

## UNOFFICIAL TRANSLATION – FOR INFORMATION PURPOSES ONLY

This document is a free translation of the French language prospectus that received from the *Autorité des marchés financiers* (the “AMF”) visa number 11-210 on 8 June 2011 (the “French Prospectus”). It has not been approved by the AMF. This translation has been prepared solely for the information and convenience of the shareholders of Atos Origin. No assurances are given as to the accuracy or completeness of this translation, and Atos Origin assumes no responsibility with respect to this translation or any misstatement or omission that may be contained therein. In the event of any ambiguity or discrepancy between this translation and the French Prospectus, the French Prospectus shall prevail.



### **Atos Origin**

A French *société anonyme* with a Board of Directors  
and a share capital of 69,976,601 euros

Registered office: River Ouest, 80 Quai Voltaire - 95870 Bezons

Registered in the commercial register of Pontoise under number 323 623 603

### **Contribution to Atos Origin of the sole share in Siemens IT Solutions and Services GmbH held by Siemens Beteiligungen Inland GmbH**

### **Admission to trading on Euronext Paris of the shares issued in consideration for the Contribution and the shares to be issued upon conversion of the bonds convertible into and/or exchangeable for new or existing shares**

### **The bonds convertible into and/or exchangeable for new or existing ordinary shares shall not be admitted to trading on the market Euronext Paris.**

Schedule to the report of the Board of Directors of Atos Origin presented to the ordinary and extraordinary general meeting of the shareholders to be held on 1 July 2011

The convening notice (*avis de réunion*) of the ordinary and extraordinary general meeting of the shareholders of Atos Origin was published in the French Official Gazette (*BALO*) on 27 May 2011.



### **Registration number of the *Autorité des marchés financiers***

Pursuant to Articles L. 412-1 and L. 621-8 of the Monetary and Financial Code (*Code monétaire et financier*) and in particular Articles 211-1 to 216-1 of its General Regulations, the *Autorité des Marchés Financiers* has approved this prospectus under (*visa*) number 11-210 on 8 June 2011. This prospectus has been prepared by the issuer and it engages the responsibility of its signatories.

In compliance with Article L. 621-8-1 I of the Monetary and Financial Code, the approval (*visa*) number, granted after a review by the *Autorité des marchés financiers* of the relevance and consistency of the information provided herein regarding the described transactions and the participating companies, does not imply approval of the merits of such transactions or validation of the accuracy of the accounting and financial information presented herein.

This document (hereinafter the “**Prospectus**”) incorporates by reference the registration document (*document de référence*) of Atos Origin for the financial year ended 31 December 2010 filed on 1 April 2011 with the *Autorité des*

*marchés financiers* under number D.11-0210 and the updated version filed on 8 June 2011 (hereinafter the **“Registration Document and its Update”**).

Copies of this Prospectus are available, free of charge, at Atos Origin, at the following address: River Ouest, 80 Quai Voltaire, 95870 Bezons.

This Prospectus is also available on the website of the *Autorité des marchés financiers* ([www.amf-france.org](http://www.amf-france.org)) and on the company's website ([www.atosorigin.com](http://www.atosorigin.com)).

## PROSPECTUS SUMMARY

Registration number 11-210 dated 8 June 2011 from the *Autorité des marchés financiers*

### Important disclaimer

This summary must be read as an introduction to the Prospectus. Any decision to invest in the shares of the company Atos Origin must be based on a complete reading of the Prospectus. If a claim relating to the information contained in this Prospectus is filed before a court, the claimant investor may, according to the national laws of the relevant Member States of the European Community or parties to the European Economic Area, be required to pay for the translation of the Prospectus before the commencement of the legal proceedings. The individuals who submitted this summary, including its translation if applicable, and have requested the notice within the meaning of Article 212-41 of the General Regulations of the *Autorité des marchés Financiers*, are only liable if its contents are misleading, inaccurate or contradict the other parts of the Prospectus.

