, the Supervisory Board has taken notice of the recommendations issued by the AFEP and the MEDEF on 6 October 2008 concerning the compensation of executives who are corporate officers of publicly listed companies. The Supervisory Board has considered that these recommendations are in line with the corporate governance principles of the Company.

- In his capacity as Chairman of the Management Board, and Chairman and Chief Executive Officer as from 10 February 2009, and as for all members of the Group Executive Committee, Mr. Thierry Breton will benefit from the defined benefit pension scheme implemented on 1 December 2007 (by Supervisory Board and Board of Directors decisions dated 14 November 2007, 23 December 2008 for Mr. Thierry Breton). The Board of Directors held on 26 March 2009 reviewed and modified the terms of the defined benefit pension scheme at the best interest of the Company and its shareholders. The Board of Directors decided not to take into account the seniority in the Company before 1 December 2007 for the members who benefited from it until then (which could be up to 10 years) and to replace it by the terms here-below described. The Board decided to take as a reference the average fixed salary of the last 60 months (5 years) instead of the last 36 months (3 years) previously used for the supplemental pension plan calculation and therefore to release in 2009 the provisions accrued for in the financial income as of 31 December 2008. The main principles are as follows:

1. **Eligibility**
   - The beneficiaries of the defined benefit pension scheme are the members of the Group Executive Committee of Atos Origin and who end their career in the Group.

2. **Rights conferred by the plan (benefit formula under the plan)**
   - Pension annuity entitlement corresponding to a 1% accrual by trimester of presence within the Group Executive Committee, with a maximum of 60 trimesters (15 years) multiplied by the average **fixed salary received** over the last 60 months (5 years), excluding any variable remuneration (bonuses, etc…), before the legal retirement age and after deduction of any other legal or occupational pension benefits (including the defined contribution pension schemes).
   - The pension is revalued by reference to the AGIRC index and survivor benefits are optional with a correlative actuarial reduction of the main annuity entitlement.

3. **Seniority taken into account for the benefit formula**
Company seniority taken into account for the calculation of the pension rights is as follows:

a) For the beneficiaries who are over 50 years old at the time they become member of the Group Executive Committee, the seniority taken into account in the scheme corresponds to the difference between the age at which they join the Group Executive Committee and 50; rounded to the closest whole number of trimesters, with a maximum of 20 (5 years).

b) For the other beneficiaries, the seniority taken under the pension scheme corresponds to the seniority since they were appointed as member of the Group Executive Committee or since 1 December 2007 for those who were members at that date, rounded to the closest whole number of trimesters.

c) Entitlements become vested if the beneficiary leaves the Group Executive Committee after 10 years of membership but remains within the Company.

The total number of trimesters taken into account is in all cases limited to 60 (15 years).

In addition, as requested by Mr. Thierry Breton, who is the only beneficiary of the Group Executive Committee pension scheme to be also a corporate officer, the benefit of this supplemental benefit pension plan will be differed for him while expecting some possible regulatory changes in respect of this type of pension plan for corporate officers. As a consequence, the application of the pension plan is put on hold and postponed for him until 31 December 2009, date at which it will become effective.

- In case of termination of his mandate, Mr Thierry Breton will not be entitled to any “parachute” or any other indemnity (termination, non-competition...).

- Stock options grant to Senior Management and TOP leaders: the stock option plan mentioned above included a grant of 1,378,000 stock options. The terms and conditions of this grant made on 23 December 2008 are similar to those mentioned above.

1.1.10 The Nomination Committee

The Nomination Committee was composed of Mr Cirelli (Chairman), Ms Neuville and Mr Sankey. The Committee was responsible for recommending suitable candidates for appointment to the Board should any vacancy arise.

1.1.11 Self assessment of the Supervisory Board

In 2008, follow-up interviews and discussions were held among the various members of the Supervisory Board. A self-assessment was conducted through written consultation of the members on the basis of existing questionnaires.

The improvements defined during the self-assessment session of 2006, covering both the process and format of the meetings and the contents of decisions, as reported in last year’s annual report, were implemented in 2007, and sustained in 2008.

For 2008, the general direction reflected in recommendations for improvement defined in 2006 remained valid, especially for timely information of Supervisory Board members and for improved business information tools.

