



# GROUP OPERATIONAL REVIEW and FINANCIAL STATEMENTS

## 2009 ANNUAL REPORT

17 February 2010

## 1 OPERATIONAL REVIEW

### 1.1 EXECUTIVE SUMMARY

Full year 2009 revenue reached EUR 5,127 million, representing an organic decrease of -3.7% compared to EUR 5,324 million for fiscal year 2008 at same perimeter and same exchange rates.

By service line, Consulting and Systems Integration businesses representing 42% of total revenue decreased organically by -12.8% (EUR -315 million) compared to 2008 while in the opposite Managed Operations comprising Managed Services, High Tech Transactional Services and Medical BPO together representing 58% of Group revenue reported an organic growth of +4.1% (EUR +118 million) compared to last year.

Full year 2009 operating margin was EUR 290 million at 5.7% of revenue. On a constant exchange rates basis and excluding the disposals, the organic increase in operating margin reached +13.1% or EUR +33.5 million compared to last year. The operating margin rate at 5.7% of revenue this year was up by +84 basis points compared to the 4.8% achieved in 2008.

### 1.2 OPERATING PERFORMANCE

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

(in EUR million)	12 months ended 31 Dec 2009	% margin	12 months ended 31 Dec 2008	% margin	% change	% organic change (*)
<b>Revenue excl. Italy and AEMS Exchange</b>	<b>5,127</b>		<b>5,479</b>		<b>-6.4%</b>	<b>-3.7%</b>
Italy			20			
AEMS Exchange			125			
<b>Statutory revenue</b>	<b>5,127</b>		<b>5,623</b>		<b>-8.8%</b>	
Operating margin excl. Italy and AEMS Exchange	290.0	5.7%	260.5	4.8%	+11.3%	+13.1%
Italy			(1.1)			
AEMS Exchange			7.0			
<b>Statutory Operating Margin</b>	<b>290.0</b>	<b>5.7%</b>	<b>266.4</b>	<b>4.7%</b>	<b>+8.8%</b>	

(\*) Organic change at 2009 perimeter and exchange rates

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

### 1.3 REVENUE

#### 1.3.1 Revenue profile evolution

Over the period, 71% of the revenue base was recurring (up by +3 points compared to last year at 68%), deriving from multi-year outsourcing contracts (38% of total revenues up by +3 points), and including specialised businesses of High Tech Transactional Services (17% of total revenues in increase of 1 point), and Medical BPO (3% of total revenues, stable), as well as Application Management contracts which are displayed under Systems Integration with recurring revenue representing 13% of total revenues (down by -2 points due to organic decrease).

Europe remains the Group's main operational base generating 94% of total revenues. The Americas, which represent 3% of total revenue, provide support for the extended operations of the Group's European clients. Atos Origin also has a strong commitment to specific parts of the Asia Pacific region (3% of total revenues), particularly in Hong Kong together with Mainland China, and in India, where it is expanding its offshore support resources.

The Group's services and solutions add value across many industry sectors including Public Sector, Financial Services, Telecoms & Media, and Manufacturing. These four main industry sectors represent 77% of total revenues and remain at the same level compared to last year.

Two sectors have particularly generated solid organic growth, Public Sector and Energy & Utilities with respectively +9% and +3%. The Public sector represents 28% of the total revenue.

### 1.3.2 Organic growth

External revenues for 2009 fiscal year amounted to EUR 5,127 million representing a variation of -8.8% compared to statutory revenue of EUR 5,623 million in 2008. On a constant exchange rates basis which represent a negative impact of EUR -101 million and excluding the disposals for EUR -199 million (including EUR -125 million for AEMS Exchange and EUR -20 million for Italy), organic revenue decrease was -3.7% or EUR -197 million.

<i>In € Million</i>	<b>FY 2009</b>	<b>FY 2008</b>	<b>Δ%</b>
<b>Statutory revenue</b>	<b>5,127</b>	<b>5,623</b>	<b>-8.8%</b>
Italy		(20)	
AEMS Exchange		(125)	
<b>Statutory Revenue excluding Italy and AEMS Exchange</b>	<b>5,127</b>	<b>5,479</b>	<b>-6.4%</b>
Other disposals		(54)	
Impact from exchange rates		(101)	
<b>Revenue at constant scope and exchange rates</b>	<b>5,127</b>	<b>5,324</b>	<b>-3.7%</b>

### 1.3.3 Disposals

The disposals made by the Group accounted for EUR -199 million revenue last year and were composed of:

- Italy disposed to Engineering in January 2008 which removed EUR 20 million from the comparative revenue base;
- AEMS Exchange disposed to NYSE Euronext in July 2008 with revenue of EUR 125 million for the first seven months in 2008;
- Technical Automation in The Netherlands disposed at the end of 2008 with an annual revenue of EUR 22 million;
- Mexico disposed at the end of 2008 with revenue of EUR 9 million;
- Thailand disposed at the end of 2008 with revenue of EUR 19 million, and
- AB Consulting Sweden which represented revenue of EUR 4 million.

### 1.3.4 Exchange rates effect

Exchange rates movements resulted in a total negative adjustment of EUR -101 million on a comparable year-on-year basis, mainly from:

- the British pound for EUR -106 million;
- Asian currencies for +8 million;
- the US dollar for EUR +5 million;
- South American currencies (Brazil Real) for EUR -5 million;
- Other currencies of Middle-east and Central Europe for EUR -3 million.

### 1.3.5 Revenue evolution per quarter

Revenue evolution per quarter illustrated the tough economic environment and an annual organic decrease of -3.7% or EUR -197 million out of which EUR -315 million in Consulting and Systems Integration.

During the first quarter, revenue slightly decreased by -0.6% compared to the same period in the previous year representing a difference of EUR -8 million. In the second quarter, lower working days and higher pressure on prices led to an organic decrease of -4.0%. As a result, the first six months of 2009 ended at -2.4% compared to the same period of 2008.

The third quarter had the lowest revenue of the year at EUR 1,229 million down by EUR 72 million or -5.6% at same perimeter and same exchange rates compared to the third quarter 2008. At the end of the fourth quarter, the revenue organic change was contained to -4.5% resulting in an organic decrease of -5.0% in the second half of the year.

(In EUR million)	FY 2009	FY 2008	Change	% organic change (*)
Quarter 1	1,294	1,302	(8)	-0.6%
Quarter 2	1,295	1,350	(54)	-4.0%
Quarter 3	1,229	1,301	(72)	-5.6%
Quarter 4	1,309	1,372	(62)	-4.5%
Half year 1	<b>2,589</b>	<b>2,652</b>	(63)	-2.4%
Half year 2	<b>2,538</b>	<b>2,673</b>	(135)	-5.0%
<b>Revenue at constant scope and exchange rates</b>	<b>5,127</b>	<b>5,324</b>	<b>(197)</b>	<b>-3.7%</b>
Italy		20		
AEMS Exchange		125		
Other disposals		54		
Impact from exchange rates		101		
<b>Statutory revenue</b>	<b>5,127</b>	<b>5,623</b>	<b>(496)</b>	

(\*) Organic change at 2009 scope and exchange rates

### 1.3.6 Revenue by Group Business Unit (GBUs)

Consistent with IFRS 8, the Group presents the segment information in line with operational management, i.e. by Group Business Unit (GBU) and by geographical area.

The revenue performance by **Group Business Unit** was as follows:

(in EUR million)	FY 2009	FY 2008 proforma	% organic growth (*)	2009 revenue breakdown
France	1,136	1,171	-3.0%	22%
Benelux	997	1,154	-13.6%	19%
United Kingdom	902	840	+7.4%	18%
Atos Worldline	844	814	+3.7%	16%
Germany & Central Europe / EMA	567	608	-6.7%	11%
Iberia / South America	403	449	-10.1%	8%
Rest of the world	278	290	-4.0%	5%
<b>Revenue at constant scope and exchange rates</b>	<b>5,127</b>	<b>5,324</b>	<b>-3.7%</b>	<b>100%</b>

(\*) At 2009 scope and exchange rates

In **France**, Consulting was down by EUR -12.8 million compared to last year mainly due to lower projects in Banking and Finance combined to a continuous price pressure which led to a lower average daily rate. In the meantime, revenue derived from the Public sector remained flat, both in volume and price. The utilisation rate remained stable at 66% in 2009.

In Systems Integration, revenue declined by -6.1% compared to last year due to the tough environment in the Automotive sector with ramp-down on contracts with Renault and lower volumes with a major tires manufacturer. Public sector posted a positive growth mainly driven by Social and Health agencies and the French Ministries. The utilisation rate remained strong at 84% flat compared to 2008.

In Managed Services, revenue increased by EUR +19 million or +4.3% thanks to the ramp-up on new projects in the Energy & Utilities sectors and offsetting lower volumes of services in the Banking and the Retail sectors.

In the **Benelux**, Consulting revenue suffered from price pressure, lower utilisation due to a weaker market and lack of large projects. Throughout the year, companies from the financial services or the manufacturing sectors strongly reduced or even cancelled their demand in Consulting services. Thanks to a strong management, the utilisation rate was stabilised at 60% over the period.

In Systems Integration, revenue in The Netherlands was strongly impacted both by a lower demand and a strong price pressure in time & materials practice which represented two third of Systems Integration revenue. The strong decrease came from large customers such as KPN and ING. As a response to this situation, the Group reinforced the management and the reskilling of its workforce and succeeded in stabilising the utilisation rate at 74%.

In Managed Services, revenue slightly declined by -2.0% following projects postponements or cancellations particularly in Financial Services as well as delays in some transition projects. These effects were partially offset in The Netherlands by new businesses with NXP. In Belgium, revenue decrease was limited to -2.8% compared to 2008.

In the **United Kingdom**, Consulting revenue faltered by EUR 15.3 million compared to 2008. The service line was mainly affected by a reduction in the volume of assignments both in the Public Sector (NHS) and in the Private sector (Premier Food). Utilisation rate decreased to 52% compared to 58% in 2008.

In Systems Integration, revenue slightly decreased by -1.9% with a differentiated quarterly performance and a positive organic growth in the fourth quarter after a slight decrease YTD September. The Systems Integration division recorded higher revenues in the Public sector thanks to add-on projects with NHS, Highways Agency and Government Gateway. Strong efforts in the management of the workforce materialised in an increase of the average utilisation rate at 79% i.e. +4 points compared to 2008.

In Managed Services, the revenue growth was solid at EUR 79.1 million organic or +22.2%. This performance stemmed from higher revenue with the existing clients base and a strong level of business in the Public sector with Ministry of Justice, Borders Immigration Agency, Train Operating Companies in the Transport sector and Royal Liver Assurance. This increased service revenue was combined with additional requests for purchase for reselling mainly from Ministry of Justice.

In the Medical BPO activity, revenue organic growth was +3.5% with a better performance in the second half (+4.7%) compared to the first one (+2.3%). The overall number of medical assessments, on behalf of the Department for Work and Pensions, increased continuously throughout the year.

**Atos Worldline** revenue was up +3.7% compared to last year representing EUR 30 million additional revenue.

Atos Worldline Financial Markets was down by -12% as expected. The decline in revenue was mainly due to the end of the Euroclear contract. The Group is investing in new offerings to allow a return to growth in 2011.

Excluding this activity, the revenue derived from payments and e-services improved by +5.8%:

- Payments revenue grew by +3.2% at EUR 551 million
- E-services grew by +13.7% at EUR 206 million

For **Germany Central Europe / EMA**, revenue in Systems Integration declined by -9.9% with -12.2% in Germany Central Europe with a lower demand in the retail and manufacturing sectors. In the Banking and Media sectors, volumes of services were down in 2009. Excluding the effect from Arcandor bankruptcy, revenue decreased by -4.8%.

In EMA, Greece and Switzerland revenue decreased due to less license and lower upgrade requests in Application Management business partially compensated by Turkey and South Africa which reported positive organic growth thanks to fertilisation in the telecom sector.

In Managed Services, the GBU revenue decreased by -3.5% impacted by the bankruptcy of the client Arcandor.

**Iberia / South America** faced difficult market conditions throughout the year. Nevertheless Consulting (activity operated in Spain only) improved by +6.6% mainly thanks to better performance in the Public Sector. Utilisation rate remained stable at 78%.

Revenue in Systems Integration contracted by -15.8% as a result of the strong pressure on tariffs mainly in the Banking and Telecom sectors, in addition to a strong reduction of time & materials projects.

In Managed Services, decrease in volumes in Spain and decision not to renew contracts with subcontractors in Brazil mainly explained the revenue organic decrease of -4.7% recorded in 2009.

High Tech Transactional Services posted a +6.5% increase in revenue, primarily coming from fertilization with existing clients such as Iberia airlines and La Caixa.

**Rest of the World** posted revenue of EUR 278 million down by -4.0% organically. Managed Services (+7.8%) compensated in Asia Pacific and in North America the decrease of the cyclical activities (-14.2% for Consulting and Systems Integration).

In Asia, revenue remained stable compared to last year with higher volumes and add-on projects in Managed Services at Standard Chartered Bank in Hong Kong compensating the sales decline in Consulting, deriving from lower demand in the Chinese Chemical sector. In Systems Integration, revenue remained stable compared to 2008.

In North America, revenue decreased organically by -10.6% coming from a lower demand especially in Systems Integration (-24.3%). In Managed Services, revenue grew by +5.1% thanks to new contracts with City of Wayne and Baker Hughes.

In India, local revenue increased by +47.2% compared to last year mainly relying on strong commercial activity with the Hindustan Petroleum Corporation Limited.

### 1.3.7 Revenue by service line

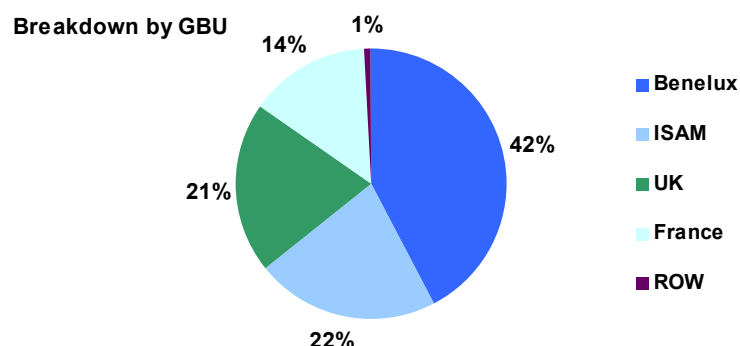
The revenue performance by **service line** was as follows:

(in EUR million)	FY 2009	FY 2008	% organic growth (*)	2009 revenue breakdown
Consulting	248	325	-23.7%	5%
Systems Integration	1,894	2,133	-11.2%	37%
Managed Services	1,953	1,870	+4.4%	38%
High Technology Transaction Services	879	849	+3.5%	17%
Medical BPO	153	148	+3.5%	3%
<b>Revenue at constant scope and exchange rates</b>	<b>5,127</b>	<b>5,324</b>	<b>-3.7%</b>	<b>100%</b>

(\*) At 2009 scope and exchange rates

In **Consulting**, tough market conditions have pursued throughout the year 2009. With 5% of total Group revenue, the revenue organic decline was -23.7% with an acceleration between first semester (-22.6%) and second semester (-25.0%).

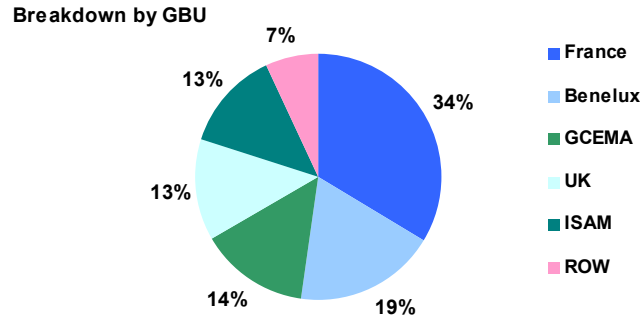
Nevertheless, the Operational transformation offering, which represents one third of Consulting revenue, resisted better to market conditions, by posting a mere -6.6% decrease.



**Systems Integration** revenue reached EUR 1,894 million (37% of Group revenue), representing an organic decrease of -11.2%. As expected the effects from tariffs pressure and decrease in volumes were stronger in the second half with an organic revenue decrease of -13.1% compared to -9.3% in the first semester of 2009.

While professional services and application management posted a double digit organic decrease, project services showed a better resilience to market conditions with a -6.6% organic decrease thanks to non-ERP activities.

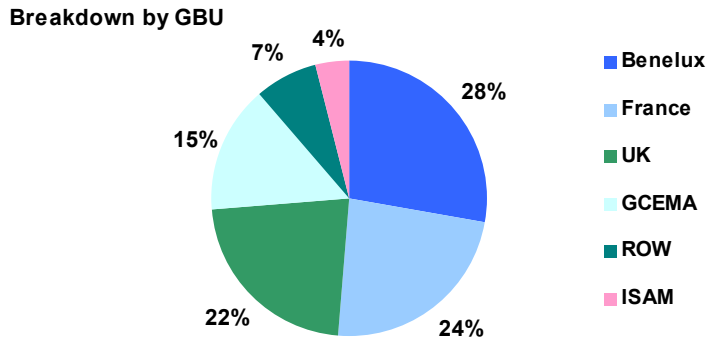
The breakdown of Systems Integration revenue during full year 2009 was as follows: one third in Application Management, one third in Project Services and one third in Professional Services.



In **Managed Services**, full-year 2009 revenue reached EUR 1,953 million (38% of Group revenue), representing an organic increase of +4.4%.

Managed Services activity was affected by the Arcandor bankruptcy in Germany where revenue decreased from EUR 125 million in 2008 to EUR 109 million in 2009.

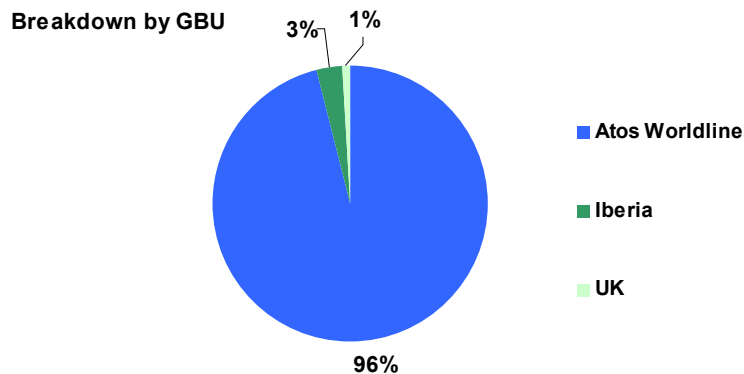
Group services offerings cover services desks, desktop and network services (30% of Managed Services revenue), mainframe management (20%), server management (30%) and professional services (20%).



In **High Tech Transactional Services**, full-year 2009 revenue reached EUR 879 million (17% of Group revenue) representing an organic increase of +3.5%.

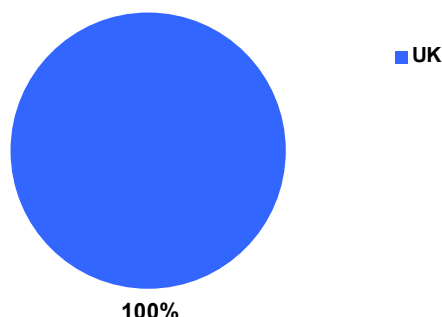
At the end of 2009, this service line covers the following countries: France, Belgium, Germany, Spain and United Kingdom.

High Tech Transactional Services comprise the following activities: payment acquiring (37% of HTTS revenue), payment issuing (22%), cheque control (4%), Financial Markets (10%) and CRM & e-Services (27%).



**Medical BPO** is a service line specific to the United Kingdom (representing 3% of Group revenue). This service line grew by +3.5% to reach EUR 153 million. The overall number of performed medical assessments, on behalf of the main customer Department for Work and Pensions (DWP) increased throughout the year and over-compensated the decrease of revenue in the Primary Care business.

Breakdown by GBU



### 1.3.8 Revenue by industry sector

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

(in EUR million)	2009	2008	Growth	% organic growth (*)	2009 revenue breakdown
Public Services	1,428	1,308	120	+9.2%	28%
Financial Services	1,109	1,182	(73)	-6.2%	22%
Telecoms and Media	712	801	(89)	-11.1%	14%
Manufacturing	690	807	(118)	-14.6%	13%
Energy and Utilities	508	493	15	+3.0%	10%
Retail	491	533	(41)	-7.8%	10%
Other	189	201	(12)	-5.9%	4%
<b>Revenue at constant scope and exchange rates</b>	<b>5,127</b>	<b>5,324</b>	<b>(197)</b>	<b>-3.7%</b>	<b>100%</b>

(\*) Organic growth at 2009 scope and exchange rates

The Group is organised in six main industry sectors, which represent 96% of total revenue.

**Public sector** remained the main market served by the Group with 28% of total revenue, up by +3 points compared to previous period. Revenue in this sector reached EUR 1,428 million for the full year, with a strong growth of +9.2% organic growth. This performance was mainly located in the United Kingdom, in France and in Atos Worldline. The French Ministries, the French Social and Health Institution, the UK Department for Work and Pensions, and UK Department of Justice were the main contributors to this growth.

By sub-market, Defence, Government and Healthcare posted a solid growth, while Transport slightly decreased. Top 10 accounts revenue accounted for 57% of the whole public sector representing an increase of +5 points compared to 2008.

The **Financial services** sector (22% of total Group revenue, in slight decrease on a yearly basis) remained the second largest sector of the Group this year. In 2009, this sector was the most challenging, strongly impacted by the deterioration of the economic conditions and strong costs cutting programs from clients. This sector stood at EUR 1,109 million, with a decrease of -6.2% compared to previous year in organic. Revenue from the Top 10 accounts reached EUR 540 million representing 49% of the total at same level as in 2008 and decreased in the same proportion as the sector. This performance was achieved despite a 25% decrease in revenue with ING which has been partly

compensated with higher volumes with customers such as Standard Chartered Bank in Hong Kong and La Poste in France.

**Telecoms and Media** represented 14% of total Group revenue at EUR 712 million with an organic decrease of -11.1% due to lower demand. The two first clients of the sectors KPN and France Telecom posted a revenue decrease equivalent to half of the sector decrease. With a strong concentration of the Top 10 at 77% of the Telecom & Media revenue (+3 points compared to 2008), the Group was able to protect its market share and compensated the decrease of the other non tier 1 accounts. KPN, including its Belgium and German subsidiaries, still remained the Group first client with a revenue of EUR 245 million, decreasing by -8%.

**Manufacturing** revenue (13% of total Group revenue, down by -2 points) reached EUR 690 million, down by -14.6 % organic as a consequence of a very tough year with several postponements on investment decisions from Group clients. The Group main ten accounts in Manufacturing accounted for 51% of the revenue (down by -2 points since 2008) with decrease in sub-sectors such as Automotive, High Technology and Chemicals. Renault and Philips represented the largest decrease of the Top 10. On the opposite, the revenue increased with PSA and EADS.

**Energy & Utilities** revenue was EUR 508 million posting an organic growth of +3%. This sector accounted for 10% of the Group revenue, up by +1 point compared to last year. Strong growth was achieved in France with EDF, GDF Suez and Total and in The Netherlands with Nuon and Delta. Top 10 accounts reached 73% of the total revenue (+3 points compared to 2008) with an organic revenue growth of +9.5%.

**Retail** reached a revenue of EUR 491 million representing as last year 10% of total Group revenue and decreased by -7.8%, representing EUR -41 million. Half of this decrease was linked to the Arcandor bankruptcy. Nevertheless, Arcandor remained in 2009 the largest retail customer of the Group with total revenue of EUR 122 million. Top accounts revenue which accounted for 38% of total Retail posted a negative growth of -6.5% organic.

### 1.3.9 Order entries

**Total order entries** in 2009 amounted to **EUR 5,148 million** excluding full backlog adjustment following Arcandor bankruptcy and representing a book to bill ratio of 100%.

By service line, book to bill ratio was (vs 2008 at constant scope and exchange rates):

- 93% in Consulting (vs 98%);
- 96% in Systems Integration (vs 98%);
- 105% in Managed Services (vs 113%) ;
- 119% in High Tech Trans. Services (vs 90%).

Consulting service line was down in 2009 due to a very tough economic environment and customers' postponements or delays on transformation program. Nevertheless, the Group was able to conclude a double digit contract with ING.

Systems Integration was mainly driven by new contracts signed with the Olympic Committee for the 2014 and 2016 Olympic Games, SFR for CRM and billing services mostly delivered from Group offshore locations, and Royal Liver Assurance in the United Kingdom equally delivered between Systems Integration and Managed Services. Main renewals were achieved with Renault contract fully redesigned with a new delivery model, Border Immigration Agencies and Brake Bros food in the United Kingdom.

In Managed Services, major contracts were signed with UVIT in The Netherlands for a 6-year period, in France with EDF (RTE) for 4 years and Ministry of Justice in the United Kingdom. Main renewals comprise ING in The Netherlands for a 5-year period and Standard Chartered Bank in Hong Kong for a 3-year period and BNP Paribas for multi-services contracts in France.

