

ATOS ORIGIN – FULL YEAR 2008 RESULTS PRESENTATION

ATOS ORIGIN CORPORATE PARTICIPANTS

Thierry Breton

Atos Origin - Chairman & CEO

Michel-Alain Proch

Atos Origin - Group CFO

Gilles Grapinet

Atos Origin – Senior Executive Vice-President Global Functions

Charles Dehelly

Atos Origin – Senior Executive Vice-President, Operations

Gilles Arditti

Atos Origin – Senior Executive Vice-President Investor Relations

CONFERENCE CALL PARTICIPANTS

Richard Nguyen

Société Générale - Analyst

Johnny Senko

Merrill Lynch - Analyst

Elizabeth Buckley

Arete Research - Analyst

Adam Wood

Exane BNP Paribas - Analyst

Gwénaél Giard

Natixis - Analyst

Michael Briest

UBS - Analyst

Grégory Ramirez

Bryan Garnier

Dov Levy

CM-CIC Securities - Analyst

Laurent Daure

Kepler - Analyst

Brice Prunas

Oddo Securities - Analyst

Michael Briest

UBS - Analyst

Stefan Kuppen

Goldman Sachs – Analyst

Gerardus Vos

Citigroup – Analyst

PRESENTATION

Thierry Breton *Atos Origin - Chairman and CEO*

So, good morning, everybody, and thank you for being here with us today and welcome.

I'm glad to present you today, on the stage, next to me, Michel-Alain Proch, who is our CFO. On my left, Charles Dehelly. Charles Dehelly is our Senior Executive Vice President, Directeur Général Adjoint, in charge of coordinating all our operations. Charles Dehelly is a veteran in the IT and the high-tech industries and he joined the Group a few days after I joined myself. He is also leading our TOP Program, Total Operational Performance, which is absolutely crucial, as you know, to achieve our goals, increasing our operating margin and coming back at the best of the competition level.

On my right, Gilles Grapinet. Gilles Grapinet is Senior Executive Vice President, Directeur Général Adjoint, in charge of coordinating the Global functions, corporate, and Atos Worldline reports to him also. Gilles was previously the Head of Strategy of Crédit Agricole and also the Head of Payment Systems in Crédit Agricole. He was previously a civil servant and the Chief of Staff of the Minister of Economy and Finance between 2005 and 2007, in charge of economy within the Cabinet of the Prime Minister before. And before, he spent almost all his career in the IT system. He was running the IT system for the whole Ministry of Finance and developing huge contracts and programs like Copernic. Gilles Grapinet joined us beginning of February 2009.

So, that's my colleagues present today at the results for '08 and outlook 09 and I am very happy to have also the Executive Committee team here, who is present, and we will be happy and glad to answer any questions you will have after the presentation.

But I think it's time to start, Michel-Alain, with our financial results for the year '08.

Michel-Alain Proch - *Atos Origin - Group CFO*

Good morning, ladies and gentlemen. I will start by presenting you the highlights of '08 and I will begin with financial performance.

First, in terms of financial performance, we closed the year with the revenue at EUR 5,479 million, at new scope. Excluding Italy and AEMS Exchange, this represents an organic growth of +5.6%, of which +6.9% in H1 and +4.4% in H2. Looking at our revenue profile, 68% of the total is recurring, most of our activities in Europe in four main verticals - public sector, financial services, telecom and manufacturing.

The operating margin reached 4.8% of revenue, which represents EUR 261 million. This is an increase of +11% compared to last year. The net income is EUR 23 million. We have made a more conservative business plan at the year-end for the French operation and we have accounted for an impairment charge of EUR 226 million. At the end of year 2008, the financial net debt was EUR 304 million. I will detail, later on, the main elements of the cash flow.

As far as the commercial activity is concerned, we have reached a book-to-bill of 98%, with 110% in the last quarter. So, the Group has shown a solid commercial activity, which is reflected too in the fact that the full qualified pipeline is EUR 2.7 billion, increasing by EUR 800 million.

In terms of disposals, we have completed several disposals this year. I remind you Italy, and you already know it, in January and AEMS Exchange in August. On top of these two major disposals, we have divested at year-end several other operations which are of a lesser size - Mexico, Thailand and Technical Automation in The Netherlands.

Last point, regarding pension, because you know pension is an important subject for the Group. As you know, we have executed in '08 the plan amendment in our UK pension trust, as announced in December '07. And secondly, in The Netherlands, we are closely reviewing with the Dutch pension fund, which I remind you too, is an independent entity from the Group. We are closely reviewing the investment strategy of this plan. Overall, I just want to mention that the pension provision decreased between last year and this year, from EUR 395 million to EUR 222 million.

So, if I move on to the operational performance. This slide is presenting you the reconciliation between statutory scope and new scope. So, the statutory revenue, which is published in our annual report, is EUR 5,623 million, which represents a decline of 4%.

First, the disposals of the year are related to Italy and AEMS, as I already mentioned, which accounted respectively for EUR 261 million and EUR 247 million in year 2007, and in year 2008 for EUR 20 million and EUR 125 million. The second reason of a change is obviously the exchange rates impact. The exchange rate affected the revenue for EUR 156 million, of which EUR 137 million - and you won't be surprised - came from the British pound. Consequently, the new scope revenue was EUR 5,479 million, and that's a growth of +5.6%.

So, the next slide is presenting you graphically what I just mentioned. As you can see, the +5.6% of organic growth represents an increase of EUR 291 million, 60% of which was achieved during the first half of the year and 40% in the second half of the year. These ratios reflect the economic slowdown of our cyclical activities.

Now, I move on to the backlog and increasing pipeline. In terms of commercial activity, as already mentioned, the book-to-bill is 98%. And this slide is presenting you the detail by service line. So, you will see that Managed Operations is at 100%.

During the year 2008, the Group maintained a good level of signature, with an excellent run rate in the renewal of major contracts, which is demonstrating the customer confidence in Atos Origin. In addition, the Group was able to deploy key offering, thus fertilizing major clients such as in France Suez-GDF, EDF and a major oil company, and in the UK the Ministry of Justice.

At the end of the year, the full backlog is EUR 7.4 billion. This represents 1.4 year of revenue. But more importantly, the 12-month backlog, which is a key indicator to look at our revenue year 2009, increased by +2% compared to the same situation last year.

The next slide is presenting you the latest customer contracts won in Q4 '08. As I already mentioned, the sales activity in Q4 was high. We have signed important contracts with new clients like City & Guilds in the UK, Rabo Group and Océ in The Netherlands, and with a large chemical company in the US. We have closed some critical renewals, such as Vivarte in France and E-Plus in Germany, and we have extended the scope of our business with large customers as, for example, the UK Department of Health. Finally, we have continued to develop cross service line deals, as you can see on the slide.

The next slide is showing you the operating margin by semester and for the entire year. So, as I told you, the operating margin reached EUR 261 million, which is to be compared to EUR 235 million at same scope and same exchange rate, so it's an increase of +11%. In terms of rate, the operating margin increased from 4.5% to 4.8%, with a larger increase in basis points in H1 than in H2. Business tension appeared in August and September, while the Group was executing a seasonal recruitment of young engineers. Consequently, the third quarter operating margin of the Group was lower than last year.

In consequence, the Group initiated mid-September a strong action plan to reduce its cost base and to secure the operating margin in Q4. And actually, in Q4 we reached 6.7%. Unfortunately, this 6.7% in Q4 was not sufficient to cope with Q3 and was not sufficient to reach our initial margin objective. Still, you will notice that the operating margin on the year has increased by EUR 25 million.

I move to next slide, which is presenting you the year 2008 performance by service line. It's a slide that you are very used to. And I begin with Consulting. So, you can see in Consulting the revenue growth is +1%. This is to be compared with minus 9% last year, which is in terms of growth back to a positive organic growth. Nevertheless, business started to slowdown in Q4, affecting the operating margin, particularly in France and in the Netherlands, and we closed with 4.8% of revenue for the year.

Systems Integration grew by +5.4%, which is pretty much equivalent to year 2007. We have achieved double-digit growth in Germany, Asia Pacific, other EMEA, and UK was actually close to +10%. France reached +4%. So, two geographies reported organic decrease, which are The Netherlands and South America. Operating margin in Systems Integration is reaching 3.9% of revenue.

Actually, most SI practices in the Group have recorded an increase of profitability. However, this performance was wiped out by a decrease of both revenue and operating margin in the Netherlands, due to tougher market conditions affecting utilization rates, and this is particularly true in our time and material practice. Asia Pacific was affected by a major contract slippage, but this has already been disclosed in H1 and it was related to Thailand.