### A. Main features of the Transaction

#### Purpose of the Transaction

The Transaction cements the formation of a long-term industrial alliance between Atos Origin and Siemens in order to create a European leader in IT services. Within the framework of this alliance, Siemens will contribute to Atos Origin substantially all the assets of its Siemens IT Solutions and Services division and will consequently become the second largest shareholder of Atos Origin with approximately 15 % of the share capital of the company, with a five (5)-year lock-up on such shares.

In addition, the two groups have entered into a commercial agreement for management and systems integration services with a value of 5.5 billion euros and a term of seven (7) years.

By entering into an alliance, Atos Origin and Siemens have also entered into a strategic partnership relating to innovation, providing in particular for the implementation of a cooperation policy that will allow an integrated and complementary solutions offering at the time of significant bids and an investment program of 100 million euros in research and development.

The new group will form the largest managed services platform in Europe and will benefit from a unique position for developing Cloud Computing offers, as well as ERP systems integration, energy and PLM (Product Life Management) services. The Transaction will also enable Atos Origin to accelerate the development of its electronic services and payments operations.

#### Contributor

**Siemens Beteiligungen Inland GmbH** ("**Siemens Inland**"), a wholly-owned subsidiary of **Siemens AG**.

#### Beneficiary company

**Atos Origin**

#### Assets contributed

The contribution consists of one (1) share of Siemens IT Solutions and Services GmbH representing 100% of the share capital and voting rights of this company.

The company's portfolio ranges from consulting, software development and deployment to systems integration and the comprehensive management of IT infrastructures and applications. The clients of the company are comprised of Siemens on the one hand and external clients, on the other hand.

#### Value of the Contribution

814,388,000 euros, subject to adjustments, as described in section A.2.1.1.2 of the Prospectus.

## Additional payment as part of the direct transfers

Atos Origin agreed to make an extra payment of 26.4 million euros to Siemens' subsidiaries for the direct transfer of certain assets located in China, the United Arab Emirates, Turkey and in Austria (see section A.2.1.1.1 (b) "Direct transfers").

## Consideration for the Contribution

In consideration for the Contribution, Siemens Inland will receive:

- 12,483,153 new ordinary shares in Atos Origin, fully paid-up, with a par value of one (1) euro each, to be issued by Atos Origin pursuant to a share capital increase and bearing dividend entitlement as from the completion date of the Contribution, expected to be on 1 July 2011.

- 400,196,974 euros as a cash payment.

## Settlement of Cash Payment Issuance of Bonds

On the completion date of the Contribution, Atos Origin will issue 5,382,131 bonds convertible and/or exchangeable into new or existing shares, with an aggregate nominal value of 249,999,985 euros to Siemens Inland at a subscription price of 249,999,985 euros. This subscription price will be set-off against the cash payment owed by Atos Origin to Siemens Inland in consideration for the Contribution, leaving an amount of 150,196,989 euros, to be paid in cash by Atos Origin to Siemens Inland on the completion date of the Contribution.

## Valuation Summary

The Contribution and the Consideration for the Contribution have been valued on the basis of a multi-criteria approach. Further details regarding valuation works are set forth in section A.4.

The table below shows the difference between (i) the value of the Contribution estimated on the basis of the DCF method and (ii) the sum of 150 million euros in cash, 250 million euros in Bonds (at their face value) and the value of 12,483,153 Atos Origin ordinary shares, estimated according to the different multi-criteria valuation methods.