High Tech Transactional Services had an intensive commercial activity during 2009 and successfully closed several new contracts such as e-services in Administration platform for the Regional Authorities. In addition, the Group renewed contracts with its major historical clients in all geographies

such as LCH Clearent and Lamy in France, Commerzbank and Deutsche Postbank in Germany and ING.

At the end of 2009, **the full backlog** was **EUR 6.8 billion** representing 1.3 time 2009 revenue. This figure has been adjusted from the effect of Arcandor for a total of almost EUR 400 million.

The **full qualified pipeline** reached **EUR 3.0 billion** at the end of December 2009, increasing by EUR 371 million or +14% in organic. This solid growth came mainly from High Tech Transactional Services and Medical BPO businesses and accounted for 80% of the increase.

## 1.4 OPERATING MARGIN AND MARGIN RATE

### 1.4.1 Operating margin performance

The operating margin performance was as follows:

(in EUR million)	FY 2009	FY 2008	% change
<b>Statutory Operating Margin</b>	<b>290.0</b>	<b>266.4</b>	<b>+8.8%</b>
<b>Operating Margin %</b>	<b>5.7%</b>	<b>4.7%</b>	<b>+92 pts</b>
Italy		1.1	
AEMS Exchange		(7.0)	
Other disposals		3.6	
Impact from exchange rates		(7.7)	
<b>Oper. Margin at constant scope and exchange rates</b>	<b>290.0</b>	<b>256.5</b>	<b>+13.1%</b>
<b>Operating Margin %</b>	<b>5.7%</b>	<b>4.8%</b>	<b>+84 pts</b>

Group **operating margin** in 2009 reached **EUR 290 million** representing 5.7% of revenue; up by +9% compared to EUR 266.4 million (4.7% of revenue) in 2008. On a constant scope and exchange rates, the operating margin increased by +13% representing EUR+33.5 million over the period and +84 basis points despite the revenue decrease of almost EUR -200 million. This performance was in line with the objective set by the Group at the beginning of 2009, to increase the operating margin rate in a range of +50 to +100 basis points compared to year 2008.

### 1.4.2 Operating margin by quarter

During the year 2009, the Group Operating margin rate has regularly improved over the first half from 3.5% in the first quarter to 5.6% of revenue in the second one, maintaining it to 5.2% in the third quarter while absorbing the negative impact in volume during the summer time, and has finally increased up to a strong 8.3% in the fourth quarter fully benefiting from the significant positive contribution of the TOP Program.

The operating margin rate achieved in the first semester at 4.6% of revenue was in line with the level achieved the same period last year at constant scope and constant exchange rates. This performance was fully in line with half-year objective set by the Group, despite Arcandor bankruptcy which impacted the Group margin by EUR -14.4 million.

As anticipated, the acceleration of the operating margin rate expected in the second half was achieved with 6.8% in that period compared to 5.0% in the second half of 2008 which represented an increase of +174 basis points.

(In EUR million)	FY 2009	% Operating margin	FY 2008	% Operating margin	Change	change in OM rate
Quarter 1	45.5	3.5%	52.9	4.1%	(7.4)	-55 pt
Quarter 2	72.5	5.6%	68.9	5.1%	+3.6	+49 pt
Quarter 3	63.7	5.2%	43.8	3.4%	+19.9	+182 pt
Quarter 4	108.3	8.3%	90.8	6.6%	+17.5	+165 pt
Half year 1	<b>118.0</b>	<b>4.6%</b>	<b>121.8</b>	4.6%	<b>(3.8)</b>	-4 pt
Half year 2	<b>172.0</b>	<b>6.8%</b>	<b>134.6</b>	5.0%	<b>+37.3</b>	+174 pt
<b>Operating Margin at constant scope and exchange rates</b>	<b>290.0</b>	<b>5.7%</b>	<b>256.5</b>	<b>4.8%</b>	<b>+33.5</b>	<b>+84 pt</b>

### 1.4.3 Operating margin by Group Business Unit

The operating margin performance by Group Business Unit was as follows:

(in EUR million)	FY 2009	% margin	FY 2008	% margin	Change	change in OM rate
France	44.7	3.9%	25.4	2.2%	19.2	+176 pt
Benelux	84.2	8.4%	94.3	8.2%	(10.1)	+27 pt
United Kingdom	82.1	9.1%	61.3	7.3%	20.8	+181 pt
Atos Worldline	133.2	15.8%	123.3	15.2%	9.8	+62 pt
Germany & Central Europe / EMA	21.7	3.8%	30.6	5.0%	(8.9)	-121 pt
Iberia / South America	2.5	0.6%	17.1	3.8%	(14.6)	-318 pt
Rest of the world	18.1	6.5%	11.2	3.9%	6.9	+264 pt
Corporate central (*)	(70.1)	-1.4%	(82.8)	-1.6%	12.7	+19 pt
Global Service Lines costs (*)	(26.5)	-0.5%	(24.1)	-0.5%	(2.4)	-6 pt
<b>Oper. Margin at constant scope and exchange rates</b>	<b>290.0</b>	<b>5.7%</b>	<b>256.5</b>	<b>4.8%</b>	<b>33.5</b>	<b>+84 pt</b>

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

In **France**, operating margin increased from 2.2% of revenue in 2008 to 3.9% in 2009. As mentioned below, each service line improved its profitability.

Despite strong revenue decrease in Consulting, both in volume and prices, the operating margin has been maintained to the same level as 2008 thanks to a drastic costs savings program.

At the beginning of 2009, the Management implemented a reorganisation and decreased significantly the number of profit centers. This new organisation allowed significant costs savings and reduction of Management layers. Systems Integration in France followed a strict control of the workforce with hirings freeze, reskilling of resources and increasing business transferred to India or Morocco as part of the TOP Program. Thanks to all the actions mentioned herein above, the utilisation rate remained at 84%.

While revenue decreased by EUR -41.5 million (-6.1%), the operating margin in Systems Integration grew from 0.6% in 2008 to 3% of revenue in 2009 representing more than EUR 15 million.

In Managed Services, thanks to revenue increase of +4.3% together with a close management of subcontractors, the operating margin increased by EUR +4.2 million or +70 basis points compared to 2008.

All business units in France benefited from reduction in costs base derived from T8 TOP Program (Optimisation of non-IT spending) and mainly materialised into overhead reduction.

In **Benelux**, despite the strong decrease in revenue in 2009, the operating margin slightly increased at 8.4% in 2009, compared to 8.2% in 2008.

In The Netherlands, the Group proactively reduced the costs base and staff in order to secure the operational profitability which reached 8.7%, +20 basis points above last year. Despite a revenue decrease in Systems Integration of almost EUR -100 million, the profitability remained significantly above the Group average. The operating margin in Managed Services strongly progressed, thanks to the implementation of lean pilot (TOP Program T5) in Global Factory. On top of the optimisation of non-IT spending through the T8 program, Benelux implemented an Added Value Analysis (AVA) on indirect functions which materialised into strong reduction of indirect costs. These actions did offset the decrease of margin in the cyclical activities due to the drop in revenue.

In Belgium, the profitability slightly improved whereas the revenue declined by more than EUR -11 million.

In the **United Kingdom**, in a context of revenue increase, operating margin grew from 7.3% to 9.1%.

In Consulting, operating margin remained positive at EUR 0.2 million despite decreasing revenues. Reduction of personnel costs was the main measure to mitigate a negative top line. In percentage of revenue, operating margin stands at 0.4% compared with -2.8% last year.

In Systems Integration, the operating margin increased from 6.0% in 2008 to 9.8% in 2009 as a result of profit improvement plans started last year, aimed at decreasing the cost base through optimized delivery processes.

In Managed Services, the operating margin increased thanks to additional profit delivered through additional requests for services in projects mainly within the Public sector as well as a continued focus on leveraging the delivery cost base to generate efficiencies.

In Medical BPO, the increased margin has been delivered largely thanks to increased revenue on the Department of Work and Pensions contract.

**Atos Worldline** operating margin increased from 15.2% in 2008 to 15.8% in 2009 at EUR 133.2 million:

- in Belgium, the operating margin improved thanks to higher card processing revenue as well as a reduction of subcontractors;
- in Germany, the improvement mainly came from additional licence revenue and better revenue through volume increase;
- in France, the ramp-up of the biometric passports and speed control contracts compensated the fall on checks prevention activities and price pressure with telecom operators;
- In Financial Markets, despite the revenue decrease, the unit has been able to improve its operating margin thanks to costs containment.

In **Germany Central Europe / EMA**, the GBU posted an operating margin down by EUR -8.9 million compared to 2008, including a charge of EUR 14.4 million as a result of the depreciation of Arcandor receivables following its bankruptcy.

In Germany Central Europe, the operating margin reached 3.2% decreasing from 5.4% and fully due to the Arcandor effect. As part of the TOP Program, the GBU has benefited from optimisation programs such as Global Factory, Infrastructure and rationalisation (program T5).

In EMA, operating margin increased from 2.7% in 2008 to 7.6% in 2009. In Turkey, operating profitability was restored after a significant project slippage in 2008 with the client Avea. South Africa also progressed thanks to an enlarged scope of services with MTN contract.

The GBU **Iberia / South America (ISAM)** had a difficult year with operating margin decreasing from 3.8% in 2008 to 0.6% in 2009, a drop of EUR 14.6 million. Part of this decline came from a -10.1% revenue reduction mainly in the cyclical activities.

In Iberia, Systems Integration compensated partially the revenue fall effect in the operating margin by reducing external subcontractors and direct staff. Price pressure observed during the year was high in time & materials practice. The management implemented a stronger workforce optimisation which

resulted in maintaining the utilisation rate at 86% in Systems Integration and also in Consulting at 78%. In Managed Services, Iberia was affected by issues in a desktop contract with a large customer with an effect of EUR 4 million.

In South America, Brazil suffered mainly from revenue decrease as well as one-offs effects in two contracts which impacted by more than EUR 6 million the operating margin in 2009. A new CEO was consequently appointed in South America at the end of the year.

The GBU **Rest of the World** improved its operating margin from EUR 11.2 million and 3.9% in 2008 to EUR 18.1 million and 6.5% in 2009.

In Asia Pacific, the profitability increased both in Systems Integration and Managed Services through a strong improvement of services delivery absorbing the deterioration in Consulting due to revenue decline. Projects developments were successful in Systems Integration in the finance sector both in banking and in insurance. In Managed Services, the combined effect of additional volumes and costs cutting actions generated margin progression. Quality of service significantly improved throughout the region and in particular in Malaysia.

In North America, the operating margin increased in Managed Services benefiting from the revenue growth. In Systems Integration, the revenue dropped by EUR -12.9 million and -24.3% in organic and despite the efforts made to save costs, the operating margin was down by EUR -2.7 million.

**Corporate costs** are divided into three categories: Global Service Lines, Global Functions at central level and Equity based compensation costs.

(in EUR million)	FY 2009	% margin	FY 08	% margin	Change	
Global Service Lines	(26.5)	-0.50%	(24.1)	-0.45%	-2.4	-5 pt
Global functions	(56.2)	-1.10%	(69.1)	-1.30%	12.9	+20 pt
Equity based	(13.8)	-0.30%	(13.7)	-0.26%	-0.1	-4 pt
<b>Corporate central costs</b>	<b>(96.6)</b>	<b>-1.9%</b>	<b>(106.9)</b>	<b>-2.0%</b>	<b>10.3</b>	<b>+11 pt</b>

#### ➤ Global Service Lines

Global Service Lines central costs (Global Delivery and Global Factory) have increased by EUR -2.4 million over the period. This is the result of three key elements: the build-up of the Global Delivery operations, the reinforcement of the global factories departments, and the roll-out of key transformation projects both in Systems Integration and Managed Services.

Global Service Lines costs are allocated by service line and not by Global Business Unit.

#### ➤ Corporate Global Functions costs

Corporate Global Functions costs have been significantly reduced in 2009 by EUR 12.9 million from 1.3% of revenue in 2008 to 1.1% in 2009. As part of the TOP Program, this reduction derived from the first positive effects of the Global Functions re-engineering, materialising mainly in General Management, Finance, Human Resources and Communication.

#### ➤ Equity based compensation

Equity based compensation costs (stock options, Long Term Incentive plans, Management Investment Plan, employee purchase plan, ...) were stable at EUR 13.8 million.

The costs for stock options granted (IFRS2) increased according to the new programs launched in 2009 while the costs for free shares (Long Term Incentive and Management Incentive Plans) were significantly reduced further to the termination of such plans.

As a summary, total corporate central costs were reduced from EUR 106.9 million to EUR 96.6 million thanks to both effective reduction of recurring costs in most of the Global Functions and an increased efficiency in the execution of the transformation projects of the Group.

#### 1.4.4 Operating margin by Service Line

The operating margin performance by service line was as follows:

(in EUR million)	FY 2009	% margin	FY 2008	% margin	Change	change in OM rate
Consulting	3.2	1.3%	15.6	4.8%	(12.4)	-351 pt
Systems Integration	94.8	5.0%	87.7	4.1%	7.1	+89 pt
Managed Services	106.8	5.5%	97.2	5.2%	9.7	+27 pt
High Tech Transactional Services	135.6	15.4%	126.1	14.9%	9.5	+58 pt
Medical BPO	19.6	12.8%	12.6	8.5%	7.0	+426 pt
Corporate	(70.1)	-1.4%	(82.8)	-1.6%	12.7	+19 pt
<b>Operating Margin at constant scope and exchange rates</b>	<b>290.0</b>	<b>5.7%</b>	<b>256.5</b>	<b>4.8%</b>	<b>33.5</b>	<b>+84 pt</b>

(\*) Corporate central costs exclude the Global service lines costs

Each Service Line reported an increase of the operating margin in 2009 at the exception of Consulting.

In 2009, the **Consulting** business line was affected both by a significant price pressure and a lack of demand from large customers which in several cases delayed or cancelled their decisions of investment. Despite efforts on costs, restructuring and workforce management (decrease of staff by -22% to be compared with revenue decrease of -23.7%), the revenue decrease resulted in a drop of the operating margin.

In **Systems Integration**, the operating margin increased to 5.0% of revenue thanks to the improvement made in all the GBUs except Benelux and Iberia / South America. Actions of workforce management launched at the beginning of the year by freezing recruitments, re-skilling direct staff, drop of subcontractors and restructuring were the main levers of the margin improvement. Total staff were reduced from 24,400 at the end of 2008 to 23,000 at the end of 2009. Benelux and Iberia suffered from price pressure and lower volumes in time & materials practice which represented around 25% of their Systems Integration activity.

**Managed Services** improved its operating margin by +9.9% reaching 5.5% of revenue. All the GBUs contributed to this improvement with the exception of Germany Central Europe affected by the bankruptcy of Arcandor and Iberia / South America impacted by one-offs effect on contracts both in Spain and in Brazil. Excluding the effect of Arcandor bankruptcy, Managed Services operating margin reached 5.7%, up by +50 basis points mainly due to both TOP Program initiatives and revenue growth. Productivity increased during the year, with an expansion of the revenue while reducing staff by -1.2%.

The **High Tech Transactional Services** increased the operating margin to 15.4% of revenue with a +7.5% growth compared to 2008. All the activities contributed to operating margin improvement including Financial Markets despite its revenue decrease.

The **Medical BPO**, as already mentioned, improved its operating margin by EUR +7.1 million compared to last year thanks to higher revenue on the Department for Work and Pensions (DWP) contract.

**Global Functions Corporate** costs (excluding Global Delivery Lines costs allocated to Global Service Lines) have been reduced from EUR 82.8 million in 2008 to EUR 70.1 million in 2009 representing a +19 basis points improvement on the operating margin.

## 1.5 HUMAN RESOURCES REVIEW

### 1.5.1 Headcount evolution

Since December 2008, the total staff employed decreased by -3.8% (almost 2,000 employees) from 50,975 to 49,036 at the end of December 2009. This reduction of staff has been consistent with the revenue decrease of -3.7% in 2009.

Number of staff	FY 2009	FY 2008
<b>Headcount opening</b>	<b>50,975</b>	<b>51,704</b>
Change in scope	(140)	(3,109)
Hiring (*)	+4,535	+10,954
Leavers (*)	(3,384)	(6,581)
Restructuring	(2,950)	(1,993)
<b>Headcount at closing</b>	<b>49,036</b>	<b>50,975</b>

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

Change of scope related to business disposals made in the period such as Technical Automation in The Netherlands (-215 people) and AB Consulting in Sweden (-21 people) and the acquisition of Covics in China brought in +97 people.

### 1.5.2 Hirings

In 2009, the total recruitments were significantly reduced at +4,500 down by 6,400 compared with last year (-58.6%). The significant change in the rhythm of recruitment illustrated the centralised control implemented by Group Human Resources. Moreover, thanks to the development of the Group campus in Pune (India), half of the Group hirings were located in offshore countries with a strong acceleration during the second half of the year. Onshore hirings have been exclusively limited to replacement of critical skills and concentrated on talented young engineers.

Hiring in number of staff	12 months 2009	% of workforce
Consulting	+109	4%
Systems Integration	+1,996	8%
Managed Services	+1,672	10%
High Tech Transactional Services	+179	3%
Medical BPO	+435	26%
Corporate (*)	+143	49%
<b>Group</b>	<b>+4,534</b>	<b>9%</b>

(\*) Hiring in corporate were mainly related to the Finance Shared Service Center in Eastern Europe.

### 1.5.3 Leavers and attrition

The leavers comprise voluntary permanent staff leavers, permanent staff who get retired. In 2009, total leavers reached -3,400 staff with -1,800 in the first half and -1,600 in the second one. Staff attrition has pursued its regular decrease from 13.3% at the end of 2008 down to 7% at the end of this year.

A total of 2,900 employees (including 1,100 individual dismissals) compared to 1,900 in 2008 left the Company under specific and localised re-organisation programs as part of the business transformation. The employees who left the Group were mainly located in the Global Business Units Benelux, France, United Kingdom and Iberia & South America.

Attrition rate	12 months FY09	12 months FY08
Consulting	9.9%	20.6%
Systems Integration	8.0%	14.4%
Managed Services	5.8%	12.2%
High Tech Transactional Services	2.5%	6.9%
Medical BPO	14.7%	15.6%
<b>Group</b>	<b>7.0%</b>	<b>13.3%</b>

#### 1.5.4 Staff by service line and country

The workforce at the end of December 2009, by service line and Group Business Unit, was as follows:

Employees	31 December 2009	31 December 2008	Change
Consulting	2,087	2,667	-22%
Systems Integration	23,033	24,402	-6%
Managed Services	16,411	16,610	-1%
High Tech Transactional Services	5,261	5,325	-1%
Medical BPO	1,880	1,680	+12%
Corporate	364	291	+25%
<b>Total</b>	<b>49,036</b>	<b>50,975</b>	<b>-4%</b>
France	12,401	12,737	-3%
Benelux	7,750	9,038	-14%
United Kingdom	6,269	6,313	-1%
Atos Worldline	4,804	4,847	-1%
Germany Central Europe & EMA	3,746	3,838	-2%
Iberia / South America	7,432	8,298	-10%
Rest of the World	6,270	5,613	+12%
Finance Shared service center (Poland)	150	57	+163%
Corporate (*)	214	234	-9%
<b>Total</b>	<b>49,036</b>	<b>50,975</b>	<b>-4%</b>

As of 31 December 2009, Group total staff were 49,036 down by -4% compared to the end of previous year. The major decrease in number of employees was in the GBUs Benelux and Iberia / South America. The GBUs United Kingdom, Atos Worldline and Germany Central Europe & EMA almost maintained the same level of staff.

In 2009, the Group Finance Shared Service Centre based in Lodz (Poland) has been significantly ramped-up from 57 staff at the end of 2008, to 145 at the end of June 2009 and finally 150 people at the end of 2009. This shared service center has been set up following the transfer of the finance back-office activities from Germany, Belgium/Luxemburg, France and United Kingdom. This implementation of the Finance Shared Service Centre has been fully managed within the T12 project as part of the TOP Program.

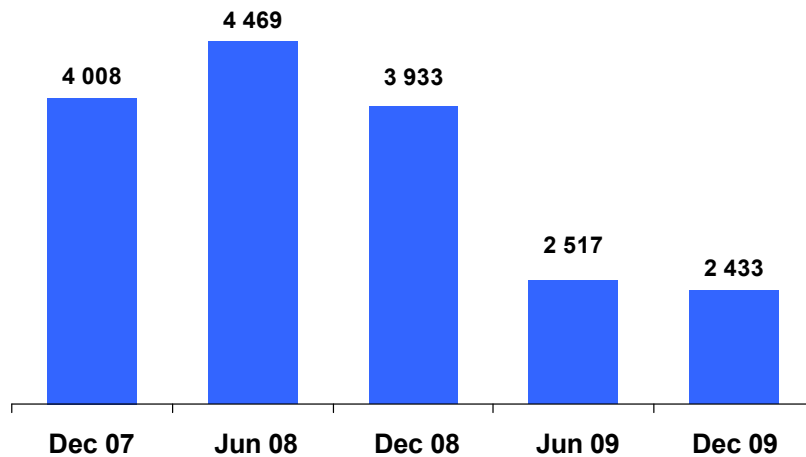
The Corporate staff reached 214 at the end of the year, representing a decrease of -9% compared to 2008.

Throughout year 2009, the Group has pursued the strict control of the hirings together with the reorganisation of the Group delivery units. As a result, the internal productive staff have been reduced by -3% (-1,429 staff) at 43,941 at the end of 2009. On the other hand, the total indirect staff have been reduced from 5,605 end of 2008 to 5,094 at the end of 2009, which represents a decrease of -9% in the period equivalent to more than 500 staff.

### 1.5.5 Subcontractors

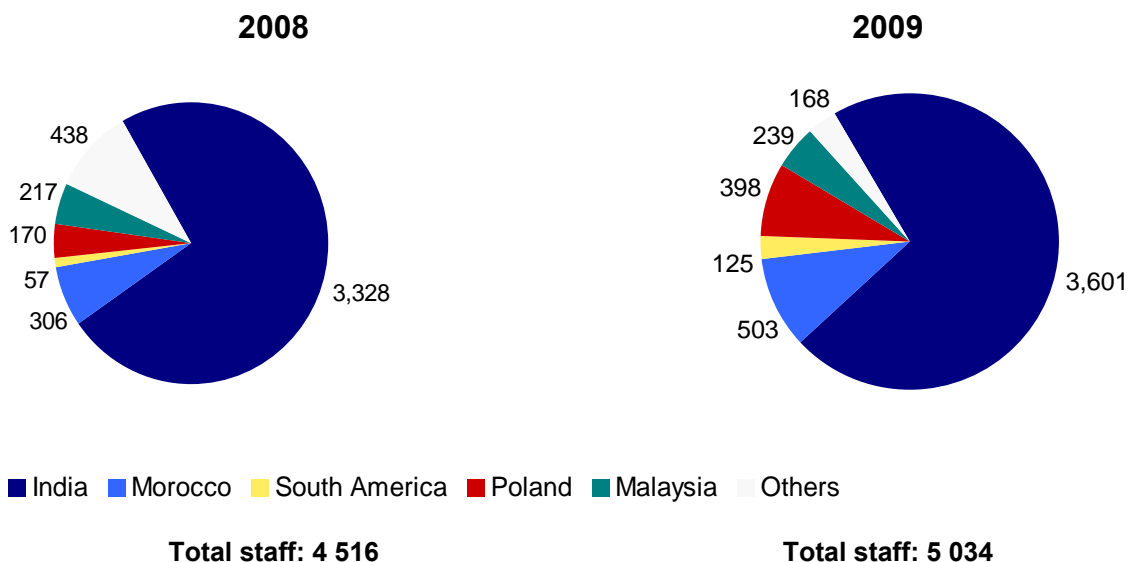
As far as the total number of subcontractors is concerned, in 2009, the Group has carefully followed and monitored the policy whose objective was to strongly reduce the number of non-critical subcontractors. As a result, the total number of subcontractors fell from 3,933 at the end of 2008 to 2,433 at the end of 2009 which represents a net decrease of 1,500 (-38%). This achievement has over-performed the target of 1,000 staff reduction set for the full year 2009.

The monthly evolution of total number of subcontractors in 2009 was as follows:

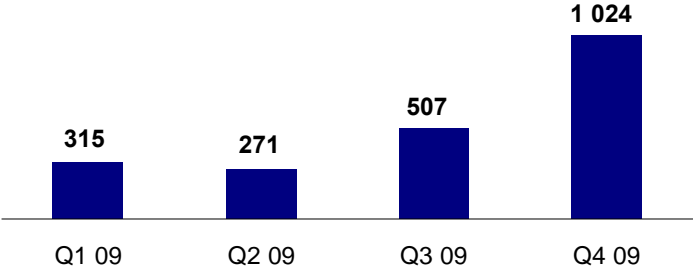


### 1.5.6 Offshore headcount

At the end of 2009, employees in offshore locations reached 5,034 compared to 4,516 at the end of 2008; representing a net increase of +11.5%. More than 70% of offshore employees were in India, for a total of 3,600. Morocco increased its offshore headcounts by +64.4% (ie +200 employees) while Poland strongly increased from 170 to almost 400.