1.2 INTERNAL CONTROL

The internal control system whose definition is stated in section 20.2.1 below and designed within Atos Origin relied on the internal control reference framework prescribed by the AMF (Autorité des Marchés Financiers).
The “general principles” section of the AMF framework has been used to describe in a structured manner the components of the internal control system of Atos Origin (see section 20.2.2). Specific attention has been given to the internal control system relating to accounting and financial information (section 20.2.3), inspired by the application guide section of the AMF framework. Internal control players have been described in section 20.2.4. The Chairman of the Supervisory Board had entrusted the preparation of the section of the Report from the Chairman of the Supervisory Board on internal control procedures to the Group Internal Audit Department. This preparation has been reviewed by the Group Finance Director and the Executive Director in charge of Global Functions. The information reported below has been extracted from this preparation.

1.2.1 Internal control definition and objectives

Internal control system designed throughout the parent company and its subsidiaries (together referred to as the “Group” or the “Company”) aimed to ensure:

- compliance with applicable laws and regulations;
- application of instructions and directional guidelines settled by the Management Board;
- correct functioning of company’s internal processes particularly those implicating the security of its assets;
- reliability of financial information.

One of the objectives of internal control procedures is to prevent and control risks of error and fraud, in particular in the accounting and financial areas. As for any internal control system, this mechanism can only provide reasonable assurance and in no event gives an absolute guarantee against these risks.

1.2.2 Components of internal control system

The internal control system within Atos Origin was a combination of closely related components that are detailed hereafter.

CONTROL ENVIRONMENT

The organisation, competencies, systems and policies (methods, procedures and practices) represented the ground layer of the internal control system and the fundamentals of the Group in the matter. The main components are presented in this section.

Matrix organisation: Atos Origin runs a matrix organisation structure that combined Operational Management (Countries) and Functional Management (Service lines, Sales and Markets and Support Functions). This was a source of control with a dual view on all operations (Country / Service line).

Policies and procedures: The Group has designed and implemented over the last years several policies and procedures in order to establish common practices and standardised methods. These policies and procedures are reviewed when necessary to be in line with the objectives of the Group. Some of these key polices and procedures included:

- The Code of Ethics: As Atos Origin has paid a particular attention to compliance with ethical rules in connection with the conduct of its operations, a Code of Ethics established and adopted by the Management Board set out the principles applicable to conflicts of interest, insider trading and business ethics (see specific section on Code of Ethics).
- Delegation of Authority: A formal policy set out the authorisation of officers of subsidiaries to incur legal commitments on behalf of the Group with clients, suppliers and other third parties. The intention of these rules was to ensure efficient and effective management control from the country level to Management Board level. The delegation of authority policy was rolled-out under the supervision of the Group Legal department.
- Segregation of Duties: Updated rules for segregation of duties have been implemented in the organisation. A program was managed to follow-up the improvement of segregation of duties, including functional review of segregation of duties and review of procedures for profiles attribution. Tooling has been used to perform automatic assessments of those rules in the systems.
• **Atos™ Rainbow**: Rainbow is a set of procedures and tools that provides a formal and standard approach to bid management, balancing sales opportunities and risk management for all types of opportunities, as well as continuous guidance and control for the decision-making process. Rainbow was the means by which Atos Origin’s management is involved in controlling and guiding the acquisition of the Group’s contracts. Above specific thresholds Rainbow reviews are performed at Management Board level.

• **Operational policies and procedures** have also been implemented in all departments. The main impacting policies and procedures in terms of internal control (regarding authorizations and ethics) included “Payment & Treasury Security Rules”, “Purchasing Code of Conduct”, “Pension Governance”, “Investment Committee” and “Legal Handbook”.

**Human Resource Management**: A Group Human Resource management policy has been designed through the *Global Capability Model (GCM)* which is a standard for categorising jobs by experience and expertise across the Group. It has helped employees to be aware of their responsibility through job description; it has helped managers in recruitment and rewarding; and it has helped the Operations in resourcing and budgeting. A Group Policy on bonus scheme completed this organisation by setting incentives for key managers.

**Information Systems**: Group Business Process and Internal IT department has been in place to provide common internal IT infrastructures and applications for Atos Origin staff worldwide. It supported functions like Finance (accounting and reporting applications), Human Resources (resourcing tool, corporate directory) or Communication (group websites and intranet). Security and access to these infrastructures and applications as well as their reliability and performance have been managed by this department and benefit from the core expertise and resources from the group.

**COMMUNICATION OF RELEVANT AND RELIABLE INFORMATION**

Several processes have been in place to ensure that relevant and reliable information is communicated on a timely manner to relevant players within Atos Origin.

A **shared ERP system** was deployed and used in the main countries of the group. With Spain and UK adopting this system in 2008, all main countries are now using the same ERP, enabling easier exchange of operational information.