In €m										
		DCF		Analysts		Trading multiples		Share price		
		Min	Max	Min	Max	Min	Max	Min	Max	31 May 2011 <sup>(1)</sup>
Consideration	Atos Origin shares (a)	500	579	431	587	462	544	370	503	517
	Convertible bonds (b)	250	250	250	250	250	250	250	250	250
	Cash consideration (c)	150	150	150	150	150	150	150	150	150
	<b>Total consideration (a)+(b)+(c)</b>	<b>900</b>	<b>980</b>	<b>831</b>	<b>987</b>	<b>862</b>	<b>944</b>	<b>770</b>	<b>903</b>	<b>917</b>
Contribution	DCF	Min	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058
	Contribution / Consideration	118%	108%	127%	107%	123%	112%	138%	117%	115%
	Max	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365
	Contribution / Consideration	152%	139%	164%	138%	158%	145%	177%	151%	149%

<sup>(1)</sup> 1-month weighted average share price as of 31 May 2011

The estimated value of the Contribution is higher than the Consideration no matter which valuation method is retained.

## Admission of the new shares

The shares issued in consideration for the Contribution will be admitted to trading on the market Euronext Paris as soon as practicable following their issue date.

## Lock-Up Undertaking (Lock-Up Agreement)

Siemens has agreed to hold the Atos Origin shares received in consideration for the Contribution for a period of five (5) years as from the completion date of the Contribution. However, it shall be noticed that this lock-up undertaking does not relate to neither the Bonds nor the shares received upon conversion and/or exchange for the Bonds are not in the scope.

## Date of completion of the Contribution

The Contribution will be completed upon confirmation of the fulfillment of all the conditions precedent listed hereafter. The completion of the Contribution is expected to occur on 1 July 2011 following the Atos Origin shareholders' general meeting called to approve the Contribution and the issuance of the Bonds.

<b>Post-Contribution share capital</b>	Following the Contribution, the share capital of Atos Origin will be 82,459,754 euros, divided into 82,459,754 shares with a par value of one 1 euro each.
<b>Contribution appraiser's reports</b>	<p>The reports of the contribution appraiser appointed by order of the Chairman of the Commercial Court (<i>Tribunal de commerce</i>) of Pontoise on 14 February 2011 are attached as Schedule 1 hereto.</p> <p>The report on the value of the Contribution concludes that “the value of the contributions amounting to €814,388,000 is not overestimated and, consequently, the value of the net assets transferred is at least equal to the amount of the beneficiary company’s share capital increase, as increased by the issue premium. Moreover:</p> <ul style="list-style-type: none"> <li>- a cash payment of €400,196,974 is allocated to the contributor, of which €250 million will be offset against the subscription price for Océane convertible bonds with a nominal value of €249,999,985, the remaining balance representing a cash payment of €150,196,989</li> <li>- the cash portion of such cash payment is likely to be adjusted to reflect the actual net debt of SIS Holding and the amount of its working capital on 30 June 2011.”</li> </ul> <p>The report on the consideration of the Contribution concludes that “the consideration proposed for the contribution of the single SIS Holding share to Atos leading to the issuance of 12,483,153 Atos shares and to a cash payment of €400,196,974, €249,999,985 of which will be off-set against the subscription price of the Océane bonds, while the remaining €150,196,989 will be paid in cash, appears to be fair, on the understanding that the cash portion of this cash payment may be adjusted to reflect the actual net debt levels and working capital requirements of SIS Holding on 30 June 2011.”</p>
<b>Conditions precedent</b>	<p>The obligation to complete the Transaction and to effect the Contribution is subject to the following conditions precedent:</p> <p><b><i>Conditions provided for the benefit of Siemens and Atos Origin:</i></b></p> <ul style="list-style-type: none"> <li>(a) the authorizations from the U.S. and European competition authorities having been obtained;</li> <li>(b) the registration number for this Prospectus having been granted by the <i>Autorité des marchés Financiers</i>;</li> <li>(c) the approval by the shareholders’ ordinary and extraordinary general meeting of Atos Origin of the Contribution, its valuation and of the corresponding increase in share capital as well as the issuance of the Bonds;</li> </ul> <p><b><i>Conditions provided for the sole benefit of Atos Origin:</i></b></p> <ul style="list-style-type: none"> <li>(d) the completion of the Carve-Out by Siemens to the extent required under the Framework Agreement prior to the completion date.</li> </ul> <p>As of the time this Prospectus is issued, the conditions (a), (b) and (d) have been fulfilled.</p> <p>The actual Contribution will be subject to further conditions including the respective performance of certain obligations by each of the parties.</p>

## B. Main information concerning Atos Origin

### Corporate name and overview of business

Atos Origin is a French *société anonyme*.