In 2009, the Group accelerated the recruitment in offshore locations, mainly during the second half with more than 1 500 employees hired.



## 2 FINANCIAL REVIEW

### 2.1 INCOME STATEMENT

The Group reported a net income (Group share) of EUR 31.7 million for 2009, which represents 0.6% of Group revenues. The adjusted net income before unusual, abnormal and infrequent items (net of tax) for the period was EUR 196.0 million, representing 3.8% of 2009 Group revenues. It increased by 8.5% compared with last year.

(in EUR million)	12 months ended 31 December 2009	% Margin	12 months ended 31 December 2008	% Margin
<b>Operating margin</b>	<b>290.0</b>	<b>5.7%</b>	<b>266.4</b>	<b>4.7%</b>
Other operating income / (expenses)	(220.4)		(166.0)	
<b>Operating income</b>	<b>69.6</b>	<b>1.4%</b>	<b>100.4</b>	<b>1.8%</b>
Net financial income / (expenses)	(24.4)		(22.8)	
Tax charge	(9.4)		(48.1)	
Minority interests and associates	(4.1)		(6.9)	
<b>Net income – Group share</b>	<b>31.7</b>	<b>0.6%</b>	<b>22.6</b>	<b>0.4%</b>
<b>Adjusted net income – Group share (*)</b>	<b>196.0</b>	<b>3.8%</b>	<b>180.6</b>	<b>3.2%</b>

(\*) Defined hereafter

#### 2.1.1 Operating margin

Operating margin represents the underlying operational performance of the on-going business and is explained in the operational review.

#### 2.1.2 Operating income

Other operating income and expenses relate to income and expenses that are unusual, abnormal and infrequent and represent a net expense of EUR 220.4 million in 2009. The following table analyses this amount by nature and destination:

(in EUR million)	Group transformation costs	Arcandor bankruptcy impact	Other non recurring items	Total
Staff restructuring	(110.6)	(30.0)	-	<b>(140.6)</b>
Paris offices rationalisation	(36.0)	-	-	<b>(36.0)</b>
Other locations rationalisation	(43.4)	(6.9)	-	<b>(50.3)</b>
Non-current and current assets write-off	-	(15.1)	-	<b>(15.1)</b>
Goodwill impairment	-	(31.1)	-	<b>(31.1)</b>
Dutch pension profit	-	-	38.9	<b>38.9</b>
Release of OBS provision and others	-	-	13.8	<b>13.8</b>
<b>Total</b>	<b>(190.0)</b>	<b>(83.1)</b>	<b>52.7</b>	<b>(220.4)</b>
Analysed as:				
Cash	(154.0)	(30.0)	-	(184.0)
Non cash	(36.0)	(53.1)	52.7	(36.4)

The Group has identified three major destinations of costs:

- The Group transformation costs,
- The impact of Arcandor bankruptcy and,
- Other non recurring items.

#### Group transformation costs (EUR 190.0 million expense)

The Group transformation costs are made of EUR 154.0 million which are cashed out mostly in years 2009 and 2010 (restructuring and rationalisation) and EUR 36.0 million charge which has no cash impact.

This latter amount relates to the remaining lease obligation of the five existing Paris' sites which are being closed as part of the project to regroup 4,500 staff at the new headquarters of the Group in the city of Bezons, near Paris. This charge is fully financed by the new Group headquarter landlord through a 2 year rental exemption starting 2010.

In term of accounting treatment, the remaining rental obligation net of future sub-rent is fully recorded in year 2009 operating income while all incentives granted by the new landlord (2 year rental exemption and leasehold improvement financing) will be recorded through the operating income spread over the duration of the new lease (12 years).

The EUR 154.0 million are made of EUR 110.6 million for staff restructuring costs and EUR 43.4 million for real estate rationalisation as part of TOP program (T9 project).

The EUR 110.6 million charge is the consequence of both the Group workforce adaptation to the effects of the economic recession and the non recurring cost induced by the TOP programs aimed at improving Group efficiency and productivity. The combination of these two actions affected mainly The Netherlands (EUR 44.2 million), France (EUR 17.4 million), Corporate (EUR 15.6 million), Central Europe excluding restructuring programs due to the bankruptcy of Arcandor Group (EUR 14.1 million), and Iberia (EUR 10.6 million).

#### Impact of the bankruptcy of Arcandor Group (EUR 83.1 million expense)

In the first semester of 2009, the German operations of the Group have been impacted by the insolvency of their main client, the retail and travel Group Arcandor, formerly known as Karstadt-Quelle announced on 9 June 2009. This insolvency filing related to:

- the retail business (supermarkets and department stores) : Karstadt;
- the catalog and internet sales' business Quelle and Primondo;
- the in-house IT subsidiary Itellium.

Arcandor was then placed under the administration of an Insolvency Administrator.

Consequently, the Group already recorded a provision for bad debt amounting to EUR 14.4 million within its first semester financial statements. This amount represents 95% of the value of the accounts receivable as at insolvency date.

During the second semester however, the Insolvency Administrator made public the following decisions:

- The liquidation of the catalog and internet sales' business Quelle and Primondo announced on 19 October 2009;
- The launch of a Karstadt's disposal process with the objective to complete in the first semester 2010.

In this new context, the Group entered in January 2010 into a new 3 year IT services contract with Karstadt based on revised scope and prices as well as a new delivery model. Nevertheless, due to the uncertainties of the disposal both in terms of timing and completion, the Group decided to take a conservative position by depreciating all assets related to the Karstadt contract and implemented a complete office rationalization. These measures were completed in addition to the staff restructuring plan related to the Quelle-Primondo liquidation (300 FTE).

Consequently, in application of IAS 36, the Group has accounted for an impairment of EUR 31.1 million on Germany Central Europe cash generating unit taking into consideration this new business environment.

The future cash impact of this EUR 83.1 million charge is EUR 30.0 million.

### Other non-recurring items (EUR 52.7 million profit)

The other non-recurring items are non-cash related. This amount is made of the following items:

#### *Dutch pension assets*

At the end of 2008, 15% of Dutch pension fund assets were held in hedge funds, asset backed securities and mortgage backed securities. At that time, the value of these assets was extremely difficult to assess due to their lack of liquidity in the context of the financial markets crisis. Consequently, the Group depreciated the fair value of such assets and recorded a EUR 38.9 million impairment of the related Dutch pension prepaid expenses. With the 2009 recovery of some underlying markets, the Dutch pension fund successfully disposed of more than 80% of these assets at transaction or redemption amounts significantly above the book values as depreciated at 31 December 2008. As a result, the EUR 38.9 million depreciation recorded in 2008 has been reversed in other operating income.

#### *Opening balance sheet (OBS) provisions*

The Group released EUR 13.4 million provisions linked to previous acquisitions and related to extinct tax risks mainly in the Group Business Units GCEMA, ISAM and the United Kingdom. This amount is comparable with last year.

### **2.1.3 Net financial expense**

Net financial expense amounted to EUR 24.4 million in 2009, compared with a net expense of EUR 22.8 million in the previous year.

The net cost of financial debt was EUR 13.5 million in 2009 (EUR 28.7 million in 2008). Based on an average net debt of EUR 341.6 million during the period (EUR 518.5 million in 2008), the average cost of borrowing was 3.96%.

Non-operational financial costs amounting to EUR 10.9 million in 2009 were made of a net financial pension charge of EUR 7.4 million and a EUR 3.5 million net charge for other financial items. The net pension charge represents a difference between the expected return on pensions plan assets and the interest costs applicable to pension liabilities.

### **2.1.4 Corporate tax**

The Group effective tax rate is 20.7%. The restated Group effective tax rate is 24.7%. On a mid term basis, the expected effective tax rate is 26-28% on the current scope of the Group, and calculated before the impact of booking the French tax CVAE as income tax (please refer to Note 7).

### **2.1.5 Minority interests**

Minority interests include shareholdings held by joint venture partners and other associates of the Group, mainly in Atos Worldline Processing Services in Germany (42%).

## 2.1.6 Adjusted net income

The Group share of net income before unusual, abnormal and infrequent items (net of tax) was EUR 196.0 million, increasing by 8.5% compared with last year.

(in EUR million)	12 months ended 31 December 2009	12 months ended 31 December 2008
<b>Net income - Group share</b>	<b>31.7</b>	<b>22.6</b>
Restructuring	(140.6)	(98.1)
Rationalisation	(86.3)	(4.8)
Pensions	40.2	17.4
Release of opening balance sheet provisions no longer needed	13.4	9.8
Capital gains	(15.3)	142.5
Impairment losses & Other	(31.8)	(232.8)
<b>Sum of unusual items</b>	<b>(220.4)</b>	<b>(166.0)</b>
Tax effect	56.1	8.0
<b>Sum of unusual items – net of tax</b>	<b>(164.3)</b>	<b>(158.0)</b>
<b>Adjusted net income - Group share</b>	<b>196.0</b>	<b>180.6</b>

## 2.2 EARNINGS PER SHARE

(in EUR million)	12 months ended 31 December 2009	% Margin	12 months ended 31 December 2008	% Margin
<b>Net income – Group share</b>	<b>31.7</b>	<b>0.6%</b>	<b>22.6</b>	<b>0.4%</b>
<b>Adjusted net income – Group share</b>	<b>196.0</b>	<b>3.8%</b>	<b>180.6</b>	<b>3.2%</b>
(In EUR)				
<b>Basic EPS</b>	<b>0.46</b>		<b>0.33</b>	
<b>Diluted EPS</b>	<b>0.44</b>		<b>0.33</b>	
<b>Adjusted basic EPS</b>	<b>2.85</b>		<b>2.62</b>	
<b>Adjusted diluted EPS</b>	<b>2.64</b>		<b>2.62</b>	

Based on a weighted average of 68,772,224 shares in issue during 2009, earnings per share (Group share) was EUR 0.46 compared to EUR 0.33 in 2008.

Based on the adjusted net income of EUR 196.0 million, basic earnings per share (Group share) were EUR 2.85 increasing by 8.8% compared to 2008.

## 2.3 CASH FLOW

The Group opened the year 2009 with a net debt of EUR 304.0 million. At the end of December 2009, it decreased to EUR 139.4 million. Consequently, the net cash flow of the Group reached EUR 164.6 million, including EUR 116.8 million of net operational cash flow and EUR 47.8 million of portion of bonds convertible in equity.

The EUR 116.8 million of net operational cash flow primarily consisted in:

- An OMDA at EUR 500.5 million, representing 9.8% of revenue (8.5% in 2008);
- A reduced capital expenditure at EUR 197.5 million (EUR 233.9 million in 2008) materializing the Group's strategy to reduce its assets intensity;
- A positive change in working capital requirement of EUR 34.6 million composed of :
  - o EUR 83.1 million representing the improvement in DSO ratio from 63 days end of December 2008 to 57 days end of December 2009 reflecting a strong cash collection over the period and more particularly the decrease of the overdue as part of TOP program (T18 project), and;
  - o A one-off cash out of EUR 48.5 million resulting from the implementation in 2009 of a half year scheme for bonuses instead of yearly scheme in the previous years.
- Restructuring and rationalisation expenses were EUR 135.0 million;

- Tax paid represented EUR 39.5 million, and the net cost of financial debt was EUR 13.3 million strongly reduced compared to last year due to the combined effect of average debt reduction (-34%) and lower Euribor rate.

(in EUR million)	31 December 2009	31 December 2008
<b>OMDA</b>	<b>500.5</b>	<b>476.9</b>
Net capital expenditures	(197.5)	(233.9)
Change in working capital requirement	34.6	(86.2)
<b>CFO (Cash from operation)</b>	<b>337.6</b>	<b>156.8</b>
Taxes paid	(39.5)	(50.4)
Net cost of financial debt paid	(13.3)	(28.9)
Restructuring & rationalisation in other operating income	(135.0)	(103.3)
UK pensions plan amendment	-	(64.5)
Net financial investments	(14.1)	208.9
Dividends paid	(4.3)	(31.9)
Purchase and sale of treasury stock	5.7	(14.9)
Portion of bonds convertible in equity	47.8	-
Other changes (*)	(20.3)	(37.8)
<b>Net cash flow</b>	<b>164.6</b>	<b>34.0</b>
<b>Opening net debt</b>	<b>(304.0)</b>	<b>(338.0)</b>
<b>Closing net debt</b>	<b>(139.4)</b>	<b>(304.0)</b>

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

### 2.3.1 Net Capital expenditures

Net capital expenditures amounted to EUR 197.5 million in 2009, representing 3.9% of annual Group revenues as compared to 4.2% of annual Group revenues in 2008.

Over the first six months in 2009, net capital expenditures amounted to EUR 106.6 million. During the second half of 2009, net capital expenditures were reduced to EUR 90.9 million including a EUR 12.5 million investment for mainframe infrastructure in Germany.

Acquisitions in 2009 represented EUR 204.8 million, main countries contributing to these investments are Worldline for EUR 51.3 million (Data Centers improvement for EUR 12.9 million, Automatic radar project for EUR 8.1 million), GCE for EUR 35.7 million (of which Mainframe for EUR 12.5 million and Storage project for EUR 2.5 million), The Netherlands for EUR 31.2 million (one third of it on Storage capacity increase), France for EUR 28.8 million due to new managed services contracts in public sector and the United Kingdom for EUR 26.8 million (75% client dedicated, mainly on Government contracts). Proceeds from disposal of assets (EUR 7.3 million) came from Heijmans contract termination in The Netherlands.

In addition, off-balance sheet commitments for operating leases on IT equipments have been further reduced from EUR 23.0 million at the end of December 2008 to EUR 10.2 million at the end of December 2009.

The improvement in 2009 has been achieved with a strong control of the life cycle of industrial assets. It is also resulting from the rationalisation plan of the IT infrastructure as part of the TOP program (T19 project). It is the intent of the Group in 2010 to continue optimizing the financing of long term industrial investments on space capacity with specialised investors so as to reduce the capital intensity of the operations while remaining flexible.

### **2.3.2 Change in working capital requirement**

As already explained above, the change in working capital requirement improved to EUR 34.6 million over 2009 compared to a deterioration of EUR 86.2 million in 2008.

### **2.3.3 Other changes**

Other changes include mainly the selling price related to the disposal of operational assets (EUR 6.6 million), other financial expenses with cash impact (EUR 5.3 million), other operating expense with cash impact excluding restructuring and rationalisation (EUR 4.8 million) and profit-sharing amounts payable to French employees transferred to debt (EUR 3.2 million).

## **2.4 NET DEBT**

Overall during the year, the net debt was reduced from EUR 304.0 million to EUR 139.4 million. Net debt increased from EUR 304.0 million on 31 December 2008 to EUR 327.6 million on 30 June 2009, mainly due to working capital seasonal effects. It decreased from EUR 327.6 million on 30 June 2009 to EUR 139.4 million on 31 December 2009 thanks to the reduction of the working capital requirement and capital expenditure as well as the restatement against equity of a part of the convertible bonds (OCEANE) issued on 29 October (see more details in Note 20 to the financial statements).

## **2.5 FINANCING POLICY**

Atos Origin has implemented a strict financing policy which has been reviewed by the Group Audit Committee, with the objective to secure and optimise the Group's liquidity management. Each decision regarding external financing is approved by the Board of Directors. Under this policy, all Group treasury activities, including cash management, short-term investments, hedging and foreign exchange transactions, as well as off-balance sheet financing through operating leases, are centrally managed through the Group Treasury department. Following a cautious short term financial policy, the Group did not make any short term cash investment in risky assets.

### **2.5.1 Financing structure**

Atos Origin's policy is to cover fully its expected liquidity requirements by long-term committed loans or other appropriate long-term financial instruments. Terms and conditions of these loans include maturity and covenants leaving sufficient flexibility for the Group to finance its operations and expected developments.

On 29 October 2009, Atos Origin issued a convertible bond (OCEANE) of EUR 250.0 million maturing on 1 January 2016. Annual coupon paid to the bond holders is 2.50%. Effective interest rate calculated based on IAS 39 requirements amounted to 6.68%. Please refer to Note 20 of the financial statements. There is no financial covenant in respect with the convertible bond.

Atos Origin signed with a number of major financial institutions on 12 May 2005 a cost efficient EUR 1.2 billion multi-currency revolving facility with six and seven years maturity. The maturity of the multi-currency revolving facility is until 12 May 2011 for EUR 1.2 billion and until 12 May 2012 for EUR 1.1 billion.

Atos Origin securitization program of trade receivables has been renewed for 5 years on 6 March 2009 with a maximum amount of receivables sold of EUR 500.0 million and a limit of maximum amount of financing of EUR 200.0 million. Financial covenants of the Atos Origin securitization program are aligned with the covenants of the EUR 1.2 billion multi-currency revolving facility.

### **2.5.2 Bank covenants**

The Group is substantially within its borrowing covenants, with a consolidated leverage ratio (net debt divided by OMDA) of 0.28 at the end of December 2009. The consolidated leverage ratio may not be greater than 2.5 times under the terms of the multi-currency revolving facility.

The consolidated interest cover ratio (operating margin divided by the net cost of financial debt) was 21.48 times in 2009. It may not be less than four times throughout the term of the multi-currency revolving facility.

### **2.5.3 Investment policy**

Atos Origin has a policy to lease its office space and data processing centres. Some fixed assets such as IT equipment and company cars may be financed through leases. The Group Treasury department evaluates and approves the type of financing for each new investment.

### **2.5.4 Hedging policy**

Atos Origin's objective is also to protect the Group against fluctuations in interest rates by swapping to fixed rate a portion of the existing floating-rate financial debt. Authorised derivative instruments used to hedge the debt are swap contracts, entered into with leading financial institutions and centrally managed by the Group Treasury Department.

### **3 FINANCIAL STATEMENTS**

#### **3.1 STATUTORY AUDITORS REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

To be issued upon finalization of the audit.

## 3.2 CONSOLIDATED FINANCIAL STATEMENTS

### 3.2.1 Consolidated Income Statement

(in EUR million)	Notes	12 months ended 31 December 2009	12 months ended 31 December 2008
<b>Revenue</b>	<b>Note 2</b>	<b>5,127.0</b>	<b>5,623.5</b>
Personnel expenses	Note 3	(2,883.2)	(3,082.9)
Operating expenses	Note 4	(1,953.8)	(2,274.2)
<b>Operating margin</b>		<b>290.0</b>	<b>266.4</b>
<b>% of revenue</b>		<b>5.7%</b>	<b>4.7%</b>
Other operating income and expenses	Note 5	(220.4)	(166.0)
<b>Operating income</b>		<b>69.6</b>	<b>100.4</b>
<b>% of revenue</b>		<b>1.4%</b>	<b>1.8%</b>
Net cost of financial debt		(13.5)	(28.7)
Other financial income and expenses		(10.9)	5.9
Net financial income	Note 6	(24.4)	(22.8)
Tax charge	Notes 7-8	(9.4)	(48.1)
Share of net income from associates		-	(0.1)
<b>Net income</b>		<b>35.8</b>	<b>29.4</b>
Of which:			
- <b>Group share</b>		<b>31.7</b>	<b>22.6</b>
- Minority interests	Note 9	4.1	6.8

(in EUR and number of shares)

<b>Net income-Group share per share</b>	<b>Note 10</b>		
Weighted average number of shares		68,772,224	68,810,885
<b>Basic earnings per share</b>		<b>0.46</b>	<b>0.33</b>
Diluted weighted average number of shares		74,420,585	68,885,164
<b>Diluted earnings per share</b>		<b>0.44</b>	<b>0.33</b>

### 3.2.2 Consolidated Statement of comprehensive income

(in EUR million)	12 months ended 31 December 2009	12 months ended 31 December 2008
<b>Profit for the period</b>	<b>35.8</b>	<b>29.4</b>
<b>Other comprehensive income</b>		
Cash flow hedging :		
- Current period gains / (losses)	2.9	(5.6)
- Reclassification to profit or loss	2.5	(1.0)
Income tax relating to cash flow hedging	(1.2)	1.7
Exchange differences on translation of foreign operations	24.4	(150.2)
<b>Total Other comprehensive income</b>	<b>28.6</b>	<b>(155.1)</b>
<b>Total Comprehensive income for the period</b>	<b>64.4</b>	<b>(125.7)</b>
Of which:		
- <b>Group share</b>	<b>60.3</b>	<b>(132.2)</b>
- Minority interests	4.1	6.5

### 3.2.3 Consolidated balance sheet

(in EUR million)	Notes	31 December 2009	31 December 2008
<b>ASSETS</b>			
Goodwill	Note 11	1,507.6	1,511.1
Intangible assets	Note 12	68.9	77.5
Tangible assets	Note 13	407.4	454.3
Non-current financial assets	Note 14	138.7	68.5
Deferred tax assets	Note 8	208.0	208.4
<b>Total non-current assets</b>		<b>2,330.6</b>	<b>2,319.8</b>
Trade accounts and notes receivables	Note 15	1,281.3	1,418.0
Current tax assets		26.3	25.4
Other current assets		164.4	177.7
Current financial instruments	Note 21	3.8	0.7
Cash and cash equivalents	Note 17	534.7	286.1
<b>Total current assets</b>		<b>2,010.5</b>	<b>1,907.9</b>
<b>Total assets</b>		<b>4,341.1</b>	<b>4,227.7</b>

(in EUR million)		31 December 2009	31 December 2008
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Common stock		69.7	69.7
Additional paid-in capital		1,329.7	1,329.7
Consolidated reserves		365.6	286.5
Translation adjustments		(152.7)	(177.1)
Net income for the period		31.7	22.6
Shareholders' equity – Group share		1,644.0	1,531.4
Minority interests	Note 9	10.1	11.0
<b>Total shareholders' equity</b>		<b>1,654.1</b>	<b>1,542.4</b>
Provisions for pensions and similar benefits	Note 18	223.1	221.5
Non-current provisions	Note 19	126.6	99.8
Borrowings	Note 20	483.4	313.5
Deferred tax liabilities	Note 8	61.3	69.8
Non-current financial instruments	Note 21	4.3	6.1
Other non-current liabilities		1.1	1.4
<b>Total non-current liabilities</b>		<b>899.8</b>	<b>712.1</b>
Trade accounts and notes payables	Note 22	475.3	516.8
Current tax liabilities		28.3	41.2
Current provisions	Note 19	135.2	96.2
Current financial instruments	Note 21	1.2	3.0
Current portion of borrowings	Note 20	190.7	276.6
Other current liabilities	Note 23	956.5	1,039.4
<b>Total current liabilities</b>		<b>1,787.2</b>	<b>1,973.2</b>
<b>Total liabilities and shareholders' equity</b>		<b>4,341.1</b>	<b>4,227.7</b>

### 3.2.4 Consolidated cash flow statement

(in EUR million)	Notes	12 months ended 31 December 2009	12 months ended 31 December 2008
<b>Net income Group share</b>		<b>31.7</b>	<b>22.6</b>
Depreciation of fixed assets	Note 4	222.0	241.3
Net release to operating provisions		(33.9)	(48.4)
Net charge / (release) to financial provisions		7.2	(17.8)
Net charge / (release) to other operating provisions		44.6	(85.0)
Impairment of long – term assets		31.1	226.4
Gains on disposals of fixed assets		5.7	(140.8)
Net charge for equity-based compensation		15.1	14.6
Minority interests and associates	Note 9	4.1	6.8
(Gains)/ losses on financial instruments		(2.2)	1.5
Net cost of financial debt	Note 6	13.5	28.7
Tax charge (including deferred tax)	Note 7	9.4	48.1
<b>Cash from operating activities before change in working capital requirement, financial interest and taxes</b>		<b>348.3</b>	<b>298.0</b>
Taxes paid		(39.5)	(50.4)
Change in working capital requirement		34.6	(86.2)
<b>Net cash from/ (used in) operating activities</b>		<b>343.4</b>	<b>161.4</b>
Payment for tangible and intangible assets		(204.8)	(260.9)
Proceeds from disposals of tangible and intangible assets		7.3	27.0
<b>Net operating investments</b>		<b>(197.5)</b>	<b>(233.9)</b>
Amounts paid for acquisitions and long-term investments		(17.0)	(7.5)
Cash and cash equivalents of companies purchased during the period		1.2	0.3
Proceeds from disposals of financial investments		3.3	291.6
Cash and cash equivalents of companies sold during the period		(1.6)	(145.4)
<b>Net long-term investments</b>		<b>(14.1)</b>	<b>139.0</b>
<b>Net cash from/ (used in) investing activities</b>		<b>(211.6)</b>	<b>(94.9)</b>
Common stock issues		-	-
Common stock issues on the exercise of equity-based compensation		0.1	0.2
Portion of convertible bonds :			
in equity	Note 20	47.8	-
in financial liability	Note 20	200.7	-
Purchase and sale of treasury stock		5.7	(14.9)
Dividends paid to parent company shareholders		-	(27.8)
Dividends paid to minority shareholders of subsidiaries		(4.3)	(4.1)
New borrowings	Note 20	33.0	116.4
New Finance lease	Note 20	2.3	1.3
Repayment of long and medium-term borrowings	Note 20	(132.0)	(163.2)
Net cost of financial debt paid		(13.3)	(28.9)
<b>Net cash from/ (used in) financing activities</b>		<b>140.0</b>	<b>(121.0)</b>
<b>Increase/ (decrease) in net cash and cash equivalents</b>		<b>271.8</b>	<b>(54.5)</b>
<b>Opening net cash and cash equivalents</b>		<b>261.9</b>	<b>348.0</b>
Increase/ (decrease) in net cash and cash equivalents	Note 20	271.8	(54.5)
Impact of exchange rate fluctuations on cash and cash equivalents		(0.8)	(31.6)
<b>Closing net cash and cash equivalents</b>	<b>Note 21</b>	<b>532.9</b>	<b>261.9</b>