**Formal information reporting lines** have been defined, following the operational and the functional structures. This formal reporting, based on standard formats, concerned both financial and non financial information. Communication of relevant information has also been organized in the Group through several specialised escalation processes that define criteria to raise issues to the appropriate level of management, up to the Management Board for the most important ones. This covered a wide range of topics like operational risks (through Risk Management Committees), treasury (with Payment and Treasury Security Committee), or financial restructuring (Equity Committee).

This bottom-up communication has been accompanied by top-down instructions, issued regularly, and especially for budgeting and financial reporting sessions.

A **dedicated intranet site** has been accessible to all employees which facilitates the sharing of knowledge and issues raised by the Atos Origin internal communities. This global knowledge management system promotes collaboration and allows efficient and effective information transfer.

**SYSTEM FOR RISK MANAGEMENT**

Risk management refers to means deployed in Atos Origin to identify and analyse risks. Although risk management is part of a manager’s day to day decision making process, specific formal initiatives have been led concerning risk management:

The **risk mapping** will be updated in 2009, in order to identify and assess risks that may impact the objectives of the Group. The selected methodology involves the key managers of the Group through interviews, to collect their perception of the main risks that may impact Atos Origin objectives, their potential impact and their level of control. This assessment is also challenged against a standard risk model, which ensures a proper coverage of all areas (strategic, operations, finance, information…).

The **Risk Analysis**, as detailed in "risks" section of the 2008 Annual Report, presents the Group’s vision of the main areas of risks, as well as the way those risks are managed. This includes the
contracting of several insurance policies to cover primary insurable risks including the protection of Group assets (production sites and datacenters) and people. Operational risks on projects have previously been managed by the Risk Management function (including a Group Risk Management Committee who met monthly to review the most significant and challenging contracts. Control activities have also been implemented (through the Book of Internal Control), on the basis of main risks identified, as described next section related to “control activities”.

The anti-fraud plan: Atos Origin has also set up a specific framework to manage the fraud risk. The objective was to build a comprehensive and structured approach to cement initiatives aiming at:

- establishing common values,
- assessing fraud risks,
- developing and implementing means to prevent and detect frauds,
- ensuring a high level of knowledge and maturity on fraud issues,
- and operating detection and investigation capabilities.

Some of those initiatives will pursue their development and deployment through the organisation in 2009.

CONTROL ACTIVITIES
Atos Origin’s key control activities are described in the Book of Internal Control (BIC). This document, sent out to all entities by the Management Board, complements the different procedures by addressing the key control objectives of each process to achieve a convenient level of internal control. For each control objective, one or more control activities (including control activities’ description, evidences, owners and periodicity) have been identified in order to formalize Group’s expectations in terms of control.

The Book of Internal Control covers not only the financial processes, but also delivery processes (like contract management), support processes (including legal, purchasing, HR or IT) and some management processes (Mergers and Acquisitions):

- **HR and Pensions’ Management**: control activities have been designed regarding identification and management of evolutions of Labour laws in countries where the Group operates, treatment of payroll, control of employment contracts, recruitment and termination processes, authorisation mechanisms for compensation and benefits, objective and appraisal scheme, management of temporary staff and business expenses;
- **Legal**: on top of the Delegation of Authority mentioned above, control activities have been designed on rules for customer contracts, trademarks, patents and domain names registration, insurance and corporate law;
- **Delivery cycle**: from bidding to post-delivery, on top of the Bid Management process and Risk Management mentioned above, control activities have been designed on the handover from bidding to delivery, follow-up of risk register and action plans, resource management control, project financial review, monitoring of project execution and termination process for a project;
- **Purchasing**: control activities have been designed on purchasing request authorisation process, key steps of procurement flow and ethics for buyers;
- **Internal IT**: control activities have been designed around protection and confidentiality of data and information including disaster recovery plans, security and access to the systems and networks;
- **Communication**: designed control activities are related to internal communication of key messages as well as procedures and policies, preparation and disclosure of announcement, public relations, communication crisis plan, financial communication, and investor relations.
- **Mergers & Acquisitions**: control activities aim at ensuring that the proper authorizations have been obtained at each step of the process, and proper tools and resources employed to secure operations.
- **Finance and Treasury**: the control activities are described in section 20.2.3.
As the Book of Internal Control is in continuous improvement, several updates were conducted in 2008 to reflect the changing environment, processes or tools including purchasing, delivery, consolidation and Mergers and Acquisitions processes.

A specific action has also been with regards to “SAS70” reports. SAS70 (Statement on Auditing Standards no.70) defines the American professional standards usually implemented in other countries within the framework of an auditor’s report on internal control of a service to a third party. Activities of Atos Origin typically have an impact on the control environment of its clients (through information systems), which may require the issuance of “SAS70 reports” for the controls ensured by Atos Origin.