Atos Origin, one of the principal international players in information services provides high technical transactional services, consulting solutions, systems integration and managed services which enable the improvement of the performance of its customers worldwide. Atos Origin realized a revenue of 5,021 million euros in 2010 with a workforce of 48,278 people.

### Selected financial information (*IFRS standards*)

#### Consolidated balance sheets (simplified)

(Audited)

(in millions of euros)	31 December 2010	31 December 2009	1 January 2009 adjusted**	31 December 2008*
<b>ASSETS</b>				
Total non-current assets	2,634.9	2,454.0	2,319.5	2,319.8
Total current assets	1,844.2	2,010.5	1,907.9	1,907.9
<b>Total assets</b>	<b>4,479.1</b>	<b>4,464.5</b>	<b>4,227.4</b>	<b>4,227.7</b>
<b>LIABILITIES</b>				
Total shareholders' equity	1,631.5	1,561.8	1,506.6	1,542.4
Total non-current liabilities	1,219.5	1,115.5	747.6	712.1
Total current liabilities	1,628.1	1,787.2	1,973.2	1,973.2
<b>Total liabilities and shareholders' equity</b>	<b>4,479.1</b>	<b>4,464.5</b>	<b>4,227.4</b>	<b>4,227.7</b>

\*Figures disclosed as at 31 December 2008 do not reflect change in accounting principle that was adopted by Atos Origin on January 1, 2010 (see section C.3.3 of Atos Origin "Document de Référence 2010"), under which all actuarial gains and losses generated in the period and asset ceiling effects are recognized in other comprehensive income.

\*\*Adjusted of the change of accounting policy regarding the accounting of actuarial gains and losses into shareholders' equity (*SoRIE*).

Consolidated income statement (simplified)  
(Audited)

(in millions of euros)	Financial year ended 31 December 2010 (12 months)	Financial year ended 31 December 2009 (12 months) adjusted	Financial year ended 31 December 2008* (12 months)
Revenue	5,020.6	5,127.0	5,623.5
Operating margin	337.4	290.6	266.4
Operating income	200.1	31.3	100.4
<b>Net income</b>	<b>118.2</b>	<b>8.0</b>	<b>29.4</b>
Of which attributable to the owners of the parent	116.1	3.9	22.6
Of which non controlling interests	2.1	4.1	6.8

\*Figures disclosed as at 31 December 2008 do not reflect change in accounting principle that was adopted by Atos Origin on January 1, 2010 (see section C.3.3 of Atos Origin "Document de Référence 2010"), under which all actuarial gains and losses generated in the period and asset ceiling effects are recognized in other comprehensive income.

Shareholders' equity and indebtedness  
(Non audited)

The tables below set forth the shareholders' equity and the net financial indebtedness of Atos Origin drawn up pursuant to IFRS accounting standards in accordance with CESR recommendations (CESR 127).

<b>Shareholder's equity and indebtedness</b> <b>In EUR million - Unaudited figures</b>	<b>31 March 2011</b>
Total current liabilities	43,737
<i>covered by guarantees and pledges</i>	-
<i>not covered by guarantees and pledges</i>	43,737
Total non-current liabilities (excluding current portion of long term borrowings)	505,048
<i>covered by guarantees and pledges</i>	-
<i>not covered by guarantees and pledges</i>	505,048
Shareholder's equity	
<i>Common stock</i>	69,977
<i>Additional paid-in capital</i>	1,335,361
<i>Consolidated reserves</i>	185,287
Shareholder's equity , net income excluded - Group share	1,590,625
<i>Minority interests, net income excluded</i>	5,173
Total shareholder's equity, net income excluded	1,595,798