### 3.2.5 Consolidated statement of changes in shareholders' equity

(in EUR million)	Number of shares at period-end  (thousands)	Common Stock	Additional paid- in capital	Consolidated reserves	Translation adjustments	Items recognized directly in equity	Net income Group share	Equity – Group share	Minority interests	TOTAL
<b>At 1 January 2008</b>	<b>69,710</b>	<b>69.7</b>	<b>1,329.5</b>	<b>271.9</b>	<b>(27.2)</b>	<b>(0.6)</b>	<b>48.2</b>	<b>1,691.5</b>	<b>172.9</b>	<b>1,864.4</b>
* Common stock issued	7		0.2					0.2		0.2
* Appropriation of prior period net income				48.2			(48.2)	-		-
* Dividends				(27.8)				(27.8)	(4.1)	(31.9)
* Equity-based compensation				14.6				14.6		14.6
* Changes in treasury stock				(14.9)				(14.9)		(14.9)
* Other								-	(164.3)	(164.3)
Transactions with owners	7		0.2	20.1			(48.2)	(27.9)	(168.4)	(196.3)
* Net income for the period							22.6	22.6	6.8	29.4
* Other Comprehensive income					(149.9)	(4.9)		(154.8)	(0.3)	(155.1)
Total comprehensive income for the period					(149.9)	(4.9)	22.6	(132.2)	6.5	(125.7)
<b>At 31 December 2008</b>	<b>69,717</b>	<b>69.7</b>	<b>1,329.7</b>	<b>292.0</b>	<b>(177.1)</b>	<b>(5.5)</b>	<b>22.6</b>	<b>1,531.4</b>	<b>11.0</b>	<b>1,542.4</b>
* Common stock issued	3							-		-
* Appropriation of prior period net income				22.6			(22.6)	-		-
* Dividends								-	(5.0)	(5.0)
* Equity-based compensation				15.1				15.1		15.1
* Changes in treasury stock				5.7				5.7		5.7
* Equity portion of compound instrument				31.3				31.3		31.3
* Other				0.2				0.2		0.2
Transactions with owners	3			74.9			(22.6)	52.3	(5.0)	47.3
* Net income for the period							31.7	31.7	4.1	35.8
* Other Comprehensive income					24.4	4.2		28.6		28.6
Total comprehensive income for the period					24.4	4.2	31.7	60.3	4.1	64.4
<b>At 31 December 2009</b>	<b>69,720</b>	<b>69.7</b>	<b>1,329.7</b>	<b>366.9</b>	<b>(152.7)</b>	<b>(1.3)</b>	<b>31.7</b>	<b>1,644.0</b>	<b>10.1</b>	<b>1,654.1</b>

### 3.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 3.3.1 General information

Atos Origin, the Group's parent company, is a *société anonyme* (commercial company) incorporated under French law, whose registered office is located at 18, avenue d'Alsace, Paris La Défense, 92400 Courbevoie, France. It is registered with the Nanterre Register of Commerce and Companies under the reference 323 623 603 RCS Nanterre. Atos Origin shares are traded on the Paris Eurolist Market under Euroclear code 5173 ISIN FR0000051732. The shares are not listed on any other stock exchange and Atos Origin SA is the only listed company in the Group. The Company is administrated by a Board of Directors.

The consolidated financial statements of the Group for the twelve months ended 31 December 2009 comprise the Group and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

These consolidated financial statements were approved by the Board of Directors on 16 February 2010. These consolidated financial statements will become definitive following their adoption by the Annual General Shareholders' Meeting planned in May 2010.

#### 3.3.2 Basis of preparation and significant accounting policies

##### Basis of preparation

Pursuant to European Regulation No. 1606/2002 of 19 July 2002, the consolidated financial statements for the twelve months ended 31 December 2009 have been prepared in accordance with the applicable international accounting standards, as endorsed by the European Union and of mandatory application as at 31 December 2009. The international standards comprise the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS), the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

Accounting policies applied by the Group comply with those standards and interpretations, which can be found at: [http://ec.europa.eu/internal\\_market/accounting/ias/index\\_fr.htm](http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm)

The following standards, interpretations and amendments to existing standards that have been published are mandatory for the Group's accounting period beginning on or after 1 January 2009:

- IAS 1 (revised) - *Presentation of financial statements*;
- IAS 23 (revised) - *Borrowing Costs*;
- IAS 1 and IAS 32 - *Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation*;
- IAS 39 and IFRIC 9 - *Amendments relating to Embedded Derivatives*;
- IFRS 1 and IAS 27 - *Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*;
- IFRS 2 - *Amendment relating to vesting conditions and cancellations*;
- IFRS 7 - *Improving Disclosures about Financial Instruments*;
- IFRS 8 - *Operating Segments*;
- IFRIC 11 - *Group and Treasury Share transactions*;
- IFRIC 14 – IAS 19 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*;
- Annual improvements to IFRS, issued by the IASB in May 2008 (excluding IFRS 5 amendments).

IFRIC 14 had been applied by anticipation by the Group in 2008.

The effect of IFRS 8 is disclosed in note 2.

As required by IAS 1 revised, the Group has elected to include a "Statement of Comprehensive Income" alongside the income statement, comprising net income for the year and income and expenses recognised directly in equity.

The impact of the other changes in standards, interpretations and amendments on the Group's Financial Statements is limited.

The consolidated financial statements do not take into account:

- Draft standards that are still at the exposure draft stage of the International Accounting Standards Board (IASB)
- New standards, interpretations and amendments to existing standards not yet approved by the European Union. This notably concerns:
  - IAS 24 (Revised) – *Related Party Disclosures*
  - IFRS 2 – *Amendment relating to Group Cash-settled Share-based Payment Transactions* ;
  - IFRS 9 - *Financial Instruments*;
  - IFRIC 14 - *Amendment relating to Prepayments of a Minimum Funding Requirement* ;
  - IFRIC 19 - *Extinguishing Financial Liabilities with Equity Instruments*
  - Annual improvements to IFRS, issued by the IASB in April 2009
- Draft standards that are still at the exposure draft stage of the International Accounting Standards Board (IASB)
- Standards, amendments or interpretations published by the IASB and endorsed by the European Union, which are applicable to fiscal years beginning after January 1, 2009. This notably concerns:
  - IFRS 1 (Revised) – *First time adoption of IFRS*
  - IFRS 3 (revised) - *Business Combinations*
  - IAS 27 (revised) - *Consolidated and Separate Financial Statements*
  - IAS 39 – *Amendments relating to Financial Instruments, recognition and measurement: Eligible hedged Items*
  - IAS 32 – *Amendment relating to Classification of Right Issues*
  - IFRS 5 Amendments from Annual Improvements to IFRS issued by the IASB in May 2008
  - *IFRIC 12 Service Concession Arrangements*
  - *IFRIC 15 Agreements for the Construction of Real Estate*
  - *IFRIC 16 Hedges of a Net Investment in a Foreign Operation*
  - *IFRIC 17 Distributions of Non-cash Assets to Owners*
  - IFRIC 18 – *Transfers of Assets from Customers*

The potential impact of these standards, amendments and interpretations on the consolidated financial statements is currently being assessed.

The policies set out below have been consistently applied to all years presented.

### **Accounting estimates and judgments**

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense in the financial statements and disclosures of contingent assets and liabilities. The estimates, assumptions and judgments that may result in a significant adjustment to the carrying amounts of assets and liabilities within the next financial statements are essentially related to:

#### Impairment tests

The Group tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated below. The recoverable amounts of cash generating units are determined based on value-in-use calculations. These calculations require the use of estimates as described in Note 11.

#### Revenue recognition and associated costs on long-term contracts

Revenue recognition and associated costs, including forecast losses on completion are measured according to policy stated below. Total projected contract costs are based on various operational assumptions such as forecast volume or variance in the delivery costs and have a direct influence on the level of revenue and eventual forecast losses on completion that are recognized.

## Pensions

The Group uses actuarial assumptions and methods to measure pension liabilities and costs. The value of plan assets is determined based on valuations provided by the external custodians of pension funds and following complementary investigations carried-out when appropriate. The estimation of Pensions liabilities, as well as valuations of plan assets requires the use of estimates and assumptions.

## **Consolidation methods**

### Subsidiaries

Subsidiaries are entities controlled by the Group. Control is defined by the ability to govern the financial and operating policies generally, but not systematically, combined with a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible, the power to appoint the majority of the members of the governing bodies and the existence of veto rights are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

### Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate method. Operating and shareholders' agreements are considered when assessing the joint control.

### Associates

Associates are entities over which the Group has significant influence but not control or joint control, generally, but not systematically, accompanying a shareholding of between 20 and 50% of the voting rights. Investments in associates are accounted for by the equity method.

## **Segment reporting**

According to IFRS 8, reported operating segments profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker, and is reconciled to Group profit or loss. The chief operating decision maker assesses segments profit or loss using a measure of operating profit. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the company CEO and chairman of the Board of Directors who makes strategic decisions.

The internal management reporting is designed on two axes: Global Business Units and Service Lines (Consulting, Systems Integration and Managed Operations). Global Business Units has been determined by the Group as key by the Chief operating decision maker. As a result and for IFRS 8 requirements, the Group discloses Global Business Units as operating segments.

A GBU is defined as a geographical area or the aggregation of several geographical areas- except for the Worldline activities - which contains one or several countries, without taking into consideration the activities exercised into each country. Each GBU are managed by dedicated members of the Executive Committee.

The measurement policies that the Group uses for segments reporting under IFRS 8 are the same as those used in its financial statements. Corporate entities are not presented as an operating segment. Therefore, their financial statements are used as a reconciling item. Corporate assets which are not directly attributable to the business activities of any operating segments are not allocated to a segment, which primarily applies to the Group's headquarters. Shared assets such as the European mainframe are allocated to the GBU where physically located whereas used by several GBUs.

## **Presentation rules**

### Current and non-current assets and liabilities

Assets and liabilities classified as current are expected to be realised, used or settled during the normal cycle of operations, which can extend beyond 12 months following the period-end. All other assets and liabilities are classified as non-current. Current assets and liabilities, excluding the current portion of borrowings, financial receivables and provisions represent the Group's working capital requirement.

### Assets and liabilities held for sale or discontinued operations

Should there be assets and liabilities held for sale or discontinued operations they would be presented on separate lines in the Group's balance sheet, without restatements for previous periods. They are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets and liabilities are available for immediate sale in their present condition.

Should these assets and liabilities represent either a complete business line or a geographical segment, the profit or loss from these activities are presented on a separate line of the income statement, and is restated in the cash flow statement and the income statement over all published periods.

### **Translation of financial statements denominated in foreign currencies**

The balance sheets of companies based outside the euro zone are translated at closing exchange rates. Income statement items are translated based on average exchange rate for the period. Balance sheet and income statement translation adjustments arising from a change in exchange rates are recognized as a separate component of equity under "Translation adjustments".

Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of that foreign entity and translated into euros at the closing date.

The Group does not consolidate any entity operating in a hyperinflationary economy.

### **Translation of transactions denominated in foreign currencies**

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement under the heading "Other financial income and expenses", except where hedging accounting is applied as explained in the paragraph "Financial assets – Derivative financial instruments".

### **Business combination and goodwill**

A business combination may involve the purchase of another entity, the purchase of all the net assets of another entity or the purchase of some of the net assets of another entity that together form one or more businesses.

Major services contracts involving staff and asset transfers that enable the Group to develop or improve significantly its competitive position within a business or a geographical sector are considered for business combination accounting. Goodwill represents the excess of the cost of a business combination, including transaction expenses directly attributable to the business combination in accordance with IFRS 3, over the Group's interest in the fair value of assets, liabilities and contingent liabilities acquired at the acquisition date.

Goodwill is allocated to Cash Generating Units (CGU) for the purpose of impairment testing. Goodwill is allocated to those CGU that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs correspond to geographical areas where the Group has operations – except for the Worldline activities. The recoverable value of a CGU is based on the higher of its fair value less costs to sell and its value in use determined using the discounted cash-flows method. When this value is less than its carrying amount, an impairment loss is recognized in the operating income. The impairment loss is first recorded as an adjustment of the carrying amount of the goodwill allocated to the CGU and the remainder of the loss, if any, is allocated pro rata to the other long term assets of the unit.

The Cash Generating Units used for the impairment test are not larger than operating segments determined in accordance with IFRS 8 Operating segments.

Goodwill is not amortised and is subject to an impairment test performed at least annually by comparing its carrying amount to its recoverable amount at the closing date based on December actuals and latest 3 year plan, or more often whenever events or circumstances indicate that the carrying amount could not be recoverable.

Such events and circumstances include but are not limited to:

- significant deviance of economic performance of the asset when compared with budget;
- significant worsening of the asset's economic environment;
- loss of a major client;
- significant increase in interest rates.

### **Intangible assets other than goodwill**

Intangible assets other than goodwill consist primarily of software and user rights acquired directly by the Group, software and customer relationships acquired in relation with a business combination as well as internally developed software, provided that the following conditions are satisfied:

- the costs can be attributed to the identified software and measured reliably,
- the technical feasibility of the software has been demonstrated,
- the Group has the intention and the capability to complete the software development and to use or sell it; and
- it is probable that future economic benefits will flow to the Group.

Once all these criteria are reached, the majority of software development costs have been already incurred and consequently, most of software developments costs are expensed when incurred. In specific Business Process Outsourcing (BPO) cases where developments and adapting software costs are engaged only once agreements with clients are signed, those costs are capitalised and amortised in operating expenses over the term of the contract.

Intangible assets are amortised on a straight-line basis over their expected useful life, generally not exceeding five to seven years for software and ten years for customer relationships acquired in a business combination; their related depreciation are recorded in operating expenses.

### **Tangible assets**

Tangible assets are recorded at acquisition cost, excluding any interest expenses. They are depreciated on a straight-line basis over the following expected useful lives:

- Buildings 20 years
- Fixtures and fittings 5 to 10 years
- Computer hardware 3 to 5 years
- Vehicles 4 years
- Office furniture and equipment 5 to 10 years

## **Leases**

Asset leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance lease are depreciated over the shorter of the assets' useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

## **Impairment of assets other than goodwill**

Assets that are subject to amortisation are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable value.

## **Financial assets**

Financial assets are accounted for at trade date.

### Investments in non-consolidated companies

The Group holds shares in companies without exercising significant influence or control. Investments in non-consolidated companies are treated as assets available for sale and recognized at their fair value. For listed shares, fair value corresponds to the share price at closing date. In the absence of an active market for the shares, the investments in non-consolidated companies are carried at historical cost. An impairment charge is recognized when there is objective evidence of a permanent or significant impairment in value. The most common financial criteria used to determine fair value are equity and earnings outlooks. Gains and losses arising from variation in the fair value of available for sale assets are recognized as "items recognized directly in equity". If there is evidence that an asset is permanently impaired, the cumulative loss is written off in the income statement under "other financial income and expense".

### Loans, trade accounts and notes receivable

Loans are part of non-current financial assets. Loans, trade accounts and notes receivable are recorded initially at their fair value and subsequently at their amortised value. The nominal value represents usually the initial fair value for trade accounts and notes receivable. In case of deferred payment over one year, where the effect is significant on fair value, trade accounts and notes receivables are discounted. Where appropriate, a provision is raised on an individual basis to take likely recovery problems into account.

Certain service arrangements might qualify for treatment as lease contracts if they convey a right to use an asset in return for payments included in the overall contract remuneration. If service arrangements contain a lease, the Group is considered to be the lessor regarding its customers. Where the lease transfers the risks and rewards of ownership of the asset to its customers, the Group recognizes assets held under finance lease and presents them as "Trade accounts and notes receivable" for the part that will be settled within 12 months, and "Non-current financial assets" for the part beyond 12 months.

### Assets securitisation

Assets securitisation programs, in which the Group retains substantially all the risks and rewards of ownership of the transferred assets, do not qualify for de-recognition. A financial liability for the consideration received is recognized. The transferred assets and the financial liability are valued at their amortised costs.

## Derivative financial instruments

Derivative instruments are recognized as financial assets or liabilities at their fair value. Any change in the fair value of these derivatives is recorded in the income statement as a financial income or expense, except when they are eligible for hedge accounting, whereupon:

- For fair value hedging of existing assets or liabilities, the hedged portion of an instrument is measured on the balance sheet at its fair value. Any change in fair value is recorded as a corresponding entry in the income statement, where it is offset simultaneously against changes in the fair value of hedging instruments.
- For cash flow hedging, the effective portion of the change in fair value of the hedging instrument is directly offset in shareholders' equity as "items recognized directly in equity". The change in value of the ineffective portion is recognized in "Other financial income and expenses". The amounts recorded in net equity are transferred to the income statement simultaneously to the recognition of the hedged items.

## **Cash and cash equivalents**

Cash and cash equivalents include cash at bank and money market securities that are convertible into cash at very short notice and are not exposed to any significant risk of impairment. Money market securities are recognized at their fair value. Changes in fair value are recorded in the income statement under "Other financial income and expenses".

Cash and cash equivalents are measured at fair value through profit and loss.

## **Treasury stock**

Atos Origin shares held by the parent company are recorded at their acquired cost as a deduction from consolidated shareholders' equity. In the event of a disposal, the gain or loss and the related tax impacts are recorded as a change in consolidated shareholders' equity.

## **Pensions and similar benefits**

Employee benefits are granted by the Group through defined contribution and defined benefit plans. Defined contribution costs are recognized in the income statement based on contributions paid or due in respect of the accounting period when the related services have been accomplished by beneficiaries.

The valuation of Group commitments in respect of defined benefit plans is based on a single actuarial method known as the "projected unit credit method". This method relies in particular on projections of future benefits to be paid to Group employees, by anticipating the effects of future salary increases. Its implementation further includes the formulation of specific assumptions, detailed in note 18, which are periodically updated, in close liaison with external actuaries used by the Group.

Plan assets usually held in separate legal entities are measured at their fair value, determined at closing.

The value of plan assets is determined based on valuations provided by the external custodians of pension funds and following complementary investigations carried-out when appropriate.

From one accounting period to the other, any difference between the projected and actual amounts of commitments in respect of pension plans and their related assets is cumulated at each benefit plan's level to form actuarial differences. These actuarial differences may result either from changes in actuarial assumptions used, or from experience adjustments generated by actual developments differing, in the accounting period, from assumptions determined at the end of the previous accounting period.

Group final option in terms of recognition method for actuarial differences has not been elected yet, since an option has been introduced under IAS 19 to recognize these actuarial differences through equity. By application of the "corridor" method, the Group therefore continues to recognize in its profit and loss account only the portion of cumulated actuarial differences which is above a normative

fluctuation margin of 10% of the greater, at closing, of plan commitments and their related assets. This portion is amortised over the remaining active life of the beneficiaries of each particular benefit plan.

Benefit plans costs are recognized in the Group's operating income, except for interest costs on obligations, net of expected returns on plans assets, which are recognized in other financial income.

### **Provisions**

Provisions are recognized when:

- The Group has a present legal, regulatory, contractual or constructive obligation as a result of past events;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- The amount has been reliably quantified.

Provisions are discounted when the time value effect is material. Changes in discounting effects at each accounting period are recognized in financial expenses.

### **Borrowings**

Borrowings are recognized initially at fair value, net of debt issuance costs. Borrowings are subsequently stated at amortised costs. The calculation of the effective interest rate takes into account interest payments and the amortisation of the debt issuance costs.

Debt issuance costs are amortised in financial expenses over the life of the loan. The residual value of issuance costs for loans repaid in advance is expensed in the year of repayment.

Bank overdrafts are recorded in the current portion of borrowings.

### Convertible bond OCEANE (bond convertible into and/or exchangeable for new or existing shares of Atos Origin)

OCEANE are financial instruments defined as "compound financial instrument" composed of both a liability and an equity component, which have to be valued and recorded separately.

In order to evaluate the split between the liability and an equity component, the carrying amount of the liability component is determined in the first place by measuring the fair value of a similar liability (including any embedded non-equity derivative features) that does not have an associated equity component. The carrying amount of the equity instrument represented by the option to convert the instrument into ordinary shares is then determined by deducting the fair value of the financial liability from the fair value of the compound financial instrument as a whole.

### Borrowing costs

Borrowing costs primarily comprise interest on the Group's borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred and reported as financial expense.

### **Minority interests purchase commitments**

Firm or conditional commitments under certain conditions to purchase minority interests are similar to a purchase of shares and are recorded in borrowings with an offsetting reduction of minority interests. When the cost of the purchase exceeds the amount of minority interests, the Group chooses to recognize the balance as goodwill. Any further change in the fair value of the minority interests purchase commitment will also be recorded in goodwill.

## **Revenue Recognition**

The Group provides information technology (IT) and business process outsourcing (BPO) services. Depending on the structure of the contract, revenue is recognized accordingly to the following principles:

### Variable or fixed price contracts considerations

Revenue based on variable IT work units is recognized as the services are rendered.

Where the outcome of fixed price contracts such as Consulting and Systems Integration contracts can be estimated reliably, revenue is recognized using the percentage-of-completion (POC) method. Under the POC method, revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfil the contract. Revenue relating to these contracts is recorded in the Consolidated Balance Sheet under "Trade accounts and notes receivable" for services rendered in excess of billing, while billing exceeding services rendered is recorded as deferred income under "Other current liabilities". Where the outcome of a fixed price contract cannot be estimated reliably, contract revenue is recognized to the extent of contracts costs incurred that are likely to be recoverable.

Revenue for long-term fixed price Managed Operations services is recognized when services are rendered.

If circumstances arise, that change the original estimates of revenues, costs, or extent of progress toward completion, then revisions to the estimates are made. The Group performs ongoing profitability analyses of its services contracts in order to determine whether the latest estimates of revenue, costs and profits, require updating. If, at any time, these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately through a provision for estimated losses on completion.

### Principal and agent considerations

Revenue is reported net of supplier costs when the Group is acting as an agent between the client and the supplier. Factors generally considered to determine whether the Group is a principal or an agent, are most notably whether it is the primary obligor to the client, it assumes credit and delivery risks, or it adds meaningful value to the supplier's product or service.

### Multiple-element arrangements considerations

The Group may enter into multiple-element arrangements, which may include combinations of different services. Revenue is recognized for the separate elements when they have been subject to a separate negotiation, the contractor and customer have been able to accept or reject that part of the contract relating to each component, and, each component's costs and revenues can be identified. A group of contracts is combined and treated as a single contract when that group of contracts is negotiated as a single package and the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin, and the contracts are performed concurrently or in a continuous sequence.

### Upfront payments considerations

Upfront payments to clients incurred at contract inception are recorded in "Other current assets" and spread as a reduction of revenue over the term of the contract. Upfront payments received from clients at contract inception are recorded in "Other current liabilities" and spread as an increase in revenue over the term of the contract.

## **Transition costs**

Costs related to delivering Managed Operations services are generally expensed as incurred. However, certain transition costs incurred in the initial phases of outsourcing contracts can be deferred and expensed over the contract term, provided that they will be recovered. Capitalised transition costs

are classified in "Trade accounts and notes receivable" of the Consolidated Balance Sheet and amortisation expense is recorded in "Operating expenses" in the Consolidated Income Statement. In case the contract turns out to be loss-making, capitalised transition costs are impaired for the related forecasted loss, before recognising an additional provision for estimated losses on completion when necessary.

### **Other operating income and expenses**

"Other operating income and expenses" covers income or expense items that are unusual, abnormal and infrequent. They are presented below the operating margin.

Classification of charges to (or release from) restructuring and rationalisation provisions in the income statement depends on the nature of the plan:

- Restructuring plans directly in relation with operations are classified within the Operating Margin;
- Restructuring plans related to business combinations or qualified as unusual, infrequent and abnormal are classified in the Operating Income;
- If a restructuring plan qualifies for Operating income, the related real estate rationalisation expenses regarding premises and buildings is also presented in Operating income.

When accounting for business combinations, the Group may record provisions for risks, litigations, etc. in the opening balance sheet for a period of 12 months beyond the business combination date. After the 12-month period, unused provisions arising from changes in circumstances are released through the Income Statement under "Other operating income and expenses".

"Other operating income and expenses" also include major litigations, and non-recurrent capital gains and losses on the disposal of tangible and intangible assets, significant impairment losses on assets other than financial assets, or any other item that is infrequent, unusual and abnormal.