In Managed Operations, the revenue reached EUR 2,928 million. This represents an organic growth of +6.4%. The operating margin reached 8.2%, which is 50 basis points less than last year, and this is the result of a contrasted situation by business activity. Managed Services and BPO have seen their profitability decreasing, while at the same time our Worldline business has increased its profitability, and which is right now well above 15%.

Finally, corporate costs have been contained at 1.5%. You see a significant decrease between '07 and '08, and this decrease is due to both lower Group costs in transformation projects and an effective reduction of the recurring corporate costs.

As you can see, operation profitability has eroded. Consequently, just two weeks after his appointment, our new Chairman and CEO, Thierry Breton, decided to launch, on December 1, 2008, the Total Operational Performance, TOP, the TOP Program, in order to address all business levers to increase operating margin in all the operations of the Group. Charles Dehelly will present you later on the TOP Program.

I move on to the performance by geographical area. I think what is important is that, for revenue, all major geographies have contributed to the revenue organic growth, with an almost double-digit growth for the UK and for EMEA.

France was back to a satisfactory growth of +6.9%, a contribution made by both the French operations of +4% and, as I already mentioned, by Worldline with double-digit growth. Note that the very strong performance of Asia Pacific was actually fuelled by the development of our Chinese operation, which almost doubled in size between '07 and '08.

The Netherlands revenue was affected by the KPN desktop re-insourcing effect, as expected, which represents EUR 45 million. Excluding the effect of this contract, The Netherlands had an organic growth of +3.5%. Americas revenue is decreasing and, as we have already explained to you, due to the Pan-American Games, which contributed to year 2007 revenue.

As far as operating margin is concerned, France's profitability grew by 50 basis points. The increase came from the Worldline activity. The main improvement, as you can see, is coming from the UK, with more than 150 basis points increase. This performance is confirming the recovery of this geography, which was engaged by Keith Wilman two years ago.

The Netherlands show a decrease of its profit. Apart from the already mentioned effect of KPN, The Netherlands were affected by a contract termination in the second half of the year, with a negative impact of EUR 6 million. In Consulting and Systems Integration, I'd just like to remind you that The Netherlands profitability is double digit.

Germany profitability remained close to last year and it includes significant investment in the final phase of the build-up of our mainframe global factory, which is based in Essen. The rest of EMEA and Americas have improved their operating margin. In Asia Pacific, despite the growth in external revenue, the margin was affected by a significant overrun in Thailand, which was already disclosed in our June presentation. And consequently, at the end of the year, the Group disposed its Thailand operation, which would have been too much cash consuming in '09.

I move on to the headcount evolution. The Group headcount represents 51,700 people at the end of '07. This slide is showing you the different items between '07 and '08. During the year, we had 3,100 related to the change in scope, namely the disposals of Italy, AEMS Exchange and Thailand. We had 6,600 staff leavers, with an attrition at 13.3%, which decreased from 14.6% last year. Almost 2,000 people were restructured during the year. And the hirings were well above 10,000, with a deceleration, obviously, in the last quarter. All of that is leading to 50,975 people at the end of the year.

I think the important point is the following. In order to strictly control the workforce evolution, our new Chairman and CEO, Thierry Breton, implemented a centralized authorization process of all hiring, being direct or indirect, which can only be granted at Group level by the Group HR Director.

Let's move now to the financial performance, and I begin with the income statement. So, I'm not going to cover all the lines of the P&L. Have just in mind that this is a statutory income statement. OMDA is at 8.5% of revenue and operating margin at 4.7% of revenue.

Between operating margin and operating income, I would like to draw your attention on one major point. As you can see, we have recorded an impairment charge on goodwill of EUR 226 million, mainly on our French operation, for EUR 210 million, and on our

Spanish operation for EUR 15 million. This impairment charge is a result of the more conservative business plan that has been taken into account for our French operation, excluding Worldline activity, at the end of the year.

I just wanted to mention that, in accordance with IFRS rules, the future positive effects of the TOP Plan were excluded from this business plan. This charge has actually reduced the French operation goodwill from EUR 388 million at the end of last year to EUR 177 million.

Second point on which I would like to draw your attention, we have accounted for a depreciation of EUR 39 million on the Dutch pension fund. This depreciation is reflecting the deterioration of the funding cover ratio, comparing assets to liabilities. Consequently, this non-cash charge - I'm talking about the pension charge - reduced the gain of EUR 55 million that you were already informed of, accounted for in H1, following the implementation of the pension UK plan amendment.

Capital gains represent EUR 143 million, out of which EUR 135 million is coming from the disposal of our AEMS Exchange activity. Finally, restructuring represents roughly EUR 100 million, with plan affecting France, UK, The Netherlands and Central Europe. As a result, the operating income is EUR 100 million. And after tax and interest paid, net income Group share is EUR 23 million.

Please note that the income tax corresponds to a restated effective tax rate at 23.6% which is much lower than last year, due to the disposal of our Italian operation. And have in mind that we expect the effective tax rate in the future to be in the range of 28%.

I move on to the cash flow. So, this is the statutory cash flow again. I have already commented the OMDA. Note that the capital expenditure has been reduced from EUR 300 million to EUR 234 million. And this is a combination of a very strict control of the investment and the increase of mutualized equipment.

This performance has been achieved, and I think it's important that you know this, while reducing at the same time the total amount of operating leases. You know this is a program we began three years ago, and we have reduced during that period the operating leases from EUR 220 million to EUR 23 million, so almost nothing. As a consequence, the operating cash capacity, which is OMDA minus CapEx, has increased by EUR 40 million compared to last year.

I move on now to the working capital. So, the cash collection has been very active in the last quarter of the year and allowed us to reduce the Group DSO from 67 days to 63 days, so a decrease of four days. This performance allowed the Group to reduce significantly the trade receivables and to reduce the trade payables, because we have anticipated the implementation of new payment regulation. And I'm sure you are aware of the new payment regulation which is active in '09 in France, for example. So, by doing this, we have reduced the cash constraint for '09.

So, tax paid is EUR 50 million, as expected. Financial interest are the same as last year. And finally, you'll remember the EUR 65 million that we have injected in our UK pension trust. So, at the end of the day, the net cash flow is EUR 34 million.

Concerning the balance sheet, I am not going to comment all the lines. Obviously, you see the reduction in the goodwill, by EUR 357 million. In there you have, obviously, the impairment charge that I already mentioned, but at the same time the -- an effect of exchange rate for EUR 130 million. Tangible assets are EUR 454 million, an increase of 4%. And the shareholders equity has been reduced by EUR 161 million, as a consequence of the net profit of the year, obviously, less the dividend, and the exchange rate effect of a counterparty of the goodwill. Finally, net pension provision has been reduced, as I already mentioned it, by EUR 173 million.

I finish my presentation with the bank covenants, because I think it's a very important point. As you may remind, the Group financing is mainly structured around two instruments - a credit syndicated loan of EUR 1.2 billion which has a term in May year 2012, and a securitization line of EUR 300 million, which is in the process of renewal. These two instruments have the same covenants.

And if I look at the covenants, our leverage ratio is 0.64, which is far under our covenant of 2.5. And the interest cover ratio is 9.3, which is more than the double of our covenant of 4. So, in the current economic situation, which is making access to the credit difficult, the Group financing structure is strong, as you can see, and is sustainable.

Thank you for your attention.

Thierry Breton - Atos Origin - Chairman & CEO

Thank you, Michel-Alain. So, after the assessment of '08, I would like to tell you, as a transition, a few words of what I feel -- how I feel, after two months being the CEO of the Group, and also maybe to present my own assessment of what was in the last year.

Obviously, it was a good year in term of growth, plus 5.6%. This demonstrates that we have a good team, good sales force, good product offering, good market coverage, good customer relationship, but obviously a poor year in terms of operating margin. And this is something that I do not accept. We know and we are convinced at the Executive Committee level that we can cope with this and we can come back where we should be, in terms of profitability. We have a lot of internal work to do, working more globally together, being a global company, working with transversal product lines and service lines.

And this is why I have decided two things. First, to adapt the organization in order to help us to reach this goal, even if we are in a very shaky environment, and I will come back on this later on. And secondly, to launch, without any delays, a very strong program in order to go back to the profitability where I want to be with the Company, and this is the TOP Program.