<b>Net indebtedness short, medium &amp; long terms</b> <b>In EUR million, unaudited figures</b>	<b>31 March 2011</b>
A. Cash in hand	294,790
B. Cash equivalents	138,820
C. Short term Bank deposits	321
<b>D. Cash and cash equivalents (A)+(B)+(C)</b>	<b>433,931</b>
<b>E. Short term financial receivables</b>	
F. Short term financial liabilities (overdrafts)	1,030
G. Current portion of borrowings (< 1 year)	21,996
H. Other short term financial liabilities	20,711
<b>I. Total short term financial liabilities (F)+(G)+(H)</b>	<b>43,737</b>
<b>J. Short term financial indebtedness (I)-( E)-(D)</b>	<b>-390,194</b>
K. Borrowings (> 1 year)	290,619
L. Bonds issued	203,980
M. Other financial liabilities > 1 year	10,449
<b>N. Long and mid-term financial indebtedness (K)+(L)+(M)</b>	<b>505,048</b>
<b>O. Net financial indebtedness (J)+(N)</b>	<b>114,854</b>

There is no indirect and contingent indebtedness due to acquisitions undertaken by Atos Origin.

In order to enable the Group to maintain its financial flexibility and extend the maturity of its financial resources, the Group signed on 11 April 2011 a new five year multi-currency revolving credit facility with an international syndicate of 12 banks for an amount of EUR 1.2 billion and a duration of five years, thus expiring in April 2016.



## Principal risk factors relating to Atos Origin and its business

The principal risk factors specific to the Atos Origin Group are described in section D of the Registration Document (*document de référence*) and its Update filed with the AMF on 1 April 2011 and 8 June 2011, respectively.

### Risk factors related to the Transaction

If Atos Origin does not achieve the expected synergies of the Contribution, the profits of the Contribution will be lower than planned, and the operating profit and the financial situation will in turn be affected. Atos Origin may not succeed in achieving the potential synergies for multiple reasons, in particular the difficulties with the integration process or the materialization of risks linked to the IT services activity.

The Contribution is directly related to the conclusion between Atos Origin and Siemens of a managed operations and systems integration agreement for a duration of seven (7) years and an amount of 5.5 billion euros. Siemens will therefore become the largest customer of Atos Origin and will represent an important source of revenue for Atos Origin. This new commercial relationship therefore reveals a new risk of dependency *vis-a-vis* Siemens.

Atos Origin has not conducted a complete due diligence exercise prior to the Transaction. Consequently, Atos Origin may have to face unknown liabilities likely to have a material adverse effect on Atos Origin.

Atos Origin has only used the information provided by Siemens, including accounting and financial information, and has not verified the reliability of the information regarding the SIS Group given in this Prospectus.

### Selected Pro forma financial information

The following selected unaudited pro forma financial information (the “**Pro forma Financial Information**”), is presented in millions of euros and reflects the combination of Atos Origin and SIS using the acquisition method of accounting. The unaudited Pro forma balance sheet (the “**Pro forma Balance Sheet**”) at 31 December 2010 is presented as if the contribution to Atos Origin of the sole share of SIS Holding belonging to Siemens Inland had occurred on 31 December 2010. The unaudited Pro forma income statement (the “**Pro forma Income Statement**”) for the financial year ended 31 December 2010 is presented as if the contribution to Atos Origin of the sole share of SIS belonging to Siemens Inland had occurred on 1 January 2010.

The following Pro forma Financial Information was derived from and should be read in conjunction with the respective audited consolidated financial statements of Atos Origin as at 31 December 2010, prepared in accordance with IFRS, and the audited combined financial statements of SIS as at 30 September 2010, prepared in accordance with a basis of preparation based on IFRS, respectively incorporated by reference and included in this Prospectus.