### **Equity-based compensation**

Stocks options are granted to management and certain employees at regular intervals. These equity-based compensations are measured at fair value at the grant date using the binomial option-pricing model. Changes in the fair value of options after the grant date have no impact on the initial valuation. The fair value of share options is recognized in "Personnel expenses" on a straight-line basis over the period during which those rights vest, using the straight-line method, with the offsetting credit recognized directly in equity.

In some tax jurisdictions, Group's entities receive a tax deduction when stock options are exercised, based on the Group share price at the date of exercise. In those instances, a deferred tax asset is recorded for the difference between the tax base of the employee services received to date (being the future tax deduction allowed by local tax authorities) and the current carrying amount of this deduction, being nil by definition. Deferred tax assets are estimated based on the Group's share price at each closing date, and are recorded in income tax provided that the amount of tax deduction does not exceed the amount of the related cumulative stock option expenses to date. The excess, if any, is recorded directly in the equity.

Employee Share Purchase Plans offer employees the opportunity to invest in Group's shares at a discounted price. Shares are subject to a five-year lock-up period restriction. Fair values of such plans are measured taking into account:

- The exercise price based on the average opening share prices quoted over the 20 trading days preceding the date of grant,
- The 20% discount granted to employees
- The consideration of the five-year lock-up restriction to the extent it affects the price that a knowledgeable, willing market participant would pay for that share
- The grant date: date on which the plan and its term and conditions, including the exercise price, is announced to employees.

Fair values of such plans are fully recognized in "Personnel expenses" at the end of the subscription period.

The Group has also granted to management and certain employees' bonus shares plans. The fair value of those plans corresponds to the value of the shares at the grant date and takes into account the employee turnover during the vesting period as well as the value of the lock-up period restriction when applicable. Bonus share plans result in the recognition of a personal expense spread over the rights vesting period.

### **Corporate income tax**

The income tax charge includes current and deferred tax expenses. Deferred tax is calculated wherever temporary differences occur between the tax base and the consolidated base of assets and liabilities, using the liability method. Deferred tax is valued using the enacted tax rate at the closing date that will be in force when the temporary differences reverse.

Deferred tax assets and liabilities are netted off at the taxable entity level, when there is a legal right to offset. Deferred tax assets corresponding to temporary differences and tax losses carried forward are recognized when they are considered to be recoverable during their validity period, based on historical and forecast information.

Deferred tax liabilities for taxable temporary differences relating to goodwill are recognized, to the extent they do not arise from the initial recognition of goodwill.

Deferred tax assets are tested for impairment at least annually at the closing date based on December actuals, business plans and impairment test data.

### **Earnings per share**

Basic earnings per share are calculated by dividing the net income (Group share) by the weighted average number of ordinary shares outstanding during the period. Treasury shares deducted from consolidated equity are not taken into account in the calculation of basic or diluted earnings per share.

Diluted earnings per share are calculated by dividing the net income (Group share), adjusted for the financial cost (net of tax) of dilutive debt instruments, by the weighted average number of ordinary shares outstanding during the period, plus the average number of shares which, according to the share buyback method, would have been outstanding had all the issued dilutive instruments been converted (stock options and convertible debt).

The dilutive impact of each convertible instrument is determined in order to maximise the dilution of basic earnings per share. The dilutive impact of stock options is assessed based on the average price of Atos Origin shares over the period.

#### **3.3.3 Financial risk management**

The Group's activities expose it to a variety of financial risks including liquidity risk, cash flow interest rate risk, credit risk and currency risk. Financial risk management is carried out by the Global Treasury Department and involves minimising potential adverse effects on the Group's financial performance.

#### **Liquidity risk**

Liquidity risk management involves maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Atos Origin's policy is to cover fully its expected liquidity requirements by long-term committed loans or other appropriate long-term financial instruments. Terms and conditions of these loans include maturity and covenants leaving sufficient flexibility for the Group to finance its operations and expected developments.

Credit facilities are subject to financial covenants that are carefully followed by Group Treasury Department.

Maturity analysis of financial liabilities is disclosed in Note 21.

### **Cash flow interest rate risk**

Cash flow interest rate risk arises mainly from borrowings. The management of exposure to interest rate risk encompasses two types:

- A price risk on fixed-rate financial assets and liabilities. For example, by contracting a fixed-rate liability, the Group is exposed to potential opportunity losses should interest rates fall. A change in interest rates would impact the market value of fixed-rate financial assets and liabilities. However, this loss of opportunity would not impact financial income and expenses as reported in the Consolidated Income Statement and, as such, future net income of the Group up to maturity of these assets.
- A cash-flow risk on floating-rate financial assets and liabilities should interest rates increase.

The main objective of managing overall interest rate on the Group's debt is to minimise the cost of debt and to protect the Group against fluctuations in interest rates by swapping to fixed rate a portion of the floating-rate financial debt. Authorised derivative instruments used to hedge the debt are swap contracts entered with leading financial institutions.

### **Credit risk**

The Group has no significant concentrations of credit risk. The client selection process and related credit risk analysis is fully integrated within the global risk assessment project conducted throughout the life cycle of a project. Derivative counterparties and cash transactions are limited to high-credit quality financial institutions.

### **Currency risk**

The Group's financial performance is not materially influenced by fluctuations in exchange rate since a significant portion of the business takes place within the euro zone and costs and revenues are generally denominated in the same currency. The main residual exposures are primarily in British pounds, Indian rupees and US dollars.

The Group has established a policy for managing foreign exchange positions resulting from commercial and financial transactions denominated in currencies different from the local currency of the relevant entity. According to this policy, any material exposure must be hedged as soon as it occurs. In order to hedge its foreign exchange rate exposure, the Group uses a variety of financial instruments, mainly forward contracts and foreign currency swaps.

### **Price risk**

The Group has no material exposure to the price of equity securities, nor is it exposed to commodity price risks.

#### **3.3.4 Related party transactions**

Related party transactions include in particular transactions with:

- Entities that directly, or indirectly through one or more intermediaries controls, has an interest in or has joint control over the Group;
- Key management personnel of the Group as defined as persons who have the authority and responsibility for planning, directing and controlling the activity of the Group, including members of the Board of Directors, Supervisory Board and Management Board.

## Foreign currency translation rates

Country		2009	31 December 2009	2008	31 December 2008
		Average rate	Closing rate	Average rate	Closing rate
Argentina (ARS)	ARS 100 = EUR	19.379	18.340	21.604	20.770
Brazil (BRL)	BRL 100 = EUR	36.069	40.010	37.761	30.052
Chile (CLP)	CLP 1000 = EUR	1.285	1.374	1.323	1.140
China (CNY)	CNY 100 = EUR	10.533	10.164	9.817	10.438
Columbia (COP)	COP 10000 = EUR	3.342	3.399	3.491	3.261
Hong Kong (HKD)	HKD 100 = EUR	9.290	8.952	8.765	9.213
India (INR)	INR 100 = EUR	1.486	1.491	1.580	1.487
Japan (JPY)	JPY 10000 = EUR	76.958	75.838	66.106	78.958
Malaysia (MYR)	MYR 100 = EUR	20.397	20.239	20.472	20.502
Mexico (MXN)	MXN 100 = EUR	5.328	5.406	6.163	5.366
Middle-East (SAR)	SAR 100 = EUR	19.187	18.551	18.201	19.020
Poland (PLN)	PLN 100 = EUR	23.140	24.033	28.605	24.472
Singapore (SGD)	SGD 100 = EUR	49.462	49.368	48.198	49.502
South Africa (ZAR)	ZAR 100 = EUR	8.565	9.242	8.365	7.422
Sweden (SEK)	SEK 100 = EUR	9.414	9.619	10.438	8.904
Switzerland (CHF)	CHF 100 = EUR	66.232	67.168	62.954	66.476
Taiwan (TWD)	TWD 100 = EUR	2.176	2.152	2.163	2.160
Thailand (THB)	THB 100 = EUR	-	-	2.084	2.063
Turkey (TRY)	TRY 100 = EUR	0.463	0.459	52.817	46.920
UAE (AED)	AED 100 = EUR	19.594	18.953	18.587	19.434
United Kingdom (GBP)	GBP 1 = EUR	1.122	1.109	1.264	1.053
USA (USD)	USD 100 = EUR	72.006	69.420	68.248	71.403
Venezuela (VEB)	VEB 10000 = EUR	3.353	3.241	3.181	3.325

### 3.3.5 Notes to the consolidated financial statements

#### Note 1 Changes of scope of consolidation

Since 1<sup>st</sup> January 2009, there has been no significant change of scope.

#### ➤ Note 2 Segment information

The Group applies IFRS 8 for the first time in 2009, the adoption of IFRS 8 has changed the presentation of operating segments compared to the operating segments as defined by IAS 14. The main change that occurred when compared to previous years is the reporting of the Worldline activities as an operating segment.

The requirements of IFRS 8 are applied retrospectively and comparatives figures restated.

The Group operates in seven main Global Business Units as detailed below:

<b>Operating segments</b>	<b>Activities</b>
▪ France – Morocco	Consulting, systems integration and managed services in France and Morocco
▪ Benelux	Consulting, systems integration and managed services in The Netherlands and Belux
▪ United Kingdom	Consulting, systems integration, managed services and business process outsourcing in the United Kingdom and Sweden
▪ Worldline	Electronic payments and transactions in France, Belgium and Germany
▪ GCEMA	Systems integration and managed services in Germany, Switzerland, Poland, Austria, Greece, Turkey and South Africa
▪ ISAM	Consulting, systems integration and managed services in Spain, Portugal, Andorra, Argentina, Brazil, Chile and Colombia
▪ Rest of the World	Consulting, systems integration and managed services in United States of America, Mexico, China, Taiwan, Japan, Malaysia, Singapore, Thailand, Indonesia, India, Italy and Atos Euronext Market Solutions (AEMS) activities

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

The operating segment information for the periods is as follows:

(in EUR million)	France Morocco	Benelux	United Kingdom	Worldline	GCEMA	ISAM	Rest of the World	Total Operating	Global Delivery	Other Corporate	Elimination	Total Group
<b>12 months ended 31 December 2009</b>												
<b>External revenue by segment</b>	<b>1,133.6</b>	<b>996.9</b>	<b>901.9</b>	<b>843.9</b>	<b>566.9</b>	<b>403.5</b>	<b>278.3</b>	<b>5,125.0</b>	<b>1.0</b>	<b>1.0</b>		<b>5,127.0</b>
%	22.1%	19.4%	17.6%	16.5%	11.1%	7.9%	5.4%	100.0%				100.0%
Inter-segment revenue	64.3	30.1	6.1	11.1	42.8	7.6	67.5	229.5			(229.5)	0.0
Total revenue	1,197.9	1,027.0	908.0	855.0	609.7	411.1	345.8	5,354.5	1.0	1.0	(229.5)	5,127.0
<b>Segment operating margin</b>	<b>44.7</b>	<b>84.2</b>	<b>82.1</b>	<b>133.2</b>	<b>21.7</b>	<b>2.5</b>	<b>18.1</b>	<b>386.5</b>	<b>(26.4)</b>	<b>(70.1)</b>		<b>290.0</b>
%	3.9%	8.4%	9.1%	15.8%	3.8%	0.6%	6.5%	7.5%				5.7%
<b>Total segment assets</b>	<b>676.3</b>	<b>698.4</b>	<b>688.7</b>	<b>598.2</b>	<b>349.2</b>	<b>292.5</b>	<b>230.5</b>	<b>3,533.8</b>		<b>38.3</b>		<b>3,572.1</b>
<b>Other Information on income statement</b>												
Depreciation of fixed assets	(25.9)	(39.7)	(31.0)	(43.2)	(44.1)	(4.9)	(28.5)	(217.3)		(4.7)		(222.0)
<b>Other Informations</b>												
Year end headcount	12,401	7,750	6,269	4,804	3,746	7,432	6,270	48,672		364		49,036
Capital expenditure	28.8	31.5	26.8	51.3	35.6	4.5	17.3	195.8		9.0		204.8
Net debt	12.8	35.7	199.6	65.2	(55.7)	35.0	(71.9)	220.7		(81.3)		139.4
<b>12 months ended 31 December 2008</b>												
<b>External revenue by segment</b>	<b>1,170.8</b>	<b>1,175.4</b>	<b>950.2</b>	<b>813.8</b>	<b>610.3</b>	<b>453.6</b>	<b>449.4</b>	<b>5,623.5</b>				<b>5,623.5</b>
%	20.8%	20.9%	16.9%	14.5%	10.9%	8.1%	8.0%	100.0%				100.0%
Inter-segment revenue	54.3	40.3	9.0	32.0	34.3	8.9	68.6	247.4		1.3	(248.7)	0.0
Total revenue	1,225.1	1,215.7	959.2	845.8	644.6	462.5	518.0	5,870.9		1.3	(248.7)	5,623.5
<b>Segment operating margin</b>	<b>25.4</b>	<b>95.7</b>	<b>69.5</b>	<b>123.3</b>	<b>30.3</b>	<b>17.2</b>	<b>11.8</b>	<b>373.2</b>	<b>(24.1)</b>	<b>(82.7)</b>		<b>266.4</b>
%	2.2%	8.1%	7.3%	15.2%	5.0%	3.8%	2.6%	6.6%				4.7%
<b>Total segment assets</b>	<b>712.7</b>	<b>664.7</b>	<b>673.3</b>	<b>630.6</b>	<b>398.8</b>	<b>338.3</b>	<b>250.1</b>	<b>3,668.5</b>		<b>39.3</b>		<b>3,707.8</b>
<b>Other Information on income statement</b>												
Depreciation of fixed assets	(27.1)	(38.9)	(32.6)	(45.0)	(44.6)	(5.4)	(43.7)	(237.3)		(4.0)		(241.3)
<b>Other Informations</b>												
Year end headcount	12,737	9,038	6,313	4,847	3,838	8,298	5,613	50,684		291		50,975
Capital expenditure	35.1	38.1	35.1	35.4	46.3	6.5	53.7	250.2		10.7		260.9
Net debt	(87.1)	52.5	192.7	107.7	30.0	37.3	(49.4)	283.7		20.3		304.0

The Group recorded a profit in the United Kingdom related to a settlement reached with Schlumberger regarding pension matters for EUR 8.3 million.

The reportable assets are reconciled to total assets as follows:

(in EUR million)	12 months ended 31 December 2009	12 months ended 31 December 2008
<b>Total segment assets</b>	<b>3,572.1</b>	<b>3,707.8</b>
Tax Assets	234.3	233.8
Cash & Cash Equivalents	534.7	286.1
<b>Total Assets</b>	<b>4,341.1</b>	<b>4,227.7</b>

The Group's revenues from external customers are split into the following service lines:

(in EUR million)	Consulting	Systems Integration	Managed Services	HTTS *	Business Process Outsourcing	Unallocated	<b>Total Group</b>
<b>12 months ended 31 December 2009</b>							
<b>External revenue by segment</b>	<b>247.9</b>	<b>1,893.1</b>	<b>1,953.1</b>	<b>878.8</b>	<b>153.1</b>	<b>1.0</b>	<b>5,127.0</b>
%	4.8%	36.9%	38.1%	17.1%	3.0%	0.0%	100.0%
<b>12 months ended 31 December 2008</b>							
<b>External revenue by segment</b>	<b>349.5</b>	<b>2,216.0</b>	<b>2,116.1</b>	<b>775.4</b>	<b>166.5</b>	-	<b>5,623.5</b>
%	6.2%	39.4%	37.6%	13.8%	3.0%	-	100.0%

\* HTTS High Technology Transactional Services

### Note 3 Personnel expenses

(In EUR million)	12 months ended 31 December 2009	%	12 months ended 31 December 2008	%
		Revenue		Revenue
Wages and salaries (*)	(2,205.3)	43.0%	(2,359.2)	42.0%
Social security charges	(658.4)	12.8%	(667.6)	11.9%
Staff recruitment fees (**)	(5.0)	0.1%	(19.3)	0.3%
Tax, training, profit-sharing	(50.0)	1.0%	(66.0)	1.2%
Equity-based compensation	(14.0)	0.3%	(13.7)	0.2%
Net charge to provisions for staff expenses	1.3	0.0%	0.4	0.0%
Difference between pension contributions and net pension expense (***)	48.2	-0.9%	42.5	-0.8%
<b>Total</b>	<b>(2,883.2)</b>	<b>56.2%</b>	<b>(3,082.9)</b>	<b>54.8%</b>

(\*) of which EUR 1.8 million for restructuring in December 2009 compared to EUR 4.6 million in December 2008

(\*\*) in the annual report 2008, staff recruitment fees were included in operating expenses detailed in Note 4

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

## Equity-based compensation

The EUR 14.0 million charge recorded within operating margin for equity based compensation (EUR 13.7 million in 2008) is made of:

- EUR 5.9 million related to the Management Incentive Plans (MIP) and Long-Term Incentive plans (LTI) implemented in 2008 and in 2007, and of,
- EUR 8.1 million related to the stock option plans granted in 2009 and in previous years.

An additional EUR 1.1 million expense was recorded as other operating expense following the restructuring of certain beneficiaries.

### Free share plans

- No new free share plan was set up in 2009.
- Most of the LTI 2007 plan has been vested in May 2009. Performance achieved was 104% of target performance and IFRS2 expense has been adjusted accordingly.
- LTI 2008 plan has been interrupted at the end of the first year (at 66% payout) and replaced by a stock options plan (see below).
- 2009 expense related to former LTI and MIP plans has been updated taking into account the number of free shares void following the departure of some beneficiaries from the Group.

Total expense in operating margin related to free share plans during the year is as follows:

(In EUR million)	Year ended 31 December 2009	Year ended 31 December 2008
LTI 2008	1.1	2.2
MIP 2008	3.7	2.3
LTI 2007	0.1	2.2
MIP 2007	1.0	3.8
<b>Total</b>	<b>5.9</b>	<b>10.5</b>

### Stock option plans

The Group recognized a total expense of EUR 8.1 million on stock options (EUR 3.2 million in 2008). The 2009 expense comprises:

- EUR 1.7 million related to plans granted in previous years and
- EUR 6.4 million related to plans launched in March, July and September 2009 as detailed below:

Date of grant	Number of shares initially granted	2009 expense (EUR million)
26 March 2009	(*) 1,850,000	3.4
3 July 2009	1,443,500	2.5
4 September 2009	259,000	0.5
<b>Total</b>	<b>3,552,500</b>	<b>6.4</b>

\* of which 15,000 shares were cancelled at inception of the plan

### Stock option plan - 26 March 2009 grant

The Board of Directors has decided on 26 March 2009 to propose to the beneficiaries of the LTI 2008 plan to interrupt the plan as at 31 December 2008 (subject to their formal approval) and to replace the free shares thereby cancelled by stock options to be granted in two separate plans in March and July 2009.

Consequently, the Group has granted stock options for a total of 1,850,000 options on 26 March 2009 to members of the Executive Committee and some other key managers. This grant represents a total expense of EUR 8.0 million, of which EUR 3.4 million in 2009. Expected expense for 2010 is EUR 3.1 million.

The vesting period is gradual: options vest on successive equal portions over 3 years.

Each of these portions has a different exercise price:

- EUR 20.64 for the first portion (vested in July 2010)
- EUR 24.57 for the second portion (vested in July 2011)
- EUR 29.49 for the third portion (vested in July 2012)

#### Stock option plan – 3 July 2009 grant

On 3 July 2009, the Group has granted stock options for a total of 1,443,500 options to key managers. This grant represents a total expense of EUR 7.5 million, of which EUR 2.5 million in 2009. Expected expense for 2010 is EUR 3.4 million.

The vesting period is gradual: options vest on successive equal portions over 3 years.

Each of these portions has a different exercise price:

- EUR 25.00 for the first portion (vested in July 2010)
- EUR 30.00 for the second portion (vested in July 2011)
- EUR 35.00 for the third portion (vested in July 2012)

#### Stock option plan – 4 September 2009 grant

On 4 September 2009, the Group has also granted stock options for a total of 259,000 options to other key managers. This grant represents a total expense of EUR 1.8 million, of which EUR 0.5 million in 2009. Expected expense for 2010 is EUR 1.0 million.

The vesting period is gradual: options vest on successive equal portions over 3 years.

Each of these portions has a different exercise price:

- EUR 34.28 for the first portion (vested in July 2010)
- EUR 40.81 for the second portion (vested in July 2011)
- EUR 48.97 for the third portion (vested in July 2012)

#### Common features to the 2009 stock option plans

For each of these plans, the vesting of stock options related to portions 2 and 3 is subject to the realization of Group internal performance conditions. The assumption used for the computation of related costs is a 100% realisation of the performance conditions.

Options are forfeited if the employee leaves the Group before the options vest, other than in exceptional circumstances.

Equity-based compensation has been determined based on the following hypothesis:

	<b>4 September 2009</b>	<b>3 July 2009</b>	<b>26 March 2009</b>
Share price at grant date	33.86	25.16	20.70
Exercise price	34.28/40.81/48.97	25/30/35	20.64/24.57/29.49
Expected volatility	30.93%	31.07%	30.10%
Expected life	60 months	60 months	60 months
Risk free rate	2.705%	2.738%	2.826%
Expected dividend yield	1% except 0% for 2009	1% except 0% for 2009	1% except 0% for 2009
Expected employee turnover	4% per year	4% per year	4% per year
Fair value of options granted	9.80/7.74/5.81	7.50/5.89/4.65	6.02/4.74/3.54

Expected volatility was determined in 2009 based on the smoothed historical volatility of the Group's share price observed over a period consistent with the expected life of the option. Because of the atypical volatility observed recently on equity markets, this smoothing technique has been used as suggested by IFRS 2, and has led to the elimination, in the calculation of the annualized historical volatility, of daily variations greater than 5%. The expected life used in the model has been adjusted

based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

#### Stock option plan granted in previous years

Main characteristics of stock options plans granted in previous years are detailed below:

	<b>23 December 2008</b>	<b>10 March 2008</b>		<b>29 March 2006</b>	
		<b>French plan</b>	<b>Foreign plan</b>	<b>French plan</b>	<b>Foreign plan</b>
Share price at grant date	17.60	33.32	33.32	60.95	60.95
Exercise price	18.4/22.0/26.4	34.7255	34.7255	59.99	59.99
Expected volatility	29.7%	31.0%	33.0%	25.0%	25.0%
Expected life	60 months	60 months	48 months	60 months	48 months
Risk free rate	2.78%	3.79%	3.74%	3.56%	3.42%
Expected dividend yield	1%	1%	1%	0%	0%
Fair value of options granted	4.5/3.5/2.5	9.66	9.06	18.3	16.0
<b>Expense recognized in 2009 (in EUR million)</b>	<b>2.6</b>	<b>0.1</b>		<b>-1.0 (*)</b>	

(\*) Total expense of the 29 March 2006 plan has been adjusted taking into account the number of stock option void following the departure of some beneficiaries from the Group.

Details of share options outstanding at the end of year were as follows:

	<b>12 months ended 31 December 2009</b>		<b>12 months ended 31 December 2008</b>	
	<b>Number of share options</b>	<b>Weighted average exercise price</b>	<b>Number of share options</b>	<b>Weighted average exercise price</b>
<b>Outstanding at the beginning of the year</b>	<b>7,153,540</b>	<b>53.4</b>	<b>5,982,272</b>	<b>62.2</b>
Granted during the year	3,537,500	28.2	1,575,500	23.8
Forfeited during the year	(142,555)	32.3	(182,033)	40.3
Exercised during the year	(3,009)	25.9	(7,299)	25.9
Expired during the year	(234,700)	132.0	(214,900)	94.2
<b>Outstanding at the end of the year</b>	<b>10,310,776</b>	<b>43.3</b>	<b>7,153,540</b>	<b>53.4</b>
<b>Exercisable at the end of the year, below year-end stock price (*)</b>	<b>432,499</b>	<b>25.9</b>	-	-

(\*) Year-end stock price: EUR 32.09 at 31 December 2009 and EUR 17.78 at 31 December 2008.