Also, in order to do this, I thought that I will feel more comfortable with a governance structure where we will be able to have all the shareholders aligned with the management. And I think it was important, since we are a little bit in a recovery mode. But I don't say that Atos was doing bad in the past, I just say that Atos could do better in the future.

In order to do this, we thought, with the Supervisory Board and with the shareholders, that it was appropriate, again, to change the bylaws of the Company, to be organized now as a Company run with a Conseil d'Administration, Board of Directors, and so that we have now all the shareholders sitting in the Board. And I'm one of them. And obviously, we are 100% aligned and I think it is important regarding what we have in the past in the Company.

So, now, everybody is aligned. We have the same strategy. We have everything fully implemented in terms of governance. And of course, we need, without any delay, to have the right organization in place. This is what Gilles has done since he joined us. And we are happy to present you today the new organization of Atos Origin Group. Gilles?

Gilles Grapinet - Atos Origin - SEVP, Global Functions

Good morning, ladies and gentlemen. I'm very happy to meet you this morning, to briefly comment the key points of our new organization within Atos Origin.

So, I'd like just to begin by the objectives of the new organization, which are, first of all, to fully integrate Atos Origin as one global group. And for doing this, to implement a global market and global sales dimension within the Group. Objective two will be to reinforce our delivery capabilities, by industrializing our local delivery and by building up efficient global factories, to catch up with the trends in the sector. Objective three is to clearly boost the innovation potential of the Group. And objective four is, as I said, to move to a truly integrated operating model.

Just a few words about where we stand today. We have identified clear weaknesses in our current organization, regarding the four key objectives I have just mentioned. Atos Origin's current organization is still mainly driven by country. You know, all of you, that the history of the Group is an M&A story and that it is fairly recent, by the way. These country-driven models are real strengths and we don't want to lose them in the reorganization process.

The first strength is the proximity with our customers. The second strength is a true commitment when it comes to business delivery. But that being said, as a consequence of the country-driven model, the Group still functions today too much in silos.

The global service lines, in red, global Managed Services and the Consulting and SI responsibilities are still too limited to catch up with the trends, in terms of globalization of the delivery and industrialization. The global sales responsibility today is still functioning in a basic coordination role of the different sales departments within the country. And last, the support functions, with the notable exception of finance, are still far too weak to integrate truly the Company in its day-to-day operation.

And so, last, the innovation potential is spread all over the Group. We have a huge potential there, but we have not, today, strong internal processes to manage the innovation and the go-to-market of our innovative offers.

So, where do we want to go and what are we going to change? First, we begin by the basics. We want to provide our Group with a strong backbone of support functions. To reach this objective, we are going -- we have already taken, by the way, a very important decision internally, which is to give all our support functions a solid line report with all the corresponding functions within the Group business units, that is to say, a hierarchical and direct report from them.

The second element will be to reinforce the power of our global service lines. First, to give them a direct authority and an exclusive authority on all the global factories of the Group, and it will lead to the global service lines to drive our off-shoring strategy. And they will have also full authority to standardize and industrialize our local delivery capabilities at country level.

On these two foundations, we are going to redefine the way we operate in our geographies. And this is why you can see on the graph that above the country mentioned is three letters, which stand for Group Business Unit. The Group business unit within the total regime will be a flexible concept. That is meant to bring the Group a new level of flexibility.

And we will be able in the future to create, if necessary, new Group business units by cutting out from the existing business unit the necessary resources, sales force or delivery, to address in a specific and focused way specific markets, specific clients or to go to market with specific offers.

But I would like to add that at this stage, and for 2009, we don't change the content of the Group business units. The budgetary commitment has been taken within the current framework and we want to cope with '09 with the current commitment. But the model is set to be highly flexible, to adapt ourselves to the evolution of the market.

Last, we are going to introduce a new dimension for global sales and global markets within the Group. And the new division that we have decided to create will have full power to lead the Group go-to-market.

So, to summarize the key decisions we have taken, first we create a strong global sales and market division within Atos Origin. We are going to transfer to this division some of our key strategic international accounts, for them to be driven at Group level jointly with the country. And we have decided to introduce and to give to GSM a systematic central coordination role for all the multi-country deals.

In terms of global delivery, first we are going to separate global consulting from global consulting and SI today, and to appoint a head of global consulting. We have decided to create a global SAP service line, which will gather all the forces of the Group in Consulting, SI, and Managed Services, to address globally our SAP deals. And we are going to adapt our internal processes to reinforce the authority of all the four global service lines.

In terms of innovation, we are going to gather all the different resources within the Group and put them under the coordination of a global innovation and business development department, which will include our M&A team. And we are going to ask this new department to implement within the Group a methodic and business-oriented approach of innovation within all our entities.

And last, as I explained, concerning the support functions, we are going to implement, and by the way the decision has already been taken and announced, a solid line report between entities, support functions and the Group functions. And last but certainly not least, the Group collective performance will be now a key element for the top 400 managers' incentive scheme within Atos Origin.

I give the floor to Thierry, to present the new corporate chart. Thank you for your attention.

Thierry Breton - Atos Origin - Chairman and CEO

Thank you, Gilles. So I think it's important that you all understand that this organization was presented yesterday evening to our Board. The Board approved the new organization. And we will announce this new organization, effective as of today, this afternoon within the whole Company to the 51,000 employees worldwide.

So, that's the new organization in place now. We feel very comfortable, with my colleagues on the Executive Committee, that thanks to this organization we will definitely cope with some of our weaknesses in the past. We will act much more as a global entity, a global group, sharing much more our resources. And this is absolutely critical, not only to catch up our delay in terms of operating

margin cut, but also to be more reactive versus the environment, which will be extremely difficult in the next months, and I believe personally, years to come.

So, this is now the chart, just to simplify what we said. So we have of course, as I said, a Board of Directors now, and a Chairman and CEO. Next to me, two SEVPs, Directeur General Adjoint. Gilles Grapinet, so, is in charge of coordinating global functions, corporate mainly. And Charles Dehelly is in charge of coordinating global operations.

So, Gilles has under his control finance, HR, legal, communication, IT and GIBS means Group Innovation and Business Strategy, is a new entity. Charles will coordinate our Group business units, the ones Gilles explained to you. And he will be helped with two arms. One is leading himself the TOP programs, with 200 people working all across the Company to deliver the 20 TOP programs over the next three years now, and the purchasing of course. We have then a global SI and global MO being coordinated by Charles, and global sales and marketing and global consulting being coordinated by Gilles.

I just wanted to mention, and I said again that I am happy to have here -- sitting here some of our colleagues who were not with our customers today, which is quite unusual, so Rob Pols from Benelux, Keith Wilman from the UK, Diego Pavia from Spain. And we have also Francis Delacourt, who is running Managed Operations and a newcomer, Francis Meston, who is starting his first day. Welcome, Francis. He is coming from EDS and he will run our Global SI operations.

So, that's for the organization. So we will explain this after we meet with you. We will have a call with all our employees at three o'clock this afternoon and I will explain with my colleagues this new organization and the new management chart.

But this is done also to help us to achieve and deliver our results and objectives and commitments. And we know that in order to do this, immediately Charles -- we had to launch a TOP program, so Charles will give you a few highlights on what is this TOP program.

Charles Dehelly - Atos Origin - SEVP, Operations

Thank you, Thierry.

So the Total Operational Performance program, so-called TOP, is built around four new major transformation levers. The first one is to leverage the potential of the global Atos Origin, as presented by Gilles. The second one is to implement lean management techniques through the Company. You know there are a lot of engineers in this Company and we need to find techniques and implement techniques to improve their efficiency, to close productivity gap and improve quality and generate permanent efficiency progress. Third lever is to develop sustainability initiatives. And fourth, to close the gap with the industry benchmark, and I will show you some examples later on.

Those four transformation levers are supported by 20 transversal programs across the organization, and let's have a look at all of them. And I will not go through each one in detail, just to tell you that each one is led by a top leader that we have selected among the high potential managers of each country, service line and function. Each top leader is at the same time in charge of a transversal program but also is in charge of the efficient implementation of all those projects within the organization he belongs to.

As Thierry Breton already mentioned, top leaders are supported today within those projects by more than 200 project team members, coming from all around Atos Origin, all over Atos Origin organization. And in terms of management, while I personally will make formal in-depth monthly review of those projects, and in order to maximize the speed of implementation, any slowing down or blocking issues are going to be addressed weekly during the Thierry Breton Executive Committee meeting.