For the purposes of building this Pro forma Financial Information, the Contribution was valued on the basis of the price as described in section A.2.1.1.2 “Price – Price adjustment”. It should be noted that it was not possible to:

- perform a detailed analysis of the accounting methods used by SIS for the purposes of harmonizing their accounting policies with those of Atos Origin; for this reason, adjustments in addition to those presented in section B.7.3.3 which could result from this in-depth analysis were not able to be quantified in an accurate and exhaustive manner, and to
- perform the initial purchase price allocation consideration in accordance with IFRS 3R standard “Business combinations”, notably involving recognition of any identifiable intangible fixed assets, and the determination of the fair value of the assets acquired and liabilities assumed.

The performance of all of the procedures that could not be done as described hereabove would have resulted in additional adjustments.

The detailed Pro forma Financial Information presented in section B.7 of this Prospectus was the subject of a report by Atos Origin’s Statutory Auditors, which is included in annex II of this Prospectus.

**Selected pro forma balance sheet as of 31 December 2010 (simplified and non audited)**

(in EUR million)	
ASSETS	
Total non-current assets	3,773.2
Total current assets	3,277.0
<b>Total assets</b>	<b>7,050.2</b>

(in EUR million)	
LIABILITIES AND SHAREHOLDERS' EQUITY	
Total shareholders' equity	2,080.6
Total non-current liabilities	1,895.6
Total current liabilities	3,073.9
<b>Total liabilities and shareholders' equity</b>	<b>7,050.2</b>

**Selected pro forma income statement for the 12 months period ended 31 December 2010 (simplified and non audited)**

(in EUR million)	
Revenue	8,800.6
Operating margin	222.8
<i>% of revenue</i>	2.5%
Operating income	133.6
Net financial income	(82.8)
<b>Net income</b>	<b>6.5</b>
Of which:	
- <i>Attributable to owners of the parent</i>	3.1
- <i>Non controlling interests</i>	3.4

**C. Bonds convertible into and/or exchangeable for new and/or existing ordinary shares to be issued contemporaneously the Contribution**

<b>Amount of the issuance</b>	249,999,985 euros.
<b>Number of Bonds</b>	5,382,131 bonds with the option to convert and/or exchange into new and/or existing ordinary shares.
<b>Par value of the Bonds</b>	46.45 euros representing (i) a premium of 40 % over the volume-weighted average share price of Atos Origin over the six-month period preceding the announcement of the Transaction (period from 14 June 2010 to 13 December 2010) and (ii) a premium of 14% in relation to the closing price of the Atos Origin share at 31 May 2011.
<b>Preferential subscription right – Priority period</b>	The subscription to the Bonds will be reserved for Siemens Beteiligungen Inland GmbH and paid up by set off against the debt Siemens Beteiligungen Inland GmbH holds over Atos Origin in respect of the cash consideration part of the Contribution.
<b>Issue price of the Bonds</b>	At par.
<b>Issue date, entitlement and settlement date of the Bonds</b>	On the completion date of the Contribution, expected to be 1 July 2011.
<b>Gross yield to maturity</b>	1.5 % (in the absence of conversion and/or exchange into shares and in the absence of early amortization).
<b>Issue rating</b>	The Bonds will not be rated.
<b>Atos Origin rating</b>	Neither Atos Origin nor its debt are rated.
<b>Listing of the Bonds</b>	The Bonds will not be admitted to trading or listing on a regulated market.
<b>Nominal rate – Interest</b>	The Bonds will bear interests at an annual nominal rate of 1.50% payable in arrears on 1st January of each year (or the next business day if such date is not a business day).
<b>Term</b>	5 years from the issue date.
<b>Amortization at maturity</b>	In full, on 1 July 2016 (or the next business day if such date is not a business day) at par.
<b>Early redemption at the option of Atos Origin</b>	See section A.2.2.3.8 Redemption date and terms and conditions of redemption of the Bonds
<b>Early redemption</b>	See section A.2.2.3.8 Redemption date and terms and conditions of redemption of the Bonds
<b>Conversion/Exchange of the Bonds into shares</b>	<p>At any time from the issue date, expected to be 1 July 2011 and up to and including the seventh business day which precedes the maturity date or early redemption date, allocation of shares at the ratio of one (1) share for one (1) Bond, subject to any adjustments.</p> <p>Atos Origin may at its option grant new shares to be issued or existing shares or a combination of the two.</p>