Options outstanding at the end of the year have a weighted average remaining contractual life of 6.4 years (2008: 5.8 years)

#### Note 4 Operating expenses

(In EUR million)	12 months ended 31 December 2009	% Revenue	12 months ended 31 December 2008	% Revenue
Subcontracting costs direct	(572.1)	11.2%	(765.9)	13.6%
Purchase hardware and software	(158.3)	3.1%	(128.1)	2.3%
Maintenance costs	(253.8)	5.0%	(271.1)	4.8%
Rent & Lease expenses	(215.0)	4.2%	(261.6)	4.7%
Telecom costs	(114.9)	2.2%	(120.5)	2.1%
Travelling expenses	(117.7)	2.3%	(148.4)	2.6%
Company cars	(75.3)	1.5%	(80.8)	1.4%
Professional fees	(82.1)	1.6%	(120.8)	2.1%
Taxes & Similar expenses	(17.6)	0.3%	(22.9)	0.4%
Others expenses	(124.6)	2.4%	(138.5)	2.5%
<b>Subtotal expenses</b>	<b>(1,731.4)</b>	<b>33.8%</b>	<b>(2,058.6)</b>	<b>36.6%</b>
Depreciation of fixed assets	(222.0)	4.3%	(241.3)	4.3%
Net charge to provisions	(15.5)	0.3%	5.4	-0.1%
Gains / (Losses) on Disp of Assets	(2.0)	0.0%	(1.8)	0.0%
Trade Receivables written off	(6.5)	0.1%	(3.5)	0.1%
Capitalized Production	23.6	-0.5%	25.6	-0.5%
<b>Subtotal other expenses</b>	<b>(222.4)</b>	<b>4.3%</b>	<b>(215.6)</b>	<b>3.8%</b>
<b>Total</b>	<b>(1,953.8)</b>	<b>38.1%</b>	<b>(2,274.2)</b>	<b>40.4%</b>

#### Note 5 Other operating income and expenses

(In EUR million)	12 months ended 31 December 2009	12 months ended 31 December 2008
Restructuring	(140.6)	(98.1)
Rationalisation	(86.3)	(4.8)
Pensions	40.2	17.4
Release of opening balance sheet provisions no longer needed	13.4	9.8
Capital gains and losses on disposal of assets	(15.3)	142.5
Impairment gains / (losses) on long-term assets and other	(31.8)	(232.8)
<b>Total</b>	<b>(220.4)</b>	<b>(166.0)</b>

Other operating income and expenses relate to income and expenses that are unusual, abnormal and infrequent and represent a net expense of EUR 220.4 million in 2009. The following table analyses this amount by nature and destination:

(in EUR million)	Group transformation costs	Arcandor bankruptcy impact	Other non recurring items	Total
Staff restructuring	(110.6)	(30.0)	-	(140.6)
Paris offices rationalisation	(36.0)	-	-	(36.0)
Other locations rationalisation	(43.4)	(6.9)	-	(50.3)
Non-current and current assets write-off	-	(15.1)	-	(15.1)
Goodwill impairment	-	(31.1)	-	(31.1)
Dutch pension profit	-	-	38.9	38.9
Release of OBS provision and others	-	-	13.8	13.8
<b>Total</b>	<b>(190.0)</b>	<b>(83.1)</b>	<b>52.7</b>	<b>(220.4)</b>
Analysed as:				
Cash	(154.0)	(30.0)	-	(184.0)
Non cash	(36.0)	(53.1)	52.7	(36.4)

The Group has identified three major destinations of costs:

- The Group transformation costs,
- The impact of Arcandor bankruptcy and,
- Other non recurring items.

#### Group transformation costs (EUR 190.0 million expense)

The Group transformation costs are made of EUR 154.0 million which are cashed out mostly in years 2009 and 2010 (restructuring and rationalisation) and EUR 36.0 million charge which has no cash impact.

This latter amount relates to the remaining lease obligation of the five existing Paris' sites which are being closed as part of the project to regroup 4,500 staff at the new headquarters of the Group in the city of Bezons, near Paris. This charge is fully financed by the new Group headquarter landlord through a 2 year rental exemption.

In term of accounting treatment, the remaining rental obligation net of future sub-rent is fully recorded in year 2009 operating income while all incentives granted by the new landlord (2 year rental exemption and leasehold improvement financing) will be recorded through the operating income spread over the duration of the new lease (12 years).

The EUR 154.0 million are made of EUR 110.6 million for staff restructuring costs and EUR 43.4 million for real estate rationalisation as part of TOP program (T9 project).

The EUR 110.6 million charge is the consequence of both the Group workforce adaptation to the effects of the economic recession and the non recurring cost induced by the TOP programs aimed at improving Group efficiency and productivity. The combination of these two actions affected mainly The Netherlands (EUR 44.2 million), France (EUR 17.4 million), Corporate (EUR 15.6 million), Central Europe excluding restructuring programs due to the bankruptcy of Arcandor Group (EUR 14.1 million), and Iberia (EUR 10.6 million).

#### Impact of the bankruptcy of Arcandor Group (EUR 83.1 million expense)

In the first semester of 2009, the German operations of the Group have been impacted by the insolvency of their main client, the retail and travel Group Arcandor, formerly known as Karstadt-Quelle announced on 9 June 2009. This insolvency filing related to:

- the retail business (supermarkets and department stores) : Karstadt;
- the catalog and internet sales' business Quelle and Primondo;
- the in-house IT subsidiary Itellium.

Arcandor was then placed under the administration of an Insolvency Administrator.

Consequently, the Group already recorded a provision for bad debt amounting to EUR 14.4 million within its first semester financial statements. This amount represents 95% of the value of the accounts receivable as at insolvency date.

During the second semester however, the Insolvency Administrator made public the following decisions:

- The liquidation of the catalog and internet sales' business Quelle and Primondo announced on 19 October 2009;
- The launch of a Karstadt's disposal process with the objective to complete in the first semester 2010.

In this new context, the Group entered in January 2010 into a new 3 year IT services contract with Karstadt based on revised scope and prices as well as a new delivery model. Nevertheless, due to the uncertainties of the disposal both in terms of timing and completion, the Group decided to take a conservative position by depreciating all assets related to the Karstadt contract and implemented a complete office rationalization. These measures were completed in addition to the staff restructuring plan related to the Quelle-Primondo liquidation (300 FTE).

Consequently, in application of IAS 36, the Group has accounted for an impairment of EUR 31.1 million on Germany Central Europe cash generating unit taking into consideration this new business environment. The comments on this charge are described in Note 11.

The future cash impact of this EUR 83.1 million charge is EUR 30.0 million.

#### Other non-recurring items (EUR 52.7 million profit)

The other non-recurring items are non-cash related. This amount is made of the following items:

##### *Dutch pension assets*

At the end of 2008, 15% of Dutch pension fund assets were held in hedge funds, asset backed securities and mortgage backed securities. At that time, the value of these assets was extremely difficult to assess due to their lack of liquidity in the context of the financial markets crisis. Consequently, the Group depreciated the fair value of such assets and recorded a EUR 38.9 million impairment of the related Dutch pension prepaid expenses. With the 2009 recovery of some underlying markets, the Dutch pension fund successfully disposed more than 80% of these assets at transaction or redemption amounts significantly above the book values as depreciated at 31 December 2008. As a result, the EUR 38.9 million depreciation recorded in 2008 has been reversed in other operating income.

##### *Opening balance sheet (OBS) provisions*

The Group released EUR 13.4 million provisions linked to previous acquisitions and related to extinct tax risks mainly in the Group Business Units GCEMA, ISAM and the United Kingdom. This amount is comparable with last year.

## **Note 6 Net financial income**

### Net cost of financial debt

(In EUR million)	<b>12 months ended 31 December 2009</b>	<b>12 months ended 31 December 2008</b>
<b>Net interest expenses</b>	<b>(13.9)</b>	<b>(31.2)</b>
Interest on obligations under finance leases	(0.4)	(1.0)
Gain/(loss) on disposal of cash equivalents	0.8	2.5
Gain/(loss) on interest rate hedges of financial debt	-	1.0
<b>Net cost of financial debt</b>	<b>(13.5)</b>	<b>(28.7)</b>

The average net debt during the year 2009 was EUR 341.6 million. The average net cost of financial debt amounted to 3.96%.

### Other financial income and expenses

(In EUR million)	<b>12 months ended 31 December 2009</b>	<b>12 months ended 31 December 2008</b>
Foreign exchange expense	(1.9)	(4.1)
Fair value gain/(loss) on forward exchange contracts held for trading	1.6	(1.8)
Other financial (expense) / income	(10.1)	13.2
Discounting financial expenses	(0.5)	(1.4)
<b>Other financial income and expenses</b>	<b>(10.9)</b>	<b>5.9</b>

The Other financial expense for EUR 10.1 million relates mainly to pension expense for EUR 7.4 million, which represents the difference between the interests cost and the expected return on plan assets (EUR 20.1 million profit in 2008). Please refer to Note 18 Pensions for further explanation.

## Note 7 Income tax expenses

### Current and deferred taxes

(In EUR million)	12 months ended 31 December 2009	12 months ended 31 December 2008
Current taxes	(27.0)	(36.7)
Deferred taxes	17.6	(11.4)
<b>Total</b>	<b>(9.4)</b>	<b>(48.1)</b>

### Effective tax rate

The difference between the French standard rate of tax and the effective tax rate is shown as follows:

(In EUR million)	12 months ended 31 December 2009	12 months ended 31 December 2008
Net income before tax	45.2	77.6
French standard rate of tax	34.4%	34,4%
Theoretical tax charge at French standard rate	(15.6)	(26.7)
Impact of permanent differences	1.0	(3.3)
Differences in foreign tax rates	15.7	26.2
Unrecognised tax assets	(15.8)	(4.2)
Capital gains and goodwill impairment	(0.6)	(39.1)
Other	5.9	(1.0)
<b>Group tax charge</b>	<b>(9.4)</b>	<b>(48.1)</b>
<b>Effective tax rate</b>	<b>20.7%</b>	<b>62.0%</b>

The Group effective tax rate is 20.7%.

Unrecognized tax assets negative variation of EUR 15.8 million mainly relates to new unrecognized tax losses in Germany (EUR 9.7 million).

The line other (EUR 5.9 million) included in particular the permanent difference arising from the French Tax Credit, tax holidays benefits and unused withholding taxes.

### Restated effective tax rate

(in EUR million)	12 months ended 31 December 2009
<b>Profit before tax</b>	<b>45.1</b>
Restructuring	(140.6)
Rationalisation	(86.3)
Pensions	40.2
Release of opening balance sheet provisions no longer needed	13.4
Capital gains	(15.3)
Impairment losses & Other	(31.8)
<b>Profit before tax excluding unusual items</b>	<b>265.5</b>
Tax effect on unusual items	56.1
Group tax charge	9.4
<b>Total of tax excluding unusual items</b>	<b>65.5</b>
<b>Restated effective tax rate</b>	<b>24.7%</b>

After restating the elements of the other operating income, the restated profit before tax is EUR 265.5 million, the restated tax charge is EUR 65.5 million and the restated effective tax rate is 24.7%.

In France, regarding the CVAE (Cotisation sur la Valeur Ajoutée des Entreprises) part of the new CET (Contribution Economique Territoriale) set up by the 2010 Finance Bill, the Group has decided to qualify it as an Income tax in line with the accounting treatment followed for similar taxes in other countries. The Group has booked a net deferred tax liability of EUR 1.5 million for the timing differences on CVAE as at 31 December 2009.

## Note 8 Deferred taxes

(In EUR million)	12 months ended 31 December 2009	12 months ended 31 December 2008
Deferred tax assets	208.0	208.4
Deferred tax liabilities	61.3	69.8
<b>Net deferred tax</b>	<b>146.7</b>	<b>138.6</b>

### Breakdown of deferred tax assets and liabilities by nature

(In EUR million)	Tax losses carry forward	Fixed assets	Pensions	Other	Total
<b>At 1 January 2008</b>	<b>42.2</b>	<b>41.7</b>	<b>81.3</b>	<b>13.3</b>	<b>178.5</b>
Charge to profit or loss for the year	12.6	7.5	(25.4)	(6.1)	(11.4)
Charge to goodwill	0.9	-	-	2.1	3.0
Change of scope	-	1.0	1.1	(3.7)	(1.6)
Charge to equity	-	-	-	4.3	4.3
Reclassification	4.1	(2.0)	(2.6)	0.7	0.2
Exchange differences	(0.5)	(10.4)	(9.7)	(13.8)	(34.4)
<b>At 31 December 2008</b>	<b>59.3</b>	<b>37.8</b>	<b>44.7</b>	<b>(3.2)</b>	<b>138.6</b>
Charge to profit or loss for the year	(0.9)	5.4	(29.4)	42.5	17.6
Charge to goodwill	-	-	-	-	0.0
Change of scope	-	-	-	-	0.0
Charge to equity	-	-	-	(17.7)	(17.7)
Reclassification	(0.2)	-	0.4	(0.2)	0.0
Exchange differences	-	1.9	1.3	5.0	8.2
<b>At 31 December 2009</b>	<b>58.2</b>	<b>45.1</b>	<b>17.0</b>	<b>26.4</b>	<b>146.7</b>

The 2009 charge to equity (EUR 17.7 million) corresponds mainly to the deferred tax liability calculated on the portion of convertible bond (OCEANE) recorded in equity for EUR 16.5 million.

The 2009 profit or loss for the year shown as "other" (EUR 42.5 million) related mainly to the recording of deferred tax asset on restructuring and rationalisation provision.

The decrease of deferred tax assets on Pensions is primarily caused in The Netherlands.

### Tax losses carry forward schedule (basis)

(In EUR million)	12 months ended 31 December 2009			12 months ended 31 December 2008		
	Recognised	Unrecognised	Total	Recognised	Unrecognised	Total
2009	-	-	-	-	0.5	0.5
2010	-	-	-	-	0.2	0.2
2011	-	8.8	8.8	-	10.0	10.0
2012	-	1.1	1.1	1.0	-	1.0
2013	-	-	-	0.3	9.1	9.4
2014	3.1	5.4	8.5	-	-	-
Tax losses available for carry forward more than 5 years	23.5	4.3	27.8	11.4	10.4	21.8
<b>Ordinary tax losses carry forward</b>	<b>26.6</b>	<b>19.6</b>	<b>46.2</b>	<b>12.7</b>	<b>30.2</b>	<b>42.9</b>
<b>Evergreen tax losses carry forward</b>	<b>156.6</b>	<b>462.9</b>	<b>619.5</b>	<b>165.2</b>	<b>471.7</b>	<b>636.9</b>
<b>Total tax losses carry forward</b>	<b>183.2</b>	<b>482.5</b>	<b>665.7</b>	<b>177.9</b>	<b>501.9</b>	<b>679.8</b>

Compared to 2008, total tax losses carried forward have decreased by EUR 14.1 million. The decrease is a net amount between the creation of new tax losses notably in Germany (EUR 27.4 million), Brazil (EUR 23.0 million), France (EUR 18.1 million), Iberia (EUR 10.1 million) and decrease of tax losses in Asia Pacific (EUR 25.5 million) and the United Kingdom (EUR 16.5 million).

The countries with the largest tax losses available for carry forward are France (EUR 155.2 million), the United Kingdom (EUR 137.1 million), the United States (EUR 104.1 million), Brazil (EUR 75.1 million), Germany (EUR 59.2 million), Hong-Kong (EUR 44.4 million) and Iberia (EUR 23.6 million).

#### Deferred tax assets not recognised by the Group

(In EUR million)	12 months ended 31 December 2009	12 months ended 31 December 2008
Tax losses carry forward	158.7	142.3
Temporary differences	30.8	20.7
<b>Total</b>	<b>189.5</b>	<b>163.0</b>

#### **Note 9 Minority interests**

(In EUR million)	31 December 2008	2009 Income	Others	31 December 2009
Atos Worldline Processing GmbH	6.6	3.7	(3.3)	7.0
Others	4.4	0.4	(1.7)	3.1
<b>Total</b>	<b>11.0</b>	<b>4.1</b>	<b>(5.0)</b>	<b>10.1</b>

(In EUR million)	31 December 2007	2008 Income	Others	31 December 2008
Atos Euronext Market Solutions	163.0	2.1	(165.1)	-
Atos Worldline Processing GmbH	5.7	3.2	(2.3)	6.6
Others	4.2	1.5	(1.3)	4.4
<b>Total</b>	<b>172.9</b>	<b>6.8</b>	<b>(168.7)</b>	<b>11.0</b>

#### **Note 10 Earnings per share**

Basic and diluted earnings per share are reconciled in the table below. Potential dilutive instruments comprise stock options and convertible bonds (equivalent to 5,414,771 shares). The convertible bonds are the only one which generate a restatement of net income used for the diluted EPS calculation. The restatement corresponds to the interest expenses relating to the liability component net of deferred tax (EUR 0.8 million). The average number of stock options not exercised in 2009 amounted to 8,887,006 shares, out of which 233,590 have a dilutive effect on earnings per share.

(In EUR million and shares)	31 December 2009	31 December 2008
<b>Net income - Group share [a]</b>	<b>31.7</b>	<b>22.6</b>
<b>Net income restated of dilutive instruments - Group share [b]</b>	<b>32.5</b>	<b>22.6</b>
Weighted average number of shares outstanding [c]	68,772,224	68,810,885
Impact of dilutive instruments [d]	5,648,361	74,279
Diluted weighted average number of shares [e]=[c]+[d]	74,420,585	68,885,164
<b>Earnings per share in EUR [a]/[c]</b>	<b>0.46</b>	<b>0.33</b>
Diluted earnings per share in EUR [b]/[e]	0.44	0.33

## Note 11 Goodwill

(In EUR million)	31 December 2008	Acquisitions / Depreciations	Others	Exchange rate fluctuations	31 December 2009
Gross value	1,995.7	3.4	(1.5)	40.6	2,038.2
Impairment loss	(484.6)	(31.1)	1.1	(16.0)	(530.6)
<b>Carrying amount</b>	<b>1,511.1</b>	<b>(27.7)</b>	<b>(0.4)</b>	<b>24.6</b>	<b>1,507.6</b>

(In EUR million)	31 December 2007	Acquisitions / Depreciations	Others	Exchange rate fluctuations	31 December 2008
Gross value	2,196.1	2.0	(8.0)	(194.4)	1,995.7
Impairment loss	(328.3)	(226.4)	-	70.1	(484.6)
<b>Carrying amount</b>	<b>1,867.8</b>	<b>(224.4)</b>	<b>(8.0)</b>	<b>(124.3)</b>	<b>1,511.1</b>

Goodwill are allocated to cash generating units (CGUs) that are then part of one of the operating segments disclosed in Note 2 Segment information as per IFRS 8 requirements. The adoption of IFRS 8 in replacement of IAS 14 as of 1 January 2009 did not trigger any reallocation of goodwill between CGUs

A summary of the carrying amounts of goodwill allocated by CGUs or grouping of CGUs is presented hereafter. Overall, goodwill was reduced from EUR 1,511.1 million to EUR 1,507.6 million mainly due to the impairment charge of the year for EUR 31.1 million on Germany Central Europe CGU and by the effect of foreign exchange rates variations for EUR 24.6 million (The United Kingdom for EUR 21.2 million). Please refer to Note 5 Other operating income that explains the context in which this impairment was booked.

(In EUR million)	31 December 2009	31 December 2008
France & Morocco	178.8	178.8
The Netherlands	292.1	292.1
Belux	9.0	9.0
The United Kingdom	419.8	398.9
Worldline	301.5	301.5
GCEMA	101.8	132.5
ISAM	112.7	107.1
Rest of the world	91.9	91.2
<b>Total</b>	<b>1,507.6</b>	<b>1,511.1</b>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial business plans approved by management, covering a three-year period. They are also based on the following assumptions:

- Terminal value is calculated after the three-year period, using an estimated perpetuity growth rate of 2.5 % (as last year) consistent with forecasts from industry analysts;
- Discount rates are applied by CGU based on the Group's weighted average cost of capital and adjusted to take into account specific tax rates and country risks relating to each geographical area. As last year, the Group considers that the weighted average cost of capital should be determined based on an historical equity risk premium of 5.3%, in order to reflect the long-term assumptions factored in the impairment tests.

As a result, the discount rates used are presented hereafter, with the indication of corresponding pretax discount rates:

	<b>2009 Discount rate</b>	<b>Corresponding pre-tax Discount rate</b>	<b>2008 Discount rate</b>
France & Morocco	9.6%	13.0%	9.6%
The Netherlands	9.7%	12.1%	9.7%
Belux	9.6%	13.2%	9.6%
The United Kingdom	9.7%	12.5%	9.7%
Worldline	9.6%	13.2%	9.6%
GCEMA	Between 9.6% and 9.7%	Between 11.7% and 12.0%	9.7%
ISAM	Between 9.6% and 10.8%	Between 12.5% and 14.4%	Between 9.6% and 12.7%
Rest of the world	Between 9.6% and 10.4%	Between 11.5% and 13.2%	Between 9.6% and 11.1%

The Group has conducted a sensitivity analysis on the key assumptions used, mainly the discount rates and the perpetuity growth. The changes in impairment expense that would result from a change in hypothesis are presented below:

<b>Change in impairment expense</b>	<b>Maintain of discount rates</b>	<b>Increase of discount rate by 0.5 point</b>
Maintain of perpetuity growth assumption	Not applicable	-17.8
Decrease of perpetuity growth assumption by 0.5 point	-14.5	-38.4

The impairment test shows that for two CGUs (Iberia and South America), the recoverable amount of assets is close to their book values. The recoverable amount of these assets would equal their book value should the discount rate increase by 0.4 point for Iberia (from 9.6% to 10.0%) and South America (from 10.8% to 11.2%).

## Note 12 Intangible assets

(In EUR million)	<b>Gross value</b>	<b>Amortisation</b>	<b>Net value</b>
<b>31 December 2007</b>	<b>242.1</b>	<b>(167.3)</b>	<b>74.9</b>
Additions / charges	42.1	(42.1)	-
Disposals / reversals	(0.3)	0.3	-
Disposals of subsidiaries	(0.7)	7.8	7.1
Exchange differences	(18.6)	15.2	(3.4)
Impairment	-	(3.4)	(3.4)
Others	16.3	(14.0)	2.3
<b>31 December 2008</b>	<b>280.9</b>	<b>(203.4)</b>	<b>77.5</b>
Additions / charges	18.6	(35.2)	(16.6)
Disposals / reversals	(12.8)	12.5	(0.3)
Impact of business combinations	0.6	-	0.6
Exchange differences	3.1	(2.6)	0.5
Impairment	-	(2.4)	(2.4)
Others	34.1	(24.5)	9.6
<b>31 December 2009</b>	<b>324.5</b>	<b>(255.6)</b>	<b>68.9</b>

Intangible assets dedicated to the client Arcandor have been impaired following the bankruptcy for EUR 1.7 million.

## Note 13 Tangible assets

(In EUR million)	Land and buildings	IT equipments	Other assets	Total
<b>Gross value</b>				
<b>At 1 January 2009</b>	256.6	907.4	78.6	1,242.6
Additions	24.8	95.1	41.2	161.1
Disposals	(14.0)	(71.3)	(2.5)	(87.8)
Exchange differences	3.2	3.6	0.2	7.0
Others	22.0	(34.8)	(37.1)	(49.9)
<b>At 31 December 2009</b>	<b>292.6</b>	<b>900.0</b>	<b>80.4</b>	<b>1,273.0</b>
<b>Accumulated depreciation</b>				
<b>At 1 January 2009</b>	(132.1)	(622.6)	(33.5)	(788.2)
Depreciation charge for the year	(25.7)	(144.5)	(4.8)	(175.0)
Eliminated on disposal	10.8	64.1	1.8	76.7
Exchange differences	(1.7)	(2.4)	(0.2)	(4.3)
Impairment	(8.7)	-	(1.2)	(9.9)
Others	(0.2)	34.2	1.1	35.1
<b>At 31 December 2009</b>	<b>(157.6)</b>	<b>(671.2)</b>	<b>(36.8)</b>	<b>(865.6)</b>
<b>Net value</b>				
<b>At 1 January 2009</b>	<b>124.5</b>	<b>284.8</b>	<b>45.0</b>	<b>454.3</b>
<b>At 31 December 2009</b>	<b>135.0</b>	<b>228.8</b>	<b>43.6</b>	<b>407.4</b>

(In EUR million)	Land and buildings	IT equipments	Other assets	Total
<b>Gross value</b>				
<b>At 1 January 2008</b>	266.5	800.5	77.0	1,144.0
Additions	23.7	178.5	32.7	234.9
Disposals	(24.0)	(57.0)	(9.7)	(90.7)
Impact of business combinations	0.1	0.1	0.1	0.3
Disposal of subsidiaries	(0.9)	(8.4)	(1.3)	(10.6)
Exchange differences	(16.5)	(21.0)	(1.4)	(38.9)
Others	7.7	14.7	(18.8)	3.6
<b>At 31 December 2008</b>	<b>256.6</b>	<b>907.4</b>	<b>78.6</b>	<b>1,242.6</b>
<b>Accumulated depreciation</b>				
<b>At 1 January 2008</b>	(129.0)	(540.7)	(37.2)	(706.9)
Depreciation charge for the year	(27.2)	(152.8)	(6.2)	(186.2)
Eliminated on disposal	14.5	55.6	7.2	77.3
Exchange differences	8.6	13.5	0.9	23.0
Disposal of subsidiaries	1.0	4.7	0.2	5.9
Impairment	-	-	-	-
Others	-	(2.9)	1.6	(1.3)
<b>At 31 December 2008</b>	<b>(132.1)</b>	<b>(622.6)</b>	<b>(33.5)</b>	<b>(788.2)</b>
<b>Net value</b>				
<b>At 1 January 2008</b>	<b>137.4</b>	<b>259.8</b>	<b>39.8</b>	<b>437.0</b>
<b>At 31 December 2008</b>	<b>124.5</b>	<b>284.8</b>	<b>45.0</b>	<b>454.3</b>

The tangible assets of the Group include mainly IT equipments used in the production centers, in particular the datacenters and the software factories. Moreover, Atos Origin's policy is to rent its premises. Therefore, the land and buildings items include mainly technical infrastructure of our datacenters.