So, where do we find the money? So that's just a few examples of a gap between Atos Origin performance and industry benchmark performance. We'll go through a lot of them. But just as examples, utilization rate of Consulting, the off-shoring rate, agents' utilization in helpdesk, the square meter per employee or the G&A ratio for the G&A function. That -- we have identified many of those in the operational indicators.

So, the TOP scope is covering the whole Company cost structure elements. The sales and its aim is to improve the process, to increase our win ratio of cross border deals, to increase contract profitability, to make available proper resources and environment for certification. It addresses the personnel costs, in red it appears here, to reduce the average cost of person by increasing the off-

shoring, to increase the people utilization rates through transversal management and to increase productivity through lean management.

It also addresses the indirect personnel costs, in blue, to increase productivity and achieve benchmark cost structure, and to reduce the average cost of person, off-shoring and/or outsourcing, low added value function activity. And last but not least, the non-personnel expenses in gray. Here, TOP is coping with streamlining of our vendor base, the standardization of our purchases, as well as with the square meter per employee or travel policy or energy saving, and all costs related to the functioning of the organization.

So, TOP has also projects connected to cash, in yellow, focusing on work in process and overdue, CapEx, pension optimization and restructuring cost avoidance through a better training of our people.

So, you understand that versus the 3o3 program, that you know well, TOP is much more than the former 3o3. And I can describe it as being the 3o3, because of course all the programs which were launched within the 3o3 program do continue and are integrated within TOP. But on top of that, we develop the new levers I presented to you. More ambition, by aiming at reaching best in class and not average only, and multiply by speed with the tight management of this program.

So, the TOP program has been launched on December 1. It is now fully structured and deployed through the Company. And its financial impact is expect to ramp up as from the end of first half 2009, with more substantial impact in second half 2009, and of course 2010 and 2011.

Thank you.

Thierry Breton - Atos Origin - Chairman & CEO

So, I will be very quick with the vision, because I think it will be important to have more time for Q&A together. But we thought it was probably appropriate to give you some highlights of how we see the evolution of our industry and what are the key factors that I had to take into account to build not only our vision but, again, our commitment.

So, basically three key factors have to be considered. The first one, of course, is the economic environment and the economic crisis. Second one is technological change in our industry. And the societal environment in which we operate in the information society, us and our customers.

So, quickly, first in term of a macroeconomic standpoint. The key is reactivity and we thought that it was important to consider that the crisis will be long and tough. And this is how we organize ourselves now for the time to be. We -- again, we believe that this will be a difficult period and a long period.

This means that, of course, it will reshape the economy, it will reshape our customers, will reshape the industry. We fully understand that this will be seen as a threat, but also as some opportunities in our businesses. Our customers would like us to be more reactive. They would like to obtain more savings, Charles, and we all understand that. And by the way, it is our job. But we know also that we may see some new opportunities in a lot of new fields.

I just remind you that Atos Origin is very strong in government and we all understand that we will see probably a lot of new programs, thanks to these stimulus packages all around the world, by the way. And we are pretty strong here in Europe, in France, in the UK, in Netherlands, and we intend to develop this expertise wherever will see these kind of programs.

We will see also a lot of rationalizations and probably mergers in a lot of sectors. This will create also some opportunities for us. A lot of managed operations also, a lot of our customers would like to save costs, so we see here some good activities. But on the other hand, we truly understand that in the cyclical activities like SI and Consulting this will be a pretty tough period.

So we -- this is an assessment that we have taken and this is how we will manage the Company. And this is what we put, by the way, in our budget, in order to take the coming plan that I will present to you.

But the first thing, in terms of behaving. How do you behave when you have such a crisis, with the visibility that we all have and with the uncertainty of the environment? I have only one answer - reactivity, run a reactive organization. So this is why we thought it was absolutely mandatory to change the organization, so that we could have a reactive organization.

We thought also it was absolutely mandatory to run the Company on a six-month basis. In other words, it means that for Atos one year equals six months. We design our internal budget on six months. We design the budget -- bonuses of all our management and employees on a six-month basis. And we run to achieve the goals on a six-month basis.

It doesn't mean that we don't take a yearly commitment. Of course we take a yearly commitment. And I will present to you the commitment that we, as a team, have taken, presented yesterday to the Board of Directors and was approved by the Board of Directors. We will take a yearly commitment, but we will run the Company on a six-month basis. It is put in place -- and we have put this in place as early as January 1. It was a huge work, a huge start made by our HR department. It is now in place.

Now, everybody understands that it's a great opportunity. We control the salary pretty tight this year. But we said to our people, if we work well you will get bonuses, first half July 15 and the second part February 15 or March next year. So it's a big incentive, a lot of work for us, but a fantastic tool in terms of reactivity.

Again, six months equals one year. We have yearly commitment but we know that we can readapt ourselves, not outside, ourselves, as early as in July, if we see that some actions are mandatory to take, in order to obtain and to get our goal.

So, in a few words, and I don't want to be long here. This is just to tell you that -- you all know this chart. I would like to insist basically in two things. This is our history. You know this chart pretty well. We are today at the gray line.

Two things to remind and to have in mind. We are moving progressively to pervasive and ubiquity and with the emergence of cloud computing, which will change a lot our industry. The way we operate, the way our customers operate, the emergence of Internet object will change a lot of things too. And of course the emergence of virtual communities will be reshaping probably the whole environment in the years to come. And we have to take these two ruptures into account.

So, why does this happen? Probably because we reached a plateau in the Moore's Law. And you know that every 18 months we were used, in our industry, to double the capacity of integrating a chip -- a microprocessor on a silicon chip. We reached a plateau now because of the heat. We are working now at the atom level. And probably it is basically what scientists expect of the Moore's Law. Which means, by the way, because of heat mainly and power, and this means that we see now the emergence of parallel computing, grid computing, capital intensive massive mega data centers. And for our customers, it means that we move from IT infrastructure as a corporate asset to mega IT infrastructures and -- as utilities for our customers. These server farms will reshape probably the whole industry. We have to be prepared for this and change our job. We could operate some of these farms and we are already doing some of it, and this will be a strong request from our customers.

The second disruption is -- again, with the cloud computing, is definitely that we have to move from a systems integration company to a services integration company, since our customers will buy our capacity to integrate systems as a service. And this is a huge change that we have to be prepared.

The third rupture is a rupture in the past our customers saw their customers as being part of a network, something from the company to the end consumer. And now, of course, it changed. The major paradigm change is probably that today's environment is maybe more sophisticated than some of our customers. Everybody owns a PC, everybody has an email address, everybody is educated. And the pressure now is coming, for the first time in the IT industry, not from company, corporate to the outside, but from the others, from the world to the corporate. And this is again a huge change of paradigm that we have to take into account.

This means that our customers will have to manage their own customers not directly, but more and more through virtual communities. And we have, by the way, this expertise in Atos Origin and mainly in Atos Worldwide, and I will come back on this. We want to have a full day presentation to you on June 12, an Investor Day, only and mainly focused on the strategy that we want to develop within the Company in all these concepts, and mainly in Atos Worldwide.

Next, please. So, the lessons that we draw, in order to have an evolution in our key service lines. First, Managed Services, definitely we need to move progressively to the cloud computing and Service as a Software opportunities. In Consulting, to reinforce our ability to assist our customers for new community IT services base and to provide business expertise to the Integration Services

division. And Systems Integration, to push value added through differentiation, innovation and expertise. And again, we have already [put in] a lot of them, but we need to reinforce that.

So, as I said, save the date and you are all welcome to attend our Investor Day for -- It should be the 12th of June. And here we will spend the whole day to explain the three businesses of Atos Worldline. And by the way, we are ready also to disclose all of the view of Atos Worldline, which is part again of Atos Origin, and that I intend to use to develop innovation all over the Group with three key businesses - payment, transactional e-services and CRM. And we have here the base to -- as a springboard to the vision that I just described quickly to you.

So next, please. I just want to keep in mind that we are building our vision as Atos Origin Group, taking into account again the crisis, reactivity and low visibility, price pressure, consolidation, outsourcing, new businesses also, major technological change, and society from B2C to C2B and community management. This implies for us, as a response, to be extremely reactive. And this is again the half-year cycle, the execution, the launch of TOP program and being more and more focused on talents.

And as a vision, consolidation of our business mix, Managed Services to cloud and utilities, SI expertise and differentiation, Consulting business and innovation. And in terms of business development, the one we will present in detail early June, payments, transactional e-services and community management.