**Summary of the principal risk factors related to the Bonds**

The Bonds are complex securities consisting of a bond element and an optional element related to Atos Origin shares. In addition, the bonds convertible into and/or exchangeable for new or existing ordinary shares are not planned to be admitted to trading on the market Euronext Paris. The potential transfers would therefore be effectuated over-the-counter, by private mutual agreement, with the initial holder of the Bonds, Siemens Inland.

## D. Dilution

### Share capital breakdown before and after the Transaction

Breakdown information about Atos Origin's share capital and voting rights as at 1 April 2011:

	Before Contribution			After Contribution			After Contribution and conversion of the Bonds		
	Number of shares	% shares	% voting rights	Number of shares	% shares	% voting rights	Number of shares	% shares	% voting rights
Financière Daunou 17	17,442,800	24.93%	25.02%	17,442,800	21.15%	21.22%	17,442,800	19.86%	19.91%
Siemens	0	0.00%	0.00%	12,483,153	15.14%	15.19%	17,865,284	20.34%	20.40%
FMR Llc	3,498,744	5.00%	5.02%	3,498,744	4.24%	4.26%	3,498,744	3.98%	3.99%
Board of Directors	14,640	0.02%	0.02%	14,640	0.02%	0.02%	14,640	0.02%	0.02%
Employees	2,523,605	3.61%	3.62%	2,523,605	3.06%	3.07%	2,523,605	2.87%	2.88%
Treasury shares	253,551	0.36%	0.00%	253,551	0.31%	0%	253,551	0.29%	0.00%
Free float	46,243,261	66.08%	66.32%	46,243,261	56.08%	56.25%	46,243,261	52.64%	52.80%
<b>TOTAL</b>	<b>69,976,601</b>	<b>100%</b>	<b>100%</b>	<b>82,459,754</b>	<b>100%</b>	<b>100%</b>	<b>87,841,885</b>	<b>100%</b>	<b>100%</b>

### Proportion of the total share capital

In % of stake in capital	Proportion of total share capital as at 31 March 2011	
	Non-diluted basis	Diluted basis*
<b>Before the Contribution</b>	1%	0.91%
<b>After the Contribution</b>	0.85%	0.78%
<b>After the Contribution and the conversion of the issued Bonds into shares</b>	0.80%	0.74%

\*The calculation on a diluted basis assumes that (i) all Atos Origin stock options which are in the money as at 31 December 2010 on the basis of an Atos Origin share value as at 31 December 2010 (and not those out of the money), thus 39.84 euros, have been exercised and (ii) all the 2009 Bonds have been converted.

Potentially dilutive instruments are described in sections C.3.3.7 Note 10 and D.7.8.7 of Atos Origin "Document de Référence 2010".

**Effect of the issuance of Atos Origin shares in consideration for the Contribution and of the potential conversion of the Bonds on the proportion of consolidated shareholders' equity**

In EUR	Proportion of consolidated shareholders' equity as at 31 March 2011	
	Non-diluted basis*	Diluted basis**
<b>Before the Contribution</b>	23.16	25.64
<b>After the Contribution***</b>	24.68	26.69
<b>After the Contribution and conversion of the issued Bonds into shares***</b>	26.02	27.81

\*The calculation on a non-diluted basis is determined from the number of outstanding shares.