Acquisitions in 2009 represented EUR 204.8 million, main countries contributing to these investments are Worldline for EUR 51.3 million (Data Centers improvement for EUR 12.9 million, Automatic radar project for EUR 8.1 million), GCE for EUR 35.7 million (of which Mainframe for EUR 12.5 million and Storage project for EUR 2.5 million), The Netherlands for EUR 31.2 million (one third of it on Storage capacity increase), France for EUR 28.8 million due to new managed services contracts in public sector and the United Kingdom for EUR 26.8 million (75% client dedicated, mainly on Government

contracts). Proceeds from disposal of assets (EUR 7.3 million) came from Heijmans contract termination in The Netherlands.

Fixed assets dedicated to the client Arcandor have been impaired following the bankruptcy for EUR 9.6 million.

#### Finance leases

Tangible assets held under finance leases had a net carrying value of EUR 3.4 million. Future minimum lease payments under non-cancellable leases amounted to EUR 3.9 million at year-end.

(In EUR million)	Minimum lease payments	2009		Minimum lease payments	2008	
		Interest	Principal		Interest	Principal
Less than one year	3.3	(0.4)	2.9	8.6	(1.0)	7.6
Between one and five years	0.6	(0.1)	0.5	3.9	(0.6)	3.3
More than five years	-	-	-	-	-	-
<b>Total</b>	<b>3.9</b>	<b>(0.5)</b>	<b>3.4</b>	<b>12.5</b>	<b>(1.6)</b>	<b>10.9</b>

#### **Note 14 Non-current financial assets**

(In EUR million)	Notes	31 December 2009	31 December 2008
Pension prepayments	Note 18	114.4	36.5
Non-current financial instruments	Note 21	1.1	1.0
Other (*)		23.2	31.0
<b>Total</b>		<b>138.7</b>	<b>68.5</b>

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

#### **Note 15 Trade accounts and notes receivable**

(In EUR million)	31 December 2009	31 December 2008
Gross value	1,298.5	1,420.9
Transition costs	36.0	24.4
Provision for doubtful debts	(53.2)	(27.3)
<b>Net asset value</b>	<b>1,281.3</b>	<b>1,418.0</b>
Prepayments	(11.0)	(14.0)
Deferred income and upfront payments received	(292.8)	(259.0)
<b>Net accounts receivable</b>	<b>977.5</b>	<b>1,145.0</b>
<b>Number of days' sales outstanding</b>	<b>57.0</b>	<b>63.0</b>

The average credit period on sale of services is between 30 and 60 days depending on the countries.

For balances outstanding for more than 60 days as compared to agreed payment terms, the Group considers the need for an impairment loss on a case-by-case basis through a quarterly review of its balances.

Atos Origin securitisation program has been renewed for 5 years on 6 March 2009 with a maximum amount of receivables sold of EUR 500.0 million and a limit of maximum amount of financing of EUR 200.0 million. As of 31 December 2009, the Group has sold EUR 394.7 million receivables for which EUR 145.0 million were received in cash. The sale is with recourse, thus re-consolidated in the balance sheet.

### Ageing of net receivables past due

(In EUR million)	31 December 2009	31 December 2008
0-30 days overdues	48.9	140.2
30-60 days overdues	17.2	39.9
Beyond 60 days overdues	14.1	58.3
<b>Total</b>	<b>80.2</b>	<b>238.4</b>

This improvement in total overdues is the result of a strong cash collection throughout the year as part of the TOP program (T18 project).

### Movement in the provision for doubtful debts

(In EUR million)	31 December 2009	31 December 2008
Balance at beginning of the year	(27.3)	(23.2)
Impairment losses recognised	(32.3)	(20.2)
Amounts written off as uncollectible	6.5	3.5
Impairment losses reversed	2.4	7.0
Others (*)	(2.5)	5.6
<b>Balance at end of year</b>	<b>(53.2)</b>	<b>(27.3)</b>

(\*)Scope variation, reclassification and exchange difference

Following the bankruptcy of Arcandor Group in Germany, the Group recorded a provision for bad debt amounting to EUR 14.4 million in the first semester.

### Note 16 Breakdown of assets and liabilities by financial categories

As of 31 December 2009, the analysis of assets was the following:

(In EUR million)	Loans and receivables	Available-for-sale financial assets	Financial assets held for trading (carried at fair value through profit or loss)	Derivatives designated as cash flow hedging instruments (carried at fair value)
Non-current financial assets	-	137.6	-	1.1
Trade accounts and notes receivables	1,281.3	-	-	-
Other current assets	164.4	-	-	-
Current financial instruments	-	-	0.6	3.2
Cash and cash equivalents	534.7	-	-	-
<b>Total</b>	<b>1,980.4</b>	<b>137.6</b>	<b>0.6</b>	<b>4.3</b>

As of 31 December 2008, the analysis of assets was the following:

(In EUR million)	Loans and receivables	Available-for-sale financial assets	Financial assets held for trading (carried at fair value through profit or loss)	Derivatives designated as cash flow hedging instruments (carried at fair value)
Non-current financial assets	-	67.5	-	1.0
Trade accounts and notes receivables	1,418.0	-	-	-
Other current assets	177.7	-	-	-
Current financial instruments	-	-	-	0.7
Cash and cash equivalents	286.1	-	-	-
<b>Total</b>	<b>1,881.8</b>	<b>67.5</b>	<b>-</b>	<b>1.7</b>

As of 31 December 2009, the analysis of liabilities was the following:

(In EUR million)	Financial Liabilities designated at fair value through profit or loss	Financial Liabilities – Measurement at amortised cost	Derivatives designated as cash flow hedging instruments (carried at fair value)
Borrowings	-	483.4	-
Non-current financial liabilities	-	-	4.3
Trade accounts and notes payables and Other current liabilities	1,431.8	-	-
Current portion of borrowings	-	190.7	-
Current financial instruments	0.1	-	1.1
<b>Total</b>	<b>1,431.9</b>	<b>674.1</b>	<b>5.4</b>

As of 31 December 2008, the analysis of liabilities was the following:

(In EUR million)	Financial Liabilities designated at fair value through profit or loss	Financial Liabilities – Measurement at amortised cost	Derivatives designated as cash flow hedging instruments (carried at fair value)
Borrowings	-	313.5	-
Non-current financial liabilities	-	-	6.1
Trade accounts and notes payables and Other current liabilities	1,556.2	-	-
Current portion of borrowings	-	276.6	-
Current financial instruments	-	-	3.0
<b>Total</b>	<b>1,556.2</b>	<b>590.1</b>	<b>9.1</b>

#### Note 17 Cash and cash equivalents

(In EUR million)	31 December 2009	31 December 2008
Cash in hand and short-term bank deposit	429.0	285.8
Money Market funds	105.7	0.3
<b>Total</b>	<b>534.7</b>	<b>286.1</b>

Depending on market conditions and short-term cash flow expectations, Atos Origin from time-to-time invests in Money Market funds or bank deposit with a maturity period not exceeding three months.

## **Note 18 Pensions**

The total amount recognized in the Group balance sheet in respect of pension plans and associated benefits was EUR 108.7 million at 31 December 2009. It was EUR 185.0 million at 31 December 2008.

The Group's commitments are located predominantly in the United Kingdom (53% of Group total obligations), The Netherlands (37%), Germany (4%) and France (3%). In the UK, these commitments are generated by legacy defined benefit plans, the majority of which have been closed to further accrual in 2008. Defined benefit arrangements have been maintained only for the purpose of complying with outsourcing requirements in the public sector in which case appropriate financial compensation is sought with customers. In The Netherlands, the pension plan is a hybrid defined contribution / defined benefit plan. Only the defined benefit component (capped at a certain level of salary) gives rise to a valuation of long term commitments for the Group, after deduction of applicable limitations and ceilings. These plans are externally funded through separate and independent legal entities, which receive employer and employee contributions.

Group commitments are also generated, but to a lesser extent, by legal or collectively bargained end of service or end of career benefit plans. Group commitments in respect of post-employment healthcare benefits are not significant (less than 0.5% of total Group pension obligations).

The amounts recognized in the balance sheet as at 31 December 2009 rely on the following components, determined at each benefit plan's level:

(In EUR million)	31 December 2009	31 December 2008
<b>Amounts recognized in financial statements consist of:</b>		
Prepaid pension asset – post employment plans	114.4	36.5
Accrued liability – post employment plans	(208.1)	(208.1)
Accrued liability – other long-term benefits	(15.0)	(13.4)
<b>Net amount recognized – Total</b>	<b>(108.7)</b>	<b>(185.0)</b>
<b>Components of net periodic cost</b>		
Service cost (net of employees' contributions)	25.5	36.0
Interest Cost	111.1	115.0
Expected return on plan assets	(103.5)	(135.1)
Amortisation of prior service cost	2.0	(51.7)
Amortisation of actuarial (gain)/ loss	(30.4)	22.6
Effect of asset ceiling	(8.0)	8.0
Curtailment (gain)/ loss	(2.7)	(7.1)
Settlement (gain)/ loss	(0.1)	(1.3)
<b>Net periodic pension cost – Total expense/(profit)</b>	<b>(6.1)</b>	<b>(13.6)</b>
Of which, net periodic pension cost – post employment plans	(9.7)	(14.9)
Of which, net periodic pension cost – other long term benefits	3.6	1.3
<b>Change in defined benefit obligation</b>		
Defined benefit obligation at 1 January	1,777.2	2,239.5
Funded Status – Other long term benefits at 1 January	13.4	19.1
<b>Total Defined Benefit Obligation at 1 January</b>	<b>1,790.6</b>	<b>2,258.6</b>
Reclassification other non-current financial liabilities	10.1	-
Exchange rate impact	42.8	(270.0)
Service cost (net of employees' contributions)	25.5	36.0
Interest cost	111.1	115.0
Employees' contributions	24.6	22.3
Plan amendments	1.4	(53.6)
Curtailment	(3.0)	(7.1)
Settlement	(7.5)	(4.0)
Business combinations / disposals	0.3	(28.2)
Benefits paid	(59.8)	(62.6)
Actuarial (gains)/ losses	186.1	(215.8)
<b>Defined benefit obligation at 31 December</b>	<b>2,122.2</b>	<b>1,790.6</b>
<b>Experience adjustments generated in current year on DBO</b>	<b>(5.2)</b>	<b>5.0</b>
<b>Change in plan assets</b>		
Fair value of plan assets at 1 January	1,545.6	2,019.9
Exchange rate impact	42.5	(241.4)
Reclassification of plan assets	7.0	-
Actual return on plan assets	244.6	(323.1)
Employer contributions (incl admin charges)	60.4	117.3
Employees' contributions	24.6	22.3
Benefits paid by the fund	(45.1)	(48.9)
Settlements	(7.2)	(0.5)
<b>Fair value of plan assets at 31 December</b>	<b>1,872.4</b>	<b>1,545.6</b>
<b>Reconciliation of prepaid/ (accrued) Benefit cost (all plans)</b>		

(In EUR million)	31 December 2009	31 December 2008
Funded status – post employment plans	(234.8)	(231.7)
Funded status – other long term benefit plans	(15.0)	(13.4)
Unrecognized actuarial (gain)/loss	131.2	58.8
Unrecognized past service cost	9.9	9.3
Any other amount not recognized (asset ceiling limitation)	-	(8.0)
<b>Prepaid/(accrued) pension cost</b>	<b>(108.7)</b>	<b>(185.0)</b>
<i>Of which provision for pension and similar benefits</i>	<i>(223.1)</i>	<i>(221.5)</i>
<i>Non-current financial assets</i>	<i>114.4</i>	<i>36.5</i>
<b>Reconciliation of net amount recognized (all plans)</b>		
<b>Net amount recognized at beginning of year</b>	<b>(185.0)</b>	<b>(387.2)</b>
Reclassification other current liabilities	(2.4)	2.1
Net periodic pension cost – post employment plans	9.7	14.9
Benefits paid by employer – post employment plans	11.2	8.8
Employer contributions – post employment plans	60.4	117.3
Business combinations/disposals	(0.3)	29.2
Other (other long-term benefit, exchange rate)	(2.3)	29.9
<b>Net amount recognized at end of year</b>	<b>(108.7)</b>	<b>(185.0)</b>

The obligations in respect of benefit plans which are partially or totally funded through external funds (pension funds) were EUR 2,004.5 million at 31 December 2009 and EUR 1,680.2 million at 31 December 2008, representing more than 94% of Group total obligations.

Sensitivity analysis show that the DBO as at the end of the year would increase by 5.3% as a result of a 30 basis point decrease in discount rate.

#### Plan assets

Plan assets, which do not include Atos Origin securities or any assets used by the Group, were invested as follows:

	31 December 2009	31 December 2008
Equity	30%	30%
Bonds	59%	41%
Real Estate	1%	Not material
Cash and Cash equivalent	10%	14%
Other	Not material	15%

“Other” assets are mostly hedge funds, asset backed securities and interest rates swaps held by the Dutch Pension Fund as part of its diversification or hedging strategy.

Due to liquidity issues and other valuation uncertainties prevailing at 31 December 2008, Atos Origin prudently depreciated the fair value of hedge funds and asset backed securities.

More than 80% of the hedge funds previously held by the Dutch Pension Fund have been redeemed in the first half of 2009, showing transaction or redemption values significantly above the fair values as depreciated at 31/12/2008, due to the recovery of some underlying markets. Moreover, liquidity for asset back securities and similar fixed income investments has significantly improved throughout 2009.

Consequently, Atos Origin has reversed its prior impairments of the fair value of the underlying assets.

### Prepaid pension situations on balance sheet

As a result of the above described investment events, the EUR 38.9 million depreciations recorded in 2008 have been reversed in other operating income, and the net asset of EUR 77.4 million recorded on the company balance sheet in respect of the Dutch pension fund is no longer subject to any further limitations.

The net asset of EUR 36.2 million in respect of two UK schemes are supported by appropriate refund expectations, as requested by IFRIC 14.

### Situation of the UK pension funds and impact on contributions for 2010

The company expects to contribute EUR 27.7 million to its UK schemes next year versus EUR 30.7 million in 2009 of which EUR 20.5 million being recovery payments in respect of deficits calculated before 2008.

### Situation of the Dutch pension fund and impact on contributions for 2010

Atos Origin has finalized a 5 year recovery plan with its Dutch Pension Fund, an independent legal entity managing the assets segregated from the company's assets to secure the provision of future pensions as requested by legislation.

Previous contractual agreement committed Atos Origin to ensure a permanent 110% funding of local pension obligations, as appreciated under local solvency rules.

Under the agreement signed on 15 July 2009, the 110% clause is suspended for 5 years, and Atos Origin has committed to the following recovery payments:

- Contributions (currently shared 55%-45% between Atos Origin and its employees) will be increased from 23% to 26% between 2010 and 2013 (additional cost for Atos Origin will be between EUR 3.5 to 6.5 million per year depending on the part borne by employees );
- Three cash injections of EUR 10.0 million will be made by Atos Origin in 2011, 2012 and 2013;
- Atos Origin will grant a loan to the Pension Fund in three instalments of EUR 7.5 million each, payable in 2011, 2012 and 2013, its reimbursement being subordinated to a recovery of the funding ratio of the Pension Fund.

If the funding ratio was to fall below a trajectory leading to a 105% funding ratio at 31 December 2013, then payments would be increased by up to a maximum of EUR 9.0 million per year between 2010 and 2013. Similarly, these payments (except EUR 15.0 million of cash injections) can be reduced if the funding ratio follows a trajectory leading to a funding ratio above 117.5% at 31 December 2013.

At 31 December 2009, the indicative funding ratio of the Dutch Pension Fund was 92.8% (96.6% minus 3.8% representing the likely impact of the new mortality table issued by Dutch Statistical Bureau in January 2010). This ratio of 92.8% remains above the 87.3% milestone as at 31/12/2009 of the 105% trajectory agreed between Sponsor (AO NL) and Dutch pension fund. Consequently this shall not trigger any additional contributions as explained above.

As a result, the company expects to contribute EUR 32.0 million to its Dutch pension plan next year versus EUR 27.4 million in 2009.

### Actuarial assumptions

Group obligations are valued by independent actuaries, based on assumptions that are periodically updated.

These assumptions are set out in the table below:

	United Kingdom		Eurozone	
	2009	2008	2009	2008
Discount rate as at 31 December	5.80%	6.35%	5.20%	5.60%
Long-term expected return on plan assets as at 1 January	6.00% - 7.00%	7.75% - 8.75%	6.20%	6.20%
Salary increase assumption as at 31 December	3.50%	2.75% - 3.00%	2.25% - 3.50%	2.75% - 3.30%

The expected long-term investment return assumption on plan assets has been determined based on the particular asset allocation of each benefit plan, through the formulation of a specific expected return assumption for each asset class. The expected return shown for the Eurozone applies for The Netherlands as the majority of the assets reside there.

For the determination of the 2010 financial component of the pension expense, the expected return on assets is based on the following assumptions for the United Kingdom:

Asset Class	Expected Return on Assets UK
Equity	7.10%
Corporate Bonds	5.80%
Real Estate	6.60%
Gilts	4.50%
Cash	0.50%
<b>Total Expected Average Return</b>	<b>6.00% - 6.75%</b>

In The Netherlands pension investments have been structured according to three investment portfolios (High Volatility, Medium Volatility and Risk Control Portfolio). The combined expected return on assets assumption is 6.0%.

#### Summary net impacts on 2009 financials

The net impact of defined benefits plans on Group financial statements can be summarized as follows:

#### *Profit and loss*

(In EUR million)	31 December 2009			31 December 2008		
	Post-employment	Other LT benefit	Total	Post-employment	Other LT benefit	Total
Operating margin	(23.2)	(1.3)	(24.5)	(22.8)	(0.5)	(23.3)
Other operating items	39.6	(1.6)	38.0	16.8	-	16.8
Financial result	(6.7)	(0.7)	(7.4)	20.9	(0.8)	20.1
<b>Total (expense)/profit Profit/(loss)statement</b>	<b>9.7</b>	<b>(3.6)</b>	<b>6.1</b>	<b>14.9</b>	<b>(1.3)</b>	<b>13.6</b>

#### *Other Operating Items*

Other operating income recorded in 2009 (EUR 38.0 million) relates mainly to the release of the impairment recorded in 2008 on the Dutch pension fund prepaid pension cost, as explained in Note 5.

#### *Cash impacts of pensions in 2009*

The cash impact of pensions is mainly composed of cash contributions to the pension funds for EUR 60.4 million (including EUR 1.8 million of administration costs), the remaining part being benefit payments directly made by the Group to the beneficiaries.

The cash contributions to the pension funds are made of ongoing contributions in respect of services rendered in the year (usually expressed as a percentage of salary), as well as past deficits repayment

contributions spread over a 10 to 15 years period as agreed with the respective trustees (fixed yearly amount).

	31 December 2009	31 December 2008
Ongoing contributions	39.5	39.6
Deficits repayment other than New Deal one off lump sum	20.5	12.7
<b>Total contributions included in OMDA</b>	<b>60.0</b>	<b>52.3</b>
Direct Benefit payments	13.2	13.6
Cash compensation received	-	-
<b>Net OMDA impact</b>	<b>73.2</b>	<b>65.9</b>
New Deal contributions (UK)	-	64.5
Direct benefit payments	-	-
<b>Total cash impact in other operating items</b>	<b>2.3</b>	<b>64.5</b>
<b>Total Cash impact</b>	<b>75.5</b>	<b>130.4</b>

In 2008, a specific contribution of EUR 64.5 million was paid to the two UK pension schemes concerned by benefit changes, as an acceleration of the recovery of past deficits.

Below table shows the historic development of the DBO, the Fair Value of Plan Assets, The Funded Status and the Experience Adjustments:

(In EUR million)	31 December 2009	31 December 2008	31 December 2007	31 December 2006	31 December 2005
DBO	2,122	1,791	2,259	2,490	2,382
Fair Value of Plan Assets	1,872	1,546	2,020	1,993	1,739
Funded Status	(250)	(245)	(239)	(497)	(643)
Experience Adjustments	(5)	5	(11)	72	(38)

## Note 19 Provisions

(In EUR million)	31 December 2008	Charge	Release used	Release unused	Other (*)	31 December 2009	Current	Non-current
Reorganisations	53.0	67.7	(37.8)	(5.9)	(6.1)	70.9	70.9	-
Rationalisations	21.4	77.8	(6.3)	(3.1)	4.9	94.7	41.1	53.6
Project commitments	38.0	24.8	(25.4)	(10.4)	(3.8)	23.2	23.2	-
Litigations and contingencies	83.6	17.1	(12.8)	(27.5)	12.6	73.0	-	73.0
<b>Total provisions</b>	<b>196.0</b>	<b>187.4</b>	<b>(82.3)</b>	<b>(46.9)</b>	<b>7.6</b>	<b>261.8</b>	<b>135.2</b>	<b>126.6</b>

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

(In EUR million)	31 December 2007	Charge	Release used	Release unused	Other (*)	31 December 2008	Current	Non-current
Reorganisations	56.2	52.3	(42.1)	(7.4)	(6.0)	53.0	53.0	-
Rationalisations	26.0	4.2	(4.3)	(2.9)	(1.6)	21.4	5.2	16.2
Project commitments	72.3	16.8	(30.9)	(7.8)	(12.4)	38.0	38.0	-
Litigations and contingencies	90.1	23.3	(5.0)	(10.2)	(14.6)	83.6	-	83.6
<b>Total provisions</b>	<b>244.6</b>	<b>96.6</b>	<b>(82.3)</b>	<b>(28.3)</b>	<b>(34.6)</b>	<b>196.0</b>	<b>96.2</b>	<b>99.8</b>
Reclassified as held for sale	(18.1)	-	-	-	18.1	-	-	-
<b>Total excluding held for sale activities</b>	<b>226.5</b>	<b>96.6</b>	<b>(82.3)</b>	<b>(28.3)</b>	<b>(16.5)</b>	<b>196.0</b>	<b>96.2</b>	<b>99.8</b>

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

### Reorganisations and rationalisations

The EUR 37.8 million consumptions come mainly from restructuring programs in The Netherlands (EUR 11.8 million), France (EUR 9.6 million) and the United Kingdom (EUR 7.9 million). The efforts to streamline the workforce continue and the accrual of new provisions amounts to EUR 67.7 million over the year mainly due to the Germany Central Europe (EUR 43.6 million), The Netherlands (EUR 17.2 million), France (EUR 2.8 million) and the United Kingdom (EUR 1.6 million). The release of reorganisation provisions has been booked mainly through the other operating income (EUR 43.7 million).

Rationalisation provisions include provisions in connection with properties leased some of which contain dilapidation clauses requiring the Group to return premises to their original condition at termination.

Rationalisation provisions include in particular the EUR 36.0 million provision for onerous contract and dilapidation costs related to the remaining lease obligation of the existing Paris' sites, which are being closed as part of the project to regroup 4,500 staff to the Group's new headquarters in the city of Bezons.

### Project commitments

Compared with the end of December 2008, the project commitments provisions have decreased by EUR 14.8 million. The overall decrease of the projects commitments reflects the stronger control of the delivery of the projects.

### Litigations and contingencies

Contingency provisions of EUR 73.0 million include a number of long-term litigation issues, such as tax contingencies and social disputes, guarantees given on disposals and other disputes with clients and suppliers. The legal department continues to manage these situations with a view to minimising the ultimate liability.

Most of the provisions released as unused concerned provision booked as fair value adjustment following mergers and acquisitions for which the risk is now extinct.

### **Note 20 Borrowings**

(In EUR million)	31 December 2009			31 December 2008		
	Current	Non-current	Total	Current	Non-current	Total
Finance leases	2.9	0.5	3.4	7.6	3.3	10.9
Bank loans	0.3	268.3	268.6	4.5	294.8	299.3
Securitisation	145.0	-	145.0	198.7	-	198.7
Convertible bonds	1.1	199.6	200.7	-	-	-
Other borrowings	41.4	15.0	56.4	65.8	15.4	81.2
<b>Total borrowings</b>	<b>190.7</b>	<b>483.4</b>	<b>674.1</b>	<b>276.6</b>	<b>313.5</b>	<b>590.1</b>

### Non-current borrowings maturity

(In EUR million)	2010	2011	2012	2013	2014	>2014	Total
Bonds	-	-	-	-	-	250.0	250.0
Finance leases	-	0.5	-	-	-	-	0.5
Bank loans	-	0.2	260.8	0.8	0.8	5.7	268.3
Other borrowings	-	4.3	4.7	3.5	2.5	-	15.0
<b>As at 31 December 2009 long-term debt</b>	<b>-</b>	<b>5.0</b>	<b>265.5</b>	<b>4.3</b>	<b>3.3</b>	<b>255.7</b>	<b>533.8</b>
Bonds - Financial fees and discounting effect	-	-	-	-	-	(50.4)	(50.4)
<b>As at 31 December 2009 long-term debt excluding bonds - financial fees and discounting effect</b>	<b>-</b>	<b>5.0</b>	<b>265.5</b>	<b>4.3</b>	<b>3.3</b>	<b>205.3</b>	<b>483.4</b>

(In EUR million)	2009	2010	2011	2012	2013	>2013	Total
Bonds	-	-	-	-	-	-	-
Finance leases	-	2.8	0.5	-	-	-	3.3
Bank loans	-	0.1	0.3	290.5	0.5	3.4	294.8
Other borrowings	-	2.9	4.3	4.8	3.5	-	15.4
<b>As at 31 December 2008 long-term debt</b>	<b>-</b>	<b>5.8</b>	<b>5.1</b>	<b>295.2</b>	<b>4.0</b>	<b>3.4</b>	<b>313.5</b>

### Borrowings in currencies

The carrying amounts of the Group's borrowings were denominated in the following currencies:

(In EUR million)	EUR	Other currencies	Total
<b>31 December 2009</b>	<b>668.2</b>	<b>5.9</b>	<b>674.1</b>
31 December 2008	571.3	18.8	590.1

### Fair value and effective interest rate of financial debt

The fair value of bank loans, which are primarily composed of variable interest rate loans, are considered as being the same as their carrying value. For other elements of borrowings, carrying value is considered the best estimate of fair value, the difference between the fair value and the carrying value being not material.