A control framework has been defined, detailing control activities related to client service. This framework has been built on the basis of the ITGI model (IT Governance Institute’s publication titled IT Control Objectives for Sarbanes-Oxley, 2nd Edition).

**MONITORING**

Monitoring of internal control system includes the analysis of results of controls (identification and treatment of incidents) and the assessment of controls to ensure controls are relevant and appropriate with control objectives. This monitoring was the responsibility of the Group and Local Management, and has also been supported by Internal Audit missions.

**Self assessments** have been conducted for the main functional processes by group process owners, in order to evaluate the level of maturity of internal control in the different countries. This has been performed through questionnaires, filled locally and challenged and analysed at Group level. Evaluation is performed against a maturity scale (from “unreliable” to “monitored”) for each control objective. Actions plans are defined where gaps are identified with desired target.

**Monitoring** of specific areas has also been performed periodically to measure improvements or deviations of controls. For example, a monthly dashboard has been issued in 2008 to report on Segregation of Duties status, and distributed to group managers.

In parallel, **Internal Audit** has been responsible to assess the functioning of internal control system. Internal Audit has carried out reviews to ensure that the internal control procedures are properly applied and supports the development of internal control procedures. Internal Audit also defined, in partnership with Group and Local management, action plans for continuously improving internal control processes. In 2008, Internal Audit coordinated the self-assessment related to financial processes, to help Local Management evaluate and continuously improve their internal control. This process is supported by internal audit reviews at local level, to assess internal control, check self-assessment reliability and follow-up corrective actions.

In 2008, Internal Audit carried out 78 audit assignments assessing the functioning of internal control system. All assignments have been finalised by the issuance of an audit report including action plans to be implemented by the related division or country. Among the audit assignments achieved in 2008:

- 17 countries called “small and medium countries” were subject to a financial review. Assessment of their supervision structure were also performed.
- Follow-up of actions plans defined during 2007 financial review in 7 main countries (representing 40% of the external revenue of the Group) were carried out.
- Bonus process as well as purchasing savings process were audited through a full review of respectively 8 and 6 countries and of the piloting process at Group level.
- 3 particular investigation audits took place.

**1.2.3 Internal Control system related to the accounting and financial information**

Processes contributing to the accounting and financial information, referred as “financial processes”, are in line with the internal control system of Atos Origin, and are subject to specific attention due to their sensitivity.
LOCAL AND GROUP FINANCIAL ORGANISATION
The financial processes have relied on finance teams in each country. Country CFOs had a dual reporting to local management and to Group CFO. This organisation allowed for a comprehensive capture of business events as well as independence with operations.

Piloting was ensured by Group CFO assisted by the Group Finance Executive Committee that included main country chief financial officers and Group Finance functions. This committee met on a regular basis and was in charge of the overall monitoring of the process of preparation of the financial information. Significant accounting issues, as well as potential internal control deficiencies, were reported to this committee, which decided corrective actions to be carried out.

Group Finance Department was in charge of piloting the financial processes, especially through the financial consolidation, the monitoring of compliance matters, the supply of expertise and the control of the reported financial information.

GROUP FINANCE POLICIES & PROCEDURES
Group Finance has drawn up a number of Group policies and procedures to control how financial information is processed in the subsidiaries. These policies and procedures were discussed with the statutory auditors before issuance and included the following main elements:

Financial accounting policies include a Group reporting and accounting principles handbook applicable to the preparation of financial information, including off-balance sheet items. The handbook set out how financial information must be prepared, with common presentation and valuation standards. It also specified the accounting principles to be implemented by Atos Origin entities in order to prepare budget, forecast and actual financial reporting required for Group consolidation purposes. Group reporting definitions and internal guidelines for IFRS, and particularly accounting rules applicable in the Operations, have been regularly updated. An IFRS knowledge center is in place at Group level to assist and support local operations.

Training and information sessions were organised regularly in order to circulate these policies and procedures within the Group. A dedicated intranet site has been accessible to all accounting staff, which facilitates the sharing of knowledge and issues raised by members of the Atos Origin financial community;

Instructions and timetable: Financial reporting including budget, forecast and financial information by subsidiary is carried out in a standard format and within a timetable defined by specific instructions and procedures. Group Finance liaised with statutory auditors to coordinate the annual and half-year closing process.