So, now I would like to tell you, as a result of this presentation, before to leave you the floor, our perspective.

First, in terms of revenue, I must tell you that in order to finalize the budget I had to run three versions of the budget, V1, V2, V3, in order to achieve collectively the ambition that we need in Atos Origin and that we are sure we will deliver. We will not be too aggressive in revenues in '09. And by the way, we said that it will be a slight decrease to have put in our budget versus '08. When I say slight decrease, it's roughly minus 2% or something like that. That's what you need to understand. And this is how we have built our budget.

But what you need to know also is that our backlog is better today than it used to be last year. And as you see, the to find is a little bit lower this year than it used to be -- than it was last year. And we are moving, as you see, from the backlog for the year, from 55% last year to 58%. So we have also, as you know, 68% of our activities which are recurrent activities, so we believe that minus 2% growth is reasonable, even if again we all understand that we are in a shaky environment.

This is the decision that we have taken in terms of revenue and we are pretty comfortable with this decision.

In term of resources, so globally we believe that we should decrease our global resources by 3,000. You see that there is an increase from 4,500 to 5,500 for our offshore activities, a decrease of our direct onshore by 7%, a decrease from our subcontractors by 1,000 or minus 26%, and by attrition a decrease of our indirect, just by natural attrition. So, altogether, we have planned a decrease in our budget of 3,000 workforce.

So, conclusion. Conclusion, we know that we have to catch up at the operating margin level. So our commitment for the year is to increase our operating margin by 50 to 100 points compared to '08, so you start at 4.8% because that's what we announced today.

Again, you need to understand that, Charles, the TOP program will give all its power at the end of first half, and of course most of it is expected to be delivered in second half and in '10 and in '11. So, this is why we believe that we will be able to maintain the operating margin first half at the level it was in '08, and again have a good increase in the second half to achieve, year to year, in '09 an improvement by 50 to 100 basis points at the operating margin level.

And again, we are -- in order to do this, we are monitoring on a weekly basis, on a weekly basis, at the Ex Com level, all the TOP programs that Charles presented to you. We understand also that we need and we want and we will do this with free cash flow over the year.

So, that's basically what we wanted to present to you today and I'm happy now with my colleagues to answer to any questions you may have. Thank you.

Okay. We will answer any questions, so if you want to start, thank you, you have the microphone.

QUESTION AND ANSWER

Richard Nguyen - Société Générale - Analyst

Hello. Richard Nguyen of Société Générale. I have two questions, sir. The first one is about the outsourcing division. You said that the management operations and the BPO did poorly during the year, so could you please give us some details about that? It was purely pricing or efficiency at this division?

My second question is about your acquisition strategy going forward -- especially with Atos Worldline. Could you please give us some color on that? Thank you.

Thierry Breton - Atos Origin - Chairman and CEO

Well, I will answer to the acquisition strategy. So, again, I am extremely clear here. The objective is to have the team and the Company working as a global company. And we know that, doing this, we will be able to make a lot of savings and improvement at the OM level. Of course, if we see some acquisitions, we will look at some acquisitions. You all know that we are looking at some acquisitions for Atos Worldline. It was publicly known that we were looking at one of these in Italy. And well, not only one, by the way, and it's moving slowly but we'll see what happens. It is true also that I'm extremely careful with the money of our shareholders, so I will not pay at any price any acquisition that we may see. And we are also aware, by that, we will see probably a lot of acquisitions in the months to come.

We want to be ready. But in order to be ready means to demonstrate to ourselves and demonstrate to our shareholders that we can run better the Company and that we can integrate better the Company. So this is why I want to do it so quickly and this is why I want to do it on a semestrial basis.

What kind of acquisition? We don't know yet. Again, it's not my priority. But as you see, we have created a special function where we will look at things if we have opportunities.

So, the first part of your question, Michel-Alain.

Michel-Alain Proch - Atos Origin - Group CFO

Yes. We have seen a decline in the productivity in Managed Services and BPO, as I have mentioned. In Managed Services, the decline was roughly of 160 basis points and it was pretty much the same in BPO. The major reason for the decline is that we had a difficult replacement of high profitable contracts in the past. It is true for our Managed Services part. We have already mentioned the KPN contract, but it's true too for other contracts. And in BPO I will only mention DTI. So the major answer to this is obviously to increase our productivity gain and that's the reason of the TOP program.

Thierry Breton - Atos Origin - Chairman and CEO

Other questions, please. Thank you. We will answer two.

Johnny Senko - Merrill Lynch - Analyst

Hi. This is Johnny Senko from Merrill Lynch here. I have two questions. The first one, I just wanted to understand what your personal motivations for taking on this CEO role are. You've got a background in high-tech. You've got a background in turnarounds. But with your kind of track record, Ministry of Finance of job offers on the table. I just wanted to understand .

Thierry Breton - Atos Origin - Chairman and CEO

Could you please speak slowly please?

Johnny Senko - Merrill Lynch - Analyst

Sorry, yes. I just want to understand, with your CV and your background, why you took the Atos Origin job, because you probably had a number of offers on the table. What's in it for Thierry Breton here? Why this one? I'm sure there were lots of other opportunities.

Thierry Breton - Atos Origin - Chairman and CEO

That's a very good question. Thank you for raising it. That's the first one or you have another one?

Johnny Senko - Merrill Lynch - Analyst

Yes. The second one, just wanted to understand your revenue visibility on H2, what that means for the margins. You factor in a lot of margin expansion in H2. [The guiding this year saying] that you've not the visibility in H2. Your guidance appears to imply revenues down 2%, headcount down 6%, so [price and] utilization up 4%. If that doesn't all come through, what happens to the impact on the margin in basis points?

Thierry Breton - Atos Origin - Chairman and CEO

What is 4%?

Johnny Senko - Merrill Lynch - Analyst

If you're assuming revenues down 2% for the year and you're cutting headcount by 6%, I assume that price and utilization are contributing the plus 4% there. So -- yes.

Thierry Breton - Atos Origin - Chairman and CEO

I got your question. Okay. Well, the first one, I don't know if I had the time in my very short presentation to pass my passion for this industry, but I -- for the ones who know me from a long time, you know that high-tech is my -- it's part of my background. It's true that I was working in high-tech companies all my life except for two years, two and a half years, when I did something else and was very happy and proud to do it. And I was eager to come back to the industry, and mainly to the high-tech industry, because this is the one I love and this is the one I believe I know a little bit.

And why I didn't do it just after leaving Ministry of Finance, I could have done this but not Atos. I could have done anything, but I thought it was probably appropriate for my personal development, even if it was not mandatory to do something else for one year. And this is why I decided to be a professor at Harvard Business School, HBS, for one year, between the time I left the government and between now, when I am extremely happy to run this Company and to develop the Company. And I think we have a lot of things to develop the company. That's why I'm here. Thank you for the question.

Michel-Alain Proch - Atos Origin - Group CFO

On the operating margin, I just want to make sure that I got your question. You are asking me why we are reducing our resources by 6% for a reduction of revenue of 2%. Am I right?

Johnny Senko - Merrill Lynch - Analyst

I'm trying to understand, if things don't come through as you expect in H2, what does that mean for your guidance, which implies about 200 basis points margin expansion in H2?

Michel-Alain Proch - Atos Origin - Group CFO

Okay. All right. So, basically, our objective for the first semester of year 2009, as I have already explained, is to stay within the frame of year 2008. In year 2008, we reached an operating margin of 4.5%. And taking into consideration the crisis that we are facing and at the same time the first effects of the TOP program, we are confident that we will be within the same frame, at 4.5%.

So, all the actions that we are taking, both in terms of the TOP program and in terms of control of hiring and optimization of our resources, will actually affect the second part of the year. And we have taken into consideration the fact that this progress could be slower than expected, by giving you a guidance between 50 and 100 basis points.

So, obviously, the 100 basis points within such an environment, to reach 5.8% of operating margin, will be achieved only and only if all our actions have been done at full speed. If the crisis is a bit more severe than we expect, and we expect it to be really severe, or that the progresses of our action is a bit slower, we think we'll be in the lower bracket of the guidance. I hope I make myself clear.

Thierry Breton - Atos Origin - Chairman and CEO

I want to add something here. When we designed the TOP program, we need to understand that we had two things in mind. First, 68% of our revenues are recurrent revenues, so it means that we have the chance in our industry to have maybe a little bit more time than others. So it means that we need to use this time.