On 29 October 2009 the Group has issued EUR 250.0 million of bonds convertible into and/or exchangeable for new or existing shares (OCEANE) of Atos Origin maturing on 1 January 2016. The OCEANE is considered as a compound instrument and contains both a liability and an equity component, which should be classified separately in the balance sheet. On initial recognition, the financial instrument (net of fees for EUR 3.8 million) is split between financial liability for EUR 198.4 million and equity for EUR 47.8 million (including the issuer call option valued at EUR 1.6 million). Consequently, the effective interest rate of the convertible bonds (6.68%) differs from the annual coupon paid in cash to the bond holders (2.50%).

At the end of December 2009, the fair value of the liability component is EUR 200.7 million.

The effective interest rates in 2009 were as follows:

(In EUR million)	Carrying value	Fair Value	Effective interest rate
Finance leases	3.4	3.4	4.90%
Bank loans	268.6	268.6	1.67%
Securitisation	145.0	145.0	1.81%
Convertible bonds	200.7	200.7	6.68%
Other borrowings	56.4	56.4	-
<b>Total borrowings</b>	<b>674.1</b>	<b>674.1</b>	<b>3.35%</b>

Change in net debt over the period

(In EUR million)	12 months ended 31 December 2009	12 months ended 31 December 2008
<b>Opening net debt</b>	<b>304.0</b>	<b>338.0</b>
New borrowings	33.0	116.4
Convertible bonds	200.7	-
Repayment of long and medium-term borrowings	(132.0)	(163.2)
Variance in net cash and cash equivalents	(271.8)	54.5
New Finance Leases	2.3	1.3
Long and medium-term debt of companies sold during the period	-	(70.9)
Impact of exchange rate fluctuations on net long and medium-term debt	-	23.7
Profit-sharing amounts payable to French employees transferred to debt	3.2	4.2
<b>Closing net debt</b>	<b>139.4</b>	<b>304.0</b>

#### Note 21 Fair value and characteristics of financial instruments

(In EUR million)	31 December 2009		31 December 2008	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	4.9	(5.5)	1.7	(9.1)
Analysed as :				
Non-current	1.1	(4.3)	1.0	(6.1)
Current	3.8	(1.2)	0.7	(3.0)

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

#### Interest rate risk

Bank loans of EUR 268.6 million (EUR 299.3 million in 2008) are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. The Group may mitigate its interest rate exposure using interest rates swap contracts with financial institutions in order to fix the rate of a portion of the floating-rate financial debt. The fair value of the financial instruments used to hedge the floating-rate financial qualifies for cash flow hedge accounting. At 31 December 2009, the Group held no interest rate swaps contracts.

## Exposure to interest rate risk

The table below presents the interest rate risk exposure of the Group based on future debt commitments. The exposure at floating rate after hedging risk management is approximately EUR 64.7 million at 31 December 2009. A 1% rise in 3-month Euribor would impact positively the financial expense by EUR 0.6 million assuming the structure (cash / floating debt / hedges) remains stable for the full period of the year.

(In EUR million)	Notes	Exposure		Total
		Less than 1 year	More than 1 year	
Bank loans	Note 20	(0.3)	(268.3)	(268.6)
Securitisation program	Note 20	(145.0)	-	(145.0)
Others		(39.6)	(15.0)	(54.6)
<b>Total liabilities</b>		<b>(184.9)</b>	<b>(283.3)</b>	<b>(468.2)</b>
Cash and cash equivalents	Note 17	534.7	-	534.7
Overdrafts		(1.8)	-	(1.8)
<b>Total net cash and cash equivalents (*)</b>		<b>532.9</b>	<b>-</b>	<b>532.9</b>
Net position before risk management		348.0	(283.3)	64.7
Hedging instruments		-	-	-
<b>Net position after risk management</b>		<b>348.0</b>	<b>(283.3)</b>	<b>64.7</b>
Convertible bonds (**)	Note 20	(1.1)	(199.6)	(200.7)
Finance Leases	Note 20	(2.9)	(0.5)	(3.4)
<b>Total net debt</b>				<b>(139.4)</b>

(\*) Overnight deposits (deposit certificate) and money market securities and overdrafts

(\*\*) At fixed rate

## Liquidity risk

In order to benefit from favourable market conditions, Atos Origin signed with a number of major financial institutions on 12 May 2005 a EUR 1.2 billion multi-currency revolving facility with five years maturity and a two-year extension option exercisable in 2006 and 2007. These options were exercised in 2006 and 2007 extending the maturity of the multi-currency revolving facility until 12 May 2011 for EUR 1.2 billion and 12 May 2012 for EUR 1.1 billion.

Atos Origin securitization program of trade receivables has been renewed for 5 years on 6 March 2009 with a maximum amount of receivables sold of EUR 500.0 million and a limit of maximum amount of financing of EUR 200.0 million.

Financial covenants of the Atos Origin securitization program are aligned with the covenants of the EUR 1.2 billion multi-currency revolving facility.

Nature of ratios subject to covenants	Covenants	Group ratios at 31 December 2009	Group ratios at 31 December 2008
Leverage ratio (Net debt / OMDA)	not greater than 2.5	0.28	0.64
Interest cover ratio (Operating margin / net cost of financial debt)	not lower than 4.0	21.48	9.30

OMDA: Operating margin before non cash items

On 29 October 2009, Atos Origin has issued a convertible bond (OCEANE) of EUR 250.0 million maturing on 1 January 2016. Annual coupon paid to the bondholders is 2.5%.

## Currency exchange risk

Atos Origin operates in 40 countries. However, in most cases, Atos Origin invoices in the country where the Group renders the service, thus limiting the foreign exchange risk. Where this is not the case, the Group generally uses hedging instruments such as forward contracts or foreign currency swaps to minimise the risk.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

(In EUR million)	EUR		GBP		USD	
	2009	2008	2009	2008	2009	2008
Assets	23.7	46.4	2.0	5.7	13.8	15.2
Liabilities	21.6	24.7	0.1	0.3	2.5	24.9
Foreign exchange impact before hedging	2.1	21.7	1.9	5.4	11.3	(9.7)
Hedged amounts	-	(3.7)	-	-	(9.3)	(6.2)
<b>Foreign exchange impact after hedging</b>	<b>2.1</b>	<b>18.0</b>	<b>1.9</b>	<b>5.4</b>	<b>2.0</b>	<b>(15.9)</b>

## Foreign currency sensitivity analysis

The Group is mainly exposed to the EUR, GBP and the USD.

The following table details the Group's sensitivity to a 5% increase and decrease of the sensitive currency against the relevant functional currency of each subsidiary. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% increase in foreign currency rates.

(In EUR million)	EUR		GBP		USD	
	2009	2008	2009	2008	2009	2008
Income Statement	0.1	0.9	0.1	0.3	0.1	(0.8)

## Hedge accounting

There is no material deviation between the maturity of the financial instruments and the period in which the cash flows are expected to occur.

At December 2009, derivatives are all allocated to the hedge of some transactional risks (foreign exchange currency risks). From an accounting point of view, most of the derivatives were considered as cash flow hedge instruments.

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

Instruments	31 December 2009		31 December 2008	
	Fair value	Notional	Fair value	Notional
<b>Cash flow hedge</b>				
<i>Foreign exchange</i>				
Forward contracts USD	0.9	25.4	(1.3)	35.0
Option contracts USD	0.2	0.9	1.4	16.7
Forward contracts CAD	0.7	5.7	(0.2)	11.8
Forward contracts GBP	(3.1)	21.8	(5.7)	24.0
Option contracts GBP	0.3	14.4	0.3	13.3
Forward contracts INR	(1.1)	45.4	(1.9)	38.6
Forward contracts PLN	0.6	9.3	-	-
Forward contracts CNY	0.4	5.6	-	-
<b>Trading</b>				
<i>Foreign exchange</i>				
Forward contracts USD	0.2	8.7	0.0	1.9
Forward contracts INR	0.3	12.7	-	-

The net amount of cash flow hedge reserve at 31 December 2009 was EUR (1.3) million (net of tax), with a positive variation of EUR 4.2 million (net of tax) over the year.

## Note 22 Trade accounts and notes payable

(In EUR million)	31 December 2009	31 December 2008
Trade payables	472.0	500.8
Amounts payable on tangible assets	3.3	16.0
<b>Total disclosed on the balance sheet</b>	<b>475.3</b>	<b>516.8</b>

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

## Note 23 Other current liabilities

(In EUR million)	31 December 2009	31 December 2008
Advances and down payments received on clients orders	11.0	14.0
Employee-related liabilities	246.8	302.7
Social security and other employee welfare liabilities	177.5	206.8
VAT payable	159.0	177.8
Deferred income	244.1	227.8
Other operating liabilities	118.1	110.3
<b>Total disclosed on the balance sheet</b>	<b>956.5</b>	<b>1,039.4</b>

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

## Note 24 Off-balance sheet commitments

### Contractual commitments

The table below illustrates the minimum future payments for firm obligations and commitments over the coming years. Amounts indicated under the long-term borrowings and finance leases are posted on the Group balance sheet.

(In EUR million)	31 December 2009	Up to 1 year	Maturing			31 December 2008
			1 to 5 years	Over 5 years		
Convertible Bonds	200.7	1.1	-	199.6	-	
Bank loans	268.6	0.3	262.6	5.7	299.3	
Finance leases	3.4	2.9	0.5	-	10.9	
<b>Recorded on the balance sheet</b>	<b>472.7</b>	<b>4.3</b>	<b>263.1</b>	<b>205.3</b>	<b>310.2</b>	
Operating leases: land, buildings, fittings	423.3	113.9	239.7	69.7	461.3	
Operating leases: IT equipment	10.2	7.7	2.5	0.0	23.0	
Operating leases: other fixed assets	89.8	38.2	51.6	0.0	125.1	
Non-cancellable purchase obligations (>5 years)	16.1	12.7	3.4	0.0	21.2	
<b>Commitments</b>	<b>539.4</b>	<b>172.5</b>	<b>297.2</b>	<b>69.7</b>	<b>630.6</b>	
<b>Total</b>	<b>1,012.1</b>	<b>176.8</b>	<b>560.3</b>	<b>275.0</b>	<b>940.8</b>	

## Commercial commitments

(In EUR million)	31 December 2009	31 December 2008
Bank guarantees	64.1	85.8
Performance guarantees	1,182.3	1,232.7
Pledges	0.2	-
<b>Total</b>	<b>1,246.6</b>	<b>1,318.5</b>

For various large long term contracts, the Group provides performance guarantees to its clients. These guarantees amount to EUR 1,182.3 million as of 31 December 2009, compared with EUR 1,232.7 million in 2008. These guarantees represent a total contracts value of EUR 1,629.7 million for 2009.

In the framework of the contract for the provision of IT services signed by Atos Origin IT Services UK Limited with the International Olympic Committee (IOC), Atos Origin SAE (Spain) has granted a full performance guarantee to the IOC by which it commits to perform the contract in case the signing entity (or any other affiliate to whom the signing entity could have assigned all or part of the rights and obligations under the contract) is unable to provide services required under the contract.

In relation to the multi-currency revolving facility, Atos Origin SA issued a parental guarantee to the benefit of the consortium of banks represented by BNP Paribas, in order to cover up to EUR 440.0 million the obligations of its subsidiary, Atos Origin Telco Services B.V.

Atos Origin SA has given a EUR 120.0 million guarantee to the Stichting Pensionfonds Atos Origin. This guarantee is provided to secure the payment obligations of Atos Origin Nederland under the cover ratio mechanism in case of its failure to pay associated sums.

Subsequent to the Cellnet disposal in July 2004, Atos Origin SA has still one outstanding guarantee with Schlumberger related to Citicorp for a total amount of USD 75.7 million, which is fully counter-guaranteed by the acquirer of Cellnet, "Cellnet Holdings Corp".

In relation to its subsidiary Atos Worldline Belgium operating in the commercial acquiring of card transactions, Atos Origin Group has guaranteed directly or indirectly, its partners Visa International and MasterCard in case of default of payment resulting from its role of intermediary between the payment issuer and the beneficiary, or any major breaches to their rules. These guarantees are estimated for a maximum amount of USD 66.5 million. The effective risk is considered as very low.

In addition, Atos Origin SA has granted a EUR 26.4 million guarantee to Chartis Europe SA for the performance of the duties of its reinsurer St Louis Re. The Guarantee could only be exercised in the very unlikely event that St Louis Re was unable to meet all of its reinsurance obligations to Chartis Europe SA.

Finally, Atos Origin SA or Atos Origin BV have given for various subsidiaries guarantees of general financial support at the request of auditors or to comply with local regulations.

### **Note 25 Related party transactions**

Transactions between Atos Origin and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

Following the Ordinary and Extraordinary Shareholders Meeting held on 10 February 2009, the shareholders approved the transformation of the governance mode of the Group, from a Supervisory board and Management Board governance model to company governed by a Board of Directors.

Related party transactions include in particular transactions with:

- Entities that directly, or indirectly through one or more intermediaries controls, has an interest in or has joint control over the Group;
- Key management personnel of the Group as defined as persons who have the authority and responsibility for planning, directing and controlling the activity of the Group, including members of the Board of Directors, Supervisory Board or Management Board.

In the course of 2009, no transaction between the Group and such entities or key management personnel occurred, except from the compensation recorded with members of the Management Board and Supervisory Board (until 10 February 2009) and Board of Directors (from 11 February 2009) as detailed hereafter.

Compensation of members of the Management Board and Supervisory Board (until 10 February 2009) and Board of Directors (from 11 February 2009)

The remuneration of members of the Management Board and Supervisory Board (until 10 February 2009) and Board of Directors (from 11 February 2009) during the year was as follows:

(In EUR million)	12 months ended 31 December 2009	12 months ended 31 December 2008
Short-term benefits	6.4	6.7
Post-employment benefits	1.4	0.1
Termination benefits	-	2.6
Equity-based compensation: stock options and free shares	2.4	2.5
<b>Total</b>	<b>10.2</b>	<b>11.9</b>

The remuneration of members of Management Board (until 10 February 2009) and of the Board of Directors (from 11 February 2009) is determined by the Remuneration Committee according to the performance of individuals and the Group's financial achievements.

Short-term benefits include salaries, bonuses and fringe benefits. Bonuses correspond to the total charge in income statement including the bonuses effectively paid during the year, the charge in accruals relating to current year and the release in accruals relating to previous year.

During the year, the Group has neither granted nor received guarantees from any of its Board members.

Claim from one former Management Board Member

On 24 June 2009, the Group was notified of a claim filed by counsel to Mr. Philippe Germond with the Commercial Court of Nanterre.

Mr. Germond alleges that his mandate was wrongfully terminated, which would, in his opinion, trigger a right to payment of an indemnity amounting to EUR 3.9 million.

As already disclosed in the 2008 Reference Document, the Supervisory Board decided on 11 December 2008 to reject Mr. Germond's request to an indemnity after an in depth assessment of the situation and based on legal opinions obtained from external counsels. Accordingly, no provision has been accrued in the Group's 2009 accounts.

A court hearing is expected to be held.

**Note 26 Subsequent events**

There was no subsequent events.

## Note 27 Main operating entities part of scope of consolidation as of 31 December 2009

	% of Interest	Consolidation method	% of Control	Address
<b>HOLDING</b>				
Atos Origin SA		Consolidation Parent Company		18,avenue d'Alsace -92400 Courbevoie
Atos Origin BV	100	FC	100	Groenewoudseweg 1 - 5621 BA Eindhoven - The Netherlands
Atos Origin International NV	100	FC	100	Rue Abbé Cuypers 3 Priester Cuypersstraat - 1040 Brussel
Atos International Competencies and Alliances (ICA)	100	FC	100	Rue Abbé Cuypers 3 Priester Cuypersstraat - 1040 Brussel
Saint Louis RE	100	FC	100	74, rue de Merl - L2146 Luxembourg
Atos Origin International SAS	100	FC	100	18, avenue d'Alsace - 92400 Courbevoie
<b>FRANCE</b>				
Arema SAS	95	FC	95	18,avenue d'Alsace - 92400 Courbevoie
Atos Worldline SAS	100	FC	100	18,avenue d'Alsace - 92400 Courbevoie
Atos Origin Integration SAS	100	FC	100	18,avenue d'Alsace - 92400 Courbevoie
Diamis SA	60	FC	60	6/8, boulevard Haussman - 75009 Paris
Mantis SA	100	FC	100	24, rue des Jeûneurs - 75002 Paris
Atos Origin Infogérance SAS	100	FC	100	18,avenue d'Alsace - 92400 Courbevoie
Atos Télépilote Informatique SA	51	FC	51	18,avenue d'Alsace - 92400 Courbevoie
Atos Consulting SAS	100	FC	100	18,avenue d'Alsace - 92400 Courbevoie
Atos Origin A2B SAS	100	FC	100	18,avenue d'Alsace - 92400 Courbevoie
Atos Origin Formation SAS	100	FC	100	7/13, rue de Bucarest - 75008 Paris
<b>THE UNITED KINGDOM</b>				
Atos Consulting Limited	100	FC	100	4,Triton square, regent's place - London NW 1 3HG- UK
Atos Origin IT Services UK Ltd	100	FC	100	4,Triton square, regent's place - London NW 1 3HG- UK
<b>THE NETHERLANDS</b>				
Atos Origin IT Services Nederland B.V.	100	FC	100	Papendorpseweg 93 - 3528 BJ Utrecht - The Netherlands
Atos Origin IT Systems Management Nederland B.V.	100	FC	100	Papendorpseweg 93 - 3528 BJ Utrecht - The Netherlands
Atos Origin Nederland B.V.	100	FC	100	Papendorpseweg 93 - 3528 BJ Utrecht - The Netherlands
Atos Origin Telco Services B.V.	100	FC	100	Papendorpseweg 93 - 3528 BJ Utrecht - The Netherlands
Atos Origin Banking Services B.V.	100	FC	100	Papendorpseweg 93 - 3528 BJ Utrecht - The Netherlands
Atos Consulting NV	100	FC	100	Papendorpseweg 93 - 3528 BJ Utrecht - The Netherlands

	% of Interest	Consolidation method	% of Control	Address
<b>E.M.E.A. (EUROPE - MIDDLE EAST - AFRICA)</b>				
<b>Austria</b>				
Atos Origin Information Technology GmbH	100	FC	100	Technologiestraße 8/Genbaude D - 1120 Vienna - Austria
<b>Belgium</b>				
Atos Origin Belgium SA	100	FC	100	Da Vincilaan 5 - 1930 Zaventem
Atos Worldline NV	100	FC	100	Chaussée de Haecht 1442 - B-1130 Brussel
<b>Germany</b>				
Atos Worldline GmbH	100	FC	100	Hahnstraße 25 - 60528 Frankfurt - Germany
Atos Origin GmbH	100	FC	100	Theodor Althoffstraße 47 - 45133 Essen
Atos Worldline Processing GmbH	58.4	FC	58.4	Hahnstraße 25 - 60528 Frankfurt - Germany
<b>Greece</b>				
Atos Origin Hellas Information Technology Services SA	100	FC	100	Kifissias 18 - 15125 Maroussi - Athens
<b>Luxembourg</b>				
Atos Origin Luxembourg PSF S.A.	100	FC	100	2, rue Nicolas Bové - L1253 Luxembourg
<b>Morocco</b>				
Atos Origin	100	FC	100	Avenue Annakhil, Espace High-Tech, hall B, 5th floor, Hayryad Rabat
<b>Poland</b>				
Atos Origin IT Services SP ZOO	100	FC	100	Ul. Domaniewska 41 (Taurus Building) - 02-672 Warszawa - Poland
<b>South Africa</b>				
Atos Origin (PTY) Ltd	100	FC	100	204 Rivonia Road, Sandton private bag X 136 - Bryanston 2021
<b>Spain</b>				
Mundivia SA	85	FC	85	Calle Real Consulado, s/n Polígono Industrial Candina - Santander 39011- Spain
Tempos 21, Innovación en Aplicaciones Móviles, SA	97.25	FC	100	Avda. Diagonal, 210-218 - Barcelona 08018 - Spain
Atos Origin Consulting Canarias, SA	100	FC	100	Paseo Tomás Morales, 85 1º - Las Palmas de Gran Canaria 35004 - Spain
Centro de Tecnologías Informáticas, SA	80	FC	80	Paseo de la Condesa de Sagasta, 6 Oficina 1 - León 24001 - Spain
Infoservicios SA	75	FC	75	Albarracin 25 - Madrid 28037 - Spain
Atos Origin, Sociedad Anonima Espanola	100	FC	100	Albarracin 25 - Madrid 28037 - Spain
<b>Switzerland</b>				
Atos Origin AG	100	FC	100	Industriestraße 19 - 8304 Wallisellen ( Zurich)
<b>Turkey</b>				
Atos Origin Bilisim Danismanlik ve Musteri Hizmetleri Sanayi ve Ticaret A/S	100	FC	100	Istanbul Sisli ITU Ari Teknokent 2 Maslak Mah. Buyukdere Cad. A Blok Kat: 4 daire: 4

	% of Interest	Consolidation method	% of Control	Address
<b>ASIA PACIFIC</b>				
<b>China</b>				
Atos Covics Business Solutions Ltd	100	FC	100	No. 1 Building, No. 99, Qinjiang Rd-Shanghai-China
Atos Origin Information Technology (China) Co. Ltd	100	FC	100	502 -505 Lido Commercial Bulding, Lido Place, Jichang Road- Chaoyang District- Beijing
Atos Origin (Hong Kong) Ltd	100	FC	100	Units 3B & 05-10, 18/F., Exchange Tower, 33 Wang Chiu Road, Kowloon Bay-Kowloon-Hong Kong
<b>India</b>				
Atos Origin India Private Limited	100	FC	100	Unit 126/127, SDF IV, SEEPZ - Andheri (East) - 400 096 Bombay
Atos Origin IT Services Private Ltd	100	FC	100	C-63, 6th Floor, Himalaya House, 23 Kasturba Gandhi Marg, New Delhi - 110 001
<b>Japan</b>				
Atos Origin KK	100	FC	100	20 F, Shinjuku ParkTower - Nishi Shinjuku 3 - 7 - 1 - Shinjuku - ku - Tokyo - Japan
<b>Malaysia</b>				
Atos Origin (Malaysia) SDN BHD	100	FC	100	16-A (1st Floor), Jalan Tun Sambanthan 3, Brickfields, 50470 Kuala Lumpur, Malaysia
<b>Singapore</b>				
Atos Origin (Asia Pacific) Pte Ltd	100	FC	100	620A Lorong 1 Toa Payoh, TP4 Level 5-Singapore 319762
<b>Taiwan</b>				
Atos Origin (Taiwan) Ltd	100	FC	100	5F, No.100, Sec.3, Min Sheng E. Road, Taipei 105-Taiwan-R.O.C.
<b>AMERICAS</b>				
<b>Argentina</b>				
Atos Origin Argentina SA	100	FC	100	Nicolás de Vedia 3892, PB - Ciudad Autónoma de Buenos Aires - C 1430DAL - Argentina
<b>Brazil</b>				
Atos Origin Brasil Ltda	100	FC	100	Avenida Maria Coelho Aguiar, nº 215 – 5º andar - Bloco E – Jardim São Luís - São Paulo SP CEP 05805-904
Atos Origin Serviços de Tecnologia da Informação do Brasil Ltda	100	FC	100	Avenida Maria Coelho Aguiar Nº 215 – 7º andar -Bloco E – Bairro Jardim São Luis - Sao Paulo -SP - CEP 05805-904
<b>The United States of America</b>				
Atos Origin Inc	100	FC	100	5599 San Felipe, Suite 300 Houston - Texas 77056 - 2724 - USA

The complete list of entities part of Atos Origin Group is available on our internet site [www.atosorigin.com](http://www.atosorigin.com)