\*\*The calculation on a diluted basis assumes that (i) all Atos Origin stock options which are in the money as at 31 December 2010 on the basis of an Atos Origin share value as at 31 December 2010 (and not those out of the money), thus 39.84 euros, have been exercised and (ii) all the 2009 Bonds have been converted.

Potentially dilutive instruments are described in sections C.3.3.7 Note 10 and D.7.8.7 "Document de Référence 2010".

\*\*\*Contribution premium was computed based on the issue price of the new ordinary shares of Atos Origin used for the purpose of calculating the consideration for the Contribution, corresponding to 33.18 euros per new share.

**E. Timetable for the Contribution**

12 December 2010	Meeting of the Board of Directors of Atos Origin approving the principle of the Transaction
14 December 2010	Execution of a purchase option relating to SIS Holding granted by Siemens to Atos Origin and public announcement of the Transaction
14 January 2011	Meeting of the Board of Directors of Atos Origin approving the execution of the Framework Agreement
1 February 2011	Exercise of the Option and entering into the Framework Agreement
20 May 2011	Execution of the Contribution Agreement
8 June 2011	Approval ( <i>visa</i> ) of the Prospectus by the AMF
9 June 2011	Filing of documents at the registered office of Atos Origin pursuant to Articles R. 225-89 and R. 225-90 of the French Commercial Code ( <i>Code de commerce</i> )
23 June 2011	Filing of the contribution appraiser's report with the court registrar and at the registered office of Atos Origin
1 July 2011	Shareholders' ordinary and extraordinary general meeting approving the Contribution and the issuance of the Bonds
1 July 2011	Closing date of the Contribution and issuance of the Bonds

## **F. Practical information**

### **Investor contacts**

Gilles Arditti

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Or [investors@atosorigin.com](mailto:investors@atosorigin.com)

### **Availability of the Prospectus**

The Prospectus is available free of charge at the registered office of Atos Origin, on the company's website ([www.atosorigin.com](http://www.atosorigin.com)) as well as on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

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## **RESPONSIBLE PERSONS**

### **PERSONS WHO ASSUME RESPONSIBILITY FOR THIS DOCUMENT**

#### **FOR ATOS ORIGIN**

Thierry Breton, Chairman of the Board of Directors and Chief Executive Officer

Attestation from the person responsible for this Prospectus

*«I hereby declare that, having taken all reasonable care to ensure that such is the case, the information concerning Atos Origin contained in the present document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.*

*I obtained a statement from the statutory auditors at the end of their engagement affirming that they have read the whole of the present document and examined the information in respect of the financial position and the accounts of Atos Origin contained herein.*

*The statutory auditors have issued reports on the historical financial information incorporated by reference in the present document.*

*The statutory auditors have issued a report containing observations on the consolidated financial statements for the year ended December 31, 2010, appearing in section C.3.1 of the Reference Document filed on April 1, 2011 with the AMF under number D.011-0210.*

*Without qualifying the opinion they expressed on the consolidated financial statements, the statutory auditors have drawn the reader's attention to the note on "Basis of preparation and accounting policies" which describes the changes in accounting policies regarding the recognition of actuarial gains and losses on pensions.*

*The statutory auditors have issued a report containing observations on the consolidated financial statements for the year ended December 31, 2009, appearing in section 22.1 of the Reference Document filed on April 1, 2010 with the AMF under number D.10-0199.*

*The statutory auditors have issued a report containing observations on the consolidated financial statements and annual company financial statements for the year ended December 31, 2008, appearing in sections 3.1 and 3.5, respectively, of the Reference Document filed on April 9, 2009 with the AMF under number D.09-0251.*

*Without qualifying the opinion they expressed on the financial statements, the statutory auditors have drawn the reader's attention to the note on Goodwill which states that Atos Origin had recorded an impairment loss on goodwill for fiscal year 2008.*

*The statutory auditors have issued a report containing observations on the pro forma financial information, appearing in appendix II