The danger will be that we sleep, that we believe, well, everybody is affected but we are doing better than others. By the way, when I read your papers I see that you expect that probably the only industry where we may see some growth in '09 is IT industry and defense industry. So the danger is that we, because of our structure, because of our deals, because of our contracts, we say well, we are protected. No, we are not protected. We are exactly like others. But we have more time and it's our responsibility to use this time to change the Company.

And the good news is that we have in this Company a lot of things to change, to improve our operational mode and the operating margin, whatever we see outside. And this is why I have decided to launch it immediately. TOP program is focused on our internal processes. For example, we have decided that today we live in 16 square meters. We will live now in nine square meters, crisis or not crisis. And guess what, we will do it. We have many things like that, where we know that if we implement quickly, and we will implement it quickly, we will improve our margin. And not only in '09, because remember it is a three years program.

Other questions. Thank you.

Elizabeth Buckley - Arete Research - Analyst

Good morning.

Thierry Breton - Atos Origin - Chairman and CEO

Good morning.

Elizabeth Buckley - Arete Research - Analyst

Elizabeth Buckley, Arete Research. You talk about closing the operating margin gap with the rest of the industry. Could you perhaps give us a bit more to quantify that, and how you view the pure Group margin and over what timeframe?

Also, a question on restructuring. You talk about higher restructuring charges in 2009. Could you perhaps quantify those as well?

And then, the last question is just on the globalization strategy. Clearly, Atos Origin today is a very European company. How are you looking at strategy longer term, given the service lines you see, the areas of expertise? How do you view regional exposure, for example, in North America or in Asia and potential acquisitions there? Thanks.

Thierry Breton - Atos Origin - Chairman and CEO

Okay. Thank you for the three questions. First I will speak about the third one and the second one and the first one. So, regarding our footprint, you are absolutely right. We are really a European company. We serve our main customers. We believe this is also a strength in Europe, because we have a lot of European customers.

I'll just remind you that for all euro zone countries, all euro zones are making 65% of their -- all euro zone companies, sorry, euro zone companies are making 65% of their revenue within the euro zone. So, of course, we know that there is a very strong footprint and we have here quite a good position for European companies and also for governments.

But it is also true that we are increasing our position in Asia. And when I say Asia, it is India but it is also China. And personally, I want to focus more effort, to spend more effort on China. We have already a team there. When we are speaking about off-shoring, we are speaking about off-shoring in India but also in China. For some of our customers, we have good opportunities, very good understanding of what could happen in some parts of China and we want to be present here.

About the US, we are very small in the US, as you know. We are making only roughly EUR 100 million in revenues in the US. I already visited the team. I visited all the teams, including the one we have in Dallas/Houston. They're pretty good, but they're very small. And my goal is to use the US as what it will be very important for the next few years, I think. I mean by that innovation.

I strongly believe that in the IT industry US will continue to lead in innovation. So we have to be present in the US, not to be present as some big competitors but we have to be present. If I see some small acquisition in the high-tech industry where we believe that it makes sense to buy key pieces of technology, and you may understand a bit more what I have in mind when we will have the Investor Day in June, we'll be ready to look at it. That's where we stand now regarding our outlook.

Your second question was related to the reorganization costs. I'll just remind you that we had -- we spent EUR 100 million last year. And I've decided that regarding the situation, and we will see if we will spend all, but I think it will be more reasonable to increase by 50% this amount for '09. Again, it is a maximum, but I think this is safe regarding the uncertainty that we are facing.

And let's come back to your first question, which was on the margin. So I tell you that the plan that we have put in place -- the key objective was to be back where we should be. So you know this industry pretty well, so I'll let you imagine what it means. My only comment is that we believe that we should do this over the next three years. At least the plan that we have built, the TOP program, is designed to be executed for the next three years.

We have built the budget with TOP. We know that a small part of TOP is expected to arrive as early as this year, and this is why we are pretty secure while announcing an improvement of the operating margin by 50 to 100 as early as this year. But of course, we expect to continue to improve in 2010 and 2011. This is what we have in our budget. Even if, again, we took all kinds of safety net regarding the environment that we all (technical difficulty).

An other question please.

Adam Wood - Exane BNP Paribas - Analyst

Thank you. It's Adam Wood from Exane BNP Paribas. I have two questions. The first one is on the management control system. On management control systems. So, can you maybe give us a feel whether you think the systems you have in place today are adequate for the reactive Atos Origin that you've talked about, maybe in terms of how often you're seeing utilization rates, pipeline, when you're getting the sales figures and whether you think that's sufficient for you to be able to manage the Company in a reactive way?

And then, the second question is focusing in on the cost base for 2009. You've outlined margin improvement. You've talked about the levers that you have to improve margin. But could you maybe give us some absolute figures on the actions that you're taking, whether it's on facilities, travel, procurement costs, and then the absolute benefit you're getting from cutting headcount and moving the mix towards offshore, so we have an idea, in an absolute way, of where the cost base goes? Thank you very much.

Thierry Breton - Atos Origin - Chairman and CEO

Okay. Michel-Alain will take the second question.

Michel-Alain Proch - Atos Origin - Group CFO

I'm going to begin with the second one. I'm not going to give you an absolute value. This is a kind of prediction which is very difficult to make. But if I like to give you the frame of the way we have built our budget for next year, you need to keep in mind that 2% of revenue decrease in our cyclical activities is a drop of operating margin of 50 basis points, roughly, because this is not a perfect science but I think in terms of frame that's what we're talking about.

So we are talking about increasing by 150 basis points. And there are many levers to reach this objective, but mainly there are three. Obviously, the reorganization that Gilles just described you, and I will let Thierry cover the management processes, the TOP program and obviously the resources. I think, overall, I would roughly say that half and half is coming from all the productivity gains that we will get from TOP program and the other half from the restructuring that have been made in '08 and that we will be doing in the first half of '09. Am I sufficiently clear?

Adam Wood - Exane BNP Paribas - Analyst

Would it be fair to say that it's the 50% productivity gains that are more at risk if the top line is weaker than you expect, as opposed to the --?

Michel-Alain Proch - Atos Origin - Group CFO

No, I don't think so. I think that, by building the budget the way we have done it, I am reasonably confident about the level of the top line, taking into consideration the solid backlog that we have in place. So, basically, that's the reason why, if such a situation should deteriorate, we are giving you a guidance with a bracket of 50 basis points. That's the 50 you're talking about.

Thierry Breton - Atos Origin - Chairman and CEO

Gilles, maybe, for the first question?

Gilles Grapinet - Atos Origin - SEVP, Global Functions

I think you asked us if we think we have the right monitoring tools and management tools to go through the change within our organization. The answer is clearly yes, when it comes to the financial monitoring system within the Company, which are, as far as I can tell, under Michel-Alain's control and pretty sound. But clearly it's why we have also decided to give all our support functions a direct and solid line report with all the other functions within the entities. We certainly will find some progresses there to improve over the different IT tools we use to manage the Company on a day-to-day basis.

Thierry Breton - Atos Origin - Chairman and CEO

And this is where we change the organization. It will be one of the key factor for expanding the Company.

We have two questions here on the web, from one of your colleagues from Deutsche Bank. He's asking what about acquisitions for SIA SSB, and are we still interested.

Yes, the process is definitely taking more time than we thought. And I think I understand that all the potential buyers are not willing to pay -- are willing to pay the right price. Maybe that's why it's taking more time than we thought. But yes, we are still interested, but we cannot comment any more. And I am absolutely not in a situation to tell you when this process may close, not from our part.

Deutsche Bank, another question. Any change in customer behavior?

Of course we have change in customer behavior, mainly in our cyclical activities in SI and Consulting. We already forecasted that in our budget. So we know that this is one area where we have to be extremely concentrated and cautious. This is why we have decided, by the way, to increase a little bit our capacity, to skill our people and to reorganize the Company and to train, to give the training which is appropriate for our customers.

In the Managed Operations, we don't see so far any change, Francis, in our customer relation. We see the opposite, probably more opportunities than we thought in this division, with a will of our customers to close deals even maybe faster than we thought in this business line.

Another question?

Dov Levy - CM-CIC Securities - Analyst

Thanks. Dov Levy from CM-CIC Securities. I have three questions. First one about Netherlands, where your operating margin dropped in the second half of '08. So you gave two reasons, one is KPN and the second one is project termination by about EUR 6 m. What -- could you give us some -- what are your feelings on your capacity to improve your operating margin in a similar first half 2009 in that region?