INFORMATION SYSTEMS
Information systems have played a key role in the control system related to the accounting and financial information, as they have both strongly structured the processes and provided automated preventive controls, but have also provided monitoring and analysis capabilities.

An integrated ERP system has supported the production of accounting and financial information in the main countries.

A unified reporting and consolidation tool has been used since the beginning of 2007 for financial information (operational reporting and statutory figures). Each subsidiary reported its financial statements on a standalone basis in order to be consolidated at Group level. There was no intermediary consolidation level and all accounting entries linked to the consolidation remain under the direct control of Group Finance. Off balance sheet commitments were reported as part of the mainstream financial information and are examined by Group Finance.

MONITORING AND CONTROL
In addition to the financial processes defined, monitoring and control processes have aimed to ensure that accounting and financial information complies with rules and instructions.

The Closing File (included in the Book of Internal Control) was designed in 2007 for deployment at local level in 2008. It was required for each subsidiary to elaborate on a quarterly basis, a standard
closing file formalising key internal controls performed over financial cycles and supporting closing positions.

**Functional reviews** were performed by Group financial support functions on significant matters relating to financial reporting, such as tax issues, pensions, litigations, off balance sheet items or business performance and forecast.

**Operational and financial reviews**: Group controlling has supported Operations and General Management in the decision making process through monthly reviews and by establishing a strong link with country management in financial analysis & monitoring, enhancing control & predictability of operations and improving the accuracy & reliability of information reported to the Group;

**Representation letters**: During the annual and half-year accounts preparation, the management and financial head of each subsidiary was required to certify in writing that they have complied with the Group’s accounting rules and policies and that, to the best of their knowledge, there was, within their scope of responsibility, no major deficiency in the control systems in place within their respective subsidiary.

**Internal Audit Department**: The review of the internal control procedures linked to the processing of financial information was a major component of the reviews conducted by the Internal Audit Department. The Internal Audit Department worked together with Group Finance to identify the main risks and to focus its audit plan as effectively as possible to control such risks.

### 1.2.4 Internal Control system players

The main bodies involved in the implementation of internal control procedures at Atos Origin were as follows:

**SUPERVISORY BOARD WITH AUDIT COMMITTEE**

The Supervisory Board prepared governance rules detailing the Board’s role and the responsibility of its committees. Those committees played a key role in the internal control system through their review and monitoring duties in a number of areas. The Audit Committee, in particular, was informed of the content and the implementation of internal control procedures used to ensure the reliability and accuracy of financial information and monitors the proper implementation of the Internal Control System.

**MANAGEMENT BOARD AND EXECUTIVE COMMITTEE**

The Management Board was responsible for the general management of the Group’s business and focus on strategic aspects to develop the Group. As part of its role, the Management Board defined the framework of the system of internal control.

The Executive Committee led the operational performance of the Group. Its main tasks were to define and review business priorities, review Atos Origin operational performance and define corrective action plans. Management at different levels was responsible for implementing and monitoring the internal control system within their respective areas of responsibility.

**RISK MANAGEMENT**

Risk Management monitors, reviews and inspects the bidding, engaging in and the execution of contracts to achieve an optimum balance between risk and reward and identifies improvements in our operational processes, including controls where applicable.

**INTERNAL CONTROL**

Internal control function is to ensure the coordination of the internal control system, like the implementation of the Book of Internal Control and its continuous improvement within the Group. Internal control coordinates also all other initiatives of internal control.

**INTERNAL AUDIT**

The Internal Audit organisation was centralised which enabled a global working practice following one group audit plan and a consistent audit methodology. Internal Audit operating principles were defined in the Group Internal Audit Charter, which was validated by the Audit Committee. The Audit Committee
also received regular reports on the Internal Audit work plan, objectives of assignments, and associated results and findings. The internal audit department would liaise with the statutory auditors to ensure an appropriate co-ordination between internal and external control.

1.2.5 Outlook and related new procedures to be implemented

In 2009, the Top program, as described previously, should lead to process reviews and therefore have an impact on the Internal Control System. The Internal Audit Department will pursue the internal review programme initiated in 2008. In line with the planned development of the internal control system of the Group, Internal Audit plans to pursue its focus on the implementation of the Book of Internal Control and Top program. In parallel with the continuation of the self-assessment process on financial internal controls, the Internal Audit team will continue to reinforce control and verification of financial information.

Conclusion

Based on the above, we have no other observation with regard to internal control and procedures implemented by the Group. However, it should be noted that internal control cannot provide an absolute guarantee that the Group’s goals in this respect will be achieved and that all risks will have been completely eliminated.

Jean-Philippe Thierry
Chairman of the Supervisory Board