The second question, perhaps on the cost of the TOP project. You say that the cost will be around EUR 100 million in 2009.

Thierry Breton - Atos Origin - Chairman and CEO

No, I didn't say that. The question that I had here was how much was the reorganization cost that we have budgeted, which has nothing to do with TOP. And I said in last year it was EUR100m. It was not TOP. Last year we had no TOP. And this year we budgeted an increase by 50%. We don't know if we will use all this amount. This is what we have in the budget, which has nothing to do with TOP. That's why I wanted to correct. Sorry, sorry to interrupt. I wanted to make that clear.

Dov Levy - CM-CIC Securities - Analyst

All right. Sorry for that. And do you foresee any restructuring costs in 2010?

And last question. Could you give us some color about your delivery model because (technical difficulty) increased your number of people, 1,000 people offshore. And do you believe you are now on where you want to be?

Thierry Breton - Atos Origin - Chairman and CEO

Okay. You'll take the first?

Michel-Alain Proch - Atos Origin - Group CFO

Definitely. I just want to be completely clear on one thing. We are not going to get into the detail of what it costs, what it brings, the TOP program. I've been already there. I won't get hit in there a second time. So, basically, there is a guidance. There is an increase of 100 basis points. I have already explained how it works between the revenue, the effect of the TOP program and the

restructuring. But please do not make the confusion between the restructuring and the TOP program, because this is two things which are completely different.

Coming back to your first question of Netherlands. Netherlands has shown, as I told you, its profitability declining during the year 2008. As you mentioned, yes, there is an effect of the KPN re-insourcing. At the same time, we see some business tension. And we are not the only one. It's very clear in Netherlands we see some budget tension on our time and material practice. So what we are doing in the Netherlands is a complete reengineering of our business processes in our SI division, in order to maximize the impact of package deals, which have a better margin, and to improve our profitability in this area.

So, in terms of operating margin for next year, just one thing, have in mind that Netherlands is one of the highest within the Group. Yes, it decreased but it's still high. And we think that you can apply roughly the guidance on this geography for an objective of margin for next year.

Thierry Breton - Atos Origin - Chairman and CEO

Did we answer your questions? Again, TOP program is not a restructuring program. It's really -- we know that we have to do this. We know that this is probably how we could catch up with our competitors. We know that this is in our hands. On the other hand, we have also to manage the reality of the situation and this is why we have decided to increase by 50% our reorganization costs. And of course for next year we don't plan anything. We'll see and I hope that we will not have to do it.

Another question..

Laurent Daure - Kepler - Analyst

Good morning. It's Laurent Daure from Kepler. Just two questions. The first is on disposals. There was a plan to dispose EUR 250 million. Did you have data on that? I think Thailand was sold. Did you close other disposals?

And the second thing is I would like to come back on the SI business in France. This has been a poor performer in recent years. There have been many plans to turn it around. It didn't work. So how are you going to solve this issue in France and what is the normalized margin of SI in France you would like to go to?

Thierry Breton - Atos Origin - Chairman and CEO

Definitely, I will give the mike to Michel-Alain, but definitely we have a problem in France in SI. We know that and we have addressed it in all our thinking and reorganization. Francis Meston, you know exactly where you will focus your effort at first. We discussed a lot about this. So we budgeted an improvement, of course, in '09 and Michel-Alain will explain this to you and also take the first question.

Michel-Alain Proch - Atos Origin - Group CFO

Okay. On the first question, yes, we've disclosed that we have a plan to dispose of EUR 250 million of activities. A part of it, roughly 20%, have already been achieved. You may see later on today, in our financial statement, that we have chosen not to put in assets held for sale, a certain part of activities. The reason is that we want to have the best possible chance, in order to maximize the profit that we derive from this disposal in the future.

Several disposals, yes, are still looked at. I will not obviously give the geographies, but the overall envelope may be decreasing a bit. But it's good management practice to dispose the business units in which we are not critical. That was for your first question.

About the second question, which is the turnaround of France, it is clear and that's the reason why Francis joined us. It is clear that it's one of our major objectives for year 2009 and '10, for France to get back the level of its competitors. The SI practice, which has suffered in '08, has launched already a full reengineering of this organization.

And just to make a long story short, in the past France was organized by business unit, both in terms of geography and in verticals. So it was a bit complicated in terms of business processes. We have put in place the model of integration system that has been decided at Group level and this model includes an SI factory. So this organization and the optimization of SI processes in France should allow us to recap in two years the level of profitability where we want to stand.

Thierry Breton - Atos Origin - Chairman and CEO

So, we have a lot of questions and of course we are willing to answer to all of your questions. As you know, we have some people on the calls. We have also some people on the net, since we are webcasted. So, one question here from the webcast asking we mentioned Worldline operating margin was over 15%. What is the Worldline revenue?

Worldline revenue was roughly above EUR750m. And again, we will present in details all figures of Worldline and the new strategy within Atos Origin Group in June.

The second question, what about Thailand. And of course we -- as part of the disposals, as you know, we sold Thailand at the end of the year. We are asked what was the loss in Thailand in '08. The loss was EUR 6 million.

Okay. Other questions. One question here and then maybe some questions on the call.

Brice Prunas - Oddo Securities - Analyst

Good morning.

Thierry Breton - Atos Origin - Chairman and CEO

Good morning.

Brice Prunas - Oddo Securities - Analyst

Good morning, gentlemen. I'm Brice Prunas, Oddo Securities. I have three questions, if I may. The first one is regarding your guidance '09 of top line. I would like to know if you could give us a little bit more color by business line, Consulting, SI, MO and as well Worldline.

My second question, and sorry to come back to that subject, but you have guided for minus 2%. What happened to your guidance of margin? The final sum is minus 5% in the top line. Have you got a new plan?

And last question. I would like to talk a little bit about free cash flow. You said that -- you have guided for an increase in free cash flow, a positive free cash flow next year. But I would like to have some insight about free cash flow transformation target, EBITDA into free cash flow, CapEx, and working capital in 2009?

Thierry Breton - Atos Origin - Chairman and CEO

Michel-Alain, you will answer maybe number one and number three and I will take number two. Just for your understanding, when I started -- I joined the Company on November 17, I think. And I had a very warm welcome. November 18 was the first -- the V1 of the first budget review. I should tell you that the expectations for revenue were much higher than minus 2%. And I pretended to know that, if you remember, say this is probably too optimistic, even if it was very well documented, by the way. It was not coming from nowhere.

And I said no, we need to have a more conservative scenario. We reduced it. It's extremely well documented. But I thought it was maybe still a little bit optimistic regarding the situation, so we have decided a V3, where we ended at this roughly minus 2%.

But of course you're absolutely right. We need to be extremely flexible. This is why, again, we are managing the Company on a six-month basis. And believe me, it's a very important tool in this uncertain time. If we have -- if we see some problems, we will have all the management tools in hand to take the appropriate decision. And by the way, I told you also that I hope that I will not be -- I will not have to use the EUR 150 million reorganization costs. But I hope that I will not have to, but I tell you also that we think that will be some safety net, in case.

Michel-Alain Proch - Atos Origin - Group CFO

Okay. In terms of the major, I would say, structural assumptions that we have made by service line for year 2009, as I'm sure you would expect, this is something that has been very lengthily discussed within the Company. What we have taken into account is the following. In Consulting, we think that the revenue will decrease by minus 10%. In Systems Integration, including application management, we think that the revenue will decrease by minus 5%. In Managed Services, we think the revenue will be pretty much at the same level, so zero compared to '08 or maybe between zero and 1%.

Thierry Breton - Atos Origin - Chairman and CEO

Maybe a little bit more.

Michel-Alain Proch - Atos Origin - Group CFO

Maybe a little bit more.

Thierry Breton - Atos Origin - Chairman and CEO

It's the only way where we see -- potentially we are conservative, but we see some increase.

Michel-Alain Proch - Atos Origin - Group CFO

And in Worldline, we believe we will have a growth between 4% and 5%. So these are the assumptions on which we have built the budget. So you'll see that they take into consideration...

Thierry Breton - Atos Origin - Chairman and CEO

And, sorry, remember that the revenues of Worldline are mainly recurring. So we were conservative here also. I believe -- as the CEO, I believe that we were conservative for Worldline.

Michel-Alain Proch - Atos Origin - Group CFO

Yes. Okay. To answer your second point, on the CapEx, so you have seen that in '07 we used to have EUR 300 million CapEx, EUR 230 million this year and we aim to be under EUR 200 million next year. And with this element and the element of restructuring that we have already mentioned, I think you have the major items to input in the financial model that I am sure you will do when you leave the room.

Thierry Breton - Atos Origin - Chairman and CEO

Okay. Maybe one question on the call, if we may..

Operator

We have a first question coming from the line of Michael Briest from UBS in London. Please go ahead.

Michael Briest - UBS - Analyst

Good morning. Thank you. A technical question on the pension liability. Could you say what the funded status was at the end of 2008? There's been a small credit provision at the end of June. And --

Thierry Breton - Atos Origin - and; CEO

Yes. Okay. Your question, we don't hear you too well, but I understand that your question is related to our pension situation, probably mainly in the UK and Netherlands, right?

Michael Briest - UBS - Analyst

Yes, the funded status.

Thierry Breton - Atos Origin - Chairman and CEO

Okay. So, Michel-Alain.

Michel-Alain Proch - Atos Origin - Group CFO

You said the funding status?

Michael Briest - UBS - Analyst

Yes. There was a EUR 27m credit at the end of June.

Michel-Alain Proch - Atos Origin - Group CFO

Okay. Okay, all right. So shall I?

Thierry Breton - Atos Origin - Chairman and CEO

Yes.

Michel-Alain Proch - Atos Origin - Group CFO

Okay. Let me explain a bit what is the situation of pension. I think you are all familiar with what we have achieved during year 2008 in the UK. It was actually the result of the two-year work to restructure completely the benefit of our UK employees and to move from a defined benefit to a defined contribution. This has been achieved through the restructuring of this benefit and a suppression of the indexation clause. And at the same time, we have agreed with our UK pension trustee that we will inject EUR 65 million in the pension. And at the same time, we have entirely reviewed and restructured the investment policy and we are in the middle of it.

Just keep in mind that this is an independent body from Atos Origin and we are obviously assuring them with the best recommendation that we can. At the end of the day, if we look at year 2008, we can say that the UK situation is well stabilized, when most of our competitors and friends have taken some hits in the pension area. It was not our case.

Second point, in the Netherlands. In the Netherlands, as far as the IAS 19 is concerned, we have a cover ratio of 116%. This is the cover ratio for accounting-wise, taking into account a discount rate, including the credit spread. I don't want to go in too much detail. But that's the story.

In terms of funding status, we are in the Netherlands at 88%. This is taking into consideration a no-risk discounted rate of 320%, which is obviously making the liability increase a lot. In agreement with the Dutch pension fund and with the Netherlands bank, the Dutch pension fund has provided a plan in three years which is to go back to 105%, which is right now the regulation in the Netherlands.

Part of this plan is relying on the capacity of the sponsor to inject money in the fund and it's already in our budget, for EUR 29 million. And the other part is obviously in the hands of the trustees, which have decided to cut the indexation of the pension, basing under an 100% ratio. Obviously, it's a large amount. So, mixing the two, the plan is to get back to 105% in three years.

Last point but an important one, and I'm sure that you, ladies and gentlemen, are aware that in the Netherlands the regulator is actually right now thinking on the length of this recovery plan, not only for Atos but for all the companies who have a pension plan, and will maybe extend it from three years to five years. This is not a done deal. The regulator is thinking about it. But it's clearly a demand from the market.

To make the link, and I will finish with this, even if IAS 19 has enlivened my days and nights in the last month, I will tell you that with a funding cover ratio of 88% it was my belief that it was not reasonable to leave at the asset side of the balance sheet of the Company a surplus, even if accounting-wise it was okay, a surplus of EUR 47 million. So I have decided to take a depreciation on it.

Thierry Breton - Atos Origin - Chairman and CEO

Okay. So, as you see, we are extremely aware of the situation, not only us but any company in the Netherlands. The UK is -- I think it's pretty well done. In the Netherlands, we are managing it day by day and we have a dedicated team here working on that. But I am convinced that you are secure with what you heard from Michel-Alain.

Another question on the call?

Operator

The following questions come from the line of Gerardus Vos from Citigroup in London. Please go ahead.

Gerardus Vos - Citigroup - Analyst

Good morning. Thanks for taking my questions. I have three questions, if I may. First of all, could you just give me a bit of an indication what kind of pricing pressures you see on the cyclical business at the moment and what your assumption is for that going into 2009?

Secondly, on the whole you run the business on a semester, on a six-month kind of basis, and that's also how the compensation tools have been set. Could you perhaps shed some light on what the targets are for the management board and how they'll be compensated over the coming six months?

And then, finally, I'm just trying to reconcile all the headcount numbers. There's around an 8% decline in onshore workforce, but at the same time you're guiding to around 2% decline in revenues. So should I assume that utilization rate particularly is going up quite substantially in 2009? Thank you.

Thierry Breton - Atos Origin - Chairman and CEO

Okay. Thank you for your questions. Michel-Alain, you will take the first and the third one and I'll take the second one, regarding the way the management is incented.

So, we have two levels, in fact. Everybody in the operations in the first half, we have decided that our key focus of first half was definitely operating margin and free cash flow. So, everyone at the Executive Committee level will be measured on, again, these two items within their own operations. So they all have, my colleagues, their specific objective first half, half of it for operating margin, half of it for free cash flow. This accounts for 60% of their total amount, and then 40% on specific objectives that they have individually.

But we have decided this year, in order to have everybody working as a group, that we will multiply, for everyone in the Company, these personal targets and rewards by the grade that the Company obtains. In other words, myself, I am measured on two objectives at the Company level, operating margin first half, free cash flow first half. It's easy for you to understand, since I told you - Francis has tried to guide you where we expect to be at the first half. It's easy for you to understand what should be my own personal objective on these criteria.

Then, we will have a grading for the Company and we will -- let's say that we achieve the 95% of OM and 95% of free cash flow, the grade of the Company will be 95. And we will multiply personal bonus of the management team by the grade of the Company, by 95, if it is 95. I hope it will be 115.

So that's basically how we decided to measure and to reward all the management team for first half. And of course I will come back to you in the second half, to tell you if we have to change anything, if we decide that we need to put some emphasis on the revenues, on whatever. We will be flexible and it is understood by everyone in the Company that we might change for the second half, regarding the situation that we will have.

Gerardus Vos - Citigroup - Analyst

Brilliant. Thank you.

Michel-Alain Proch - Atos Origin - Group CFO

About the selling price, this is a usual but difficult question. I think overall that, let's face it, we are expecting the selling price to decrease in year 2009. This is clear to us. But the situation is very different from one business activity to another. And again, have in mind that we have 68% of our business which is recurrent. So, for the part of BPO, Managed Services and Worldline activities in which we have multi-year contracts, we have agreed with our customers a decrease of price one year to another, which is already contractually accepted. So, for this part of the business, we do not -- apart from the part which is maybe not so high value, we do not expect a selling price decrease.

We think that in all the businesses in which we are providing innovation and value to the customer, we will be in a situation in which we can limit very clearly the price decrease. I think clearly that within the Group, and I think it's the same for our competitors, the practice which is -- which may be affected more by the price decrease is the time and material practice, in which we have seen in Q4 some deals on the market for some major clients which will trade for a lesser price if -- by taking the commitment of keeping people for (multiple speakers) of one year.

Thierry Breton - Atos Origin - Chairman and CEO

We know that in some geographies we don't see the same thing in any geography. For example, in the UK at least, we don't see this trend and we are pretty stable. And this is also probably because of the kind of contracts we have and the relations we have. And we don't see this in the UK, to be honest. But in the Netherlands we see this. And of course it is one of your key jobs Rob, to handle it.

So this is a mix impact. Regarding the situation we have, you are obviously right. (Technical difficulty) time and material, where we have time and material, of course, which is more than when we have long-term government contracts. So that's basically the differentiation [that are] extreme - stable in the UK, more challenging in the Netherlands.

Gerardus Vos - Citigroup - Analyst

Okay.

Thierry Breton - Atos Origin - Chairman and CEO

It's already 12.30, so we are ready to continue to answer any questions, maybe another question in the room. I don't see questions in the room. Maybe another question on line. No questions on line.

So, ladies and gentlemen, in the name of the Executive Committee, I would like to thank you very much to be here today. And of course you are, all of us cordially invited early June, to have a full day on an extremely interesting subject, I hope, which will be Atos Worldline. And by the way, in between, Gilles Arditti, with me and we have to thank for organizing this event, will be at your disposal and your service to answer any questions you may have.

Thank you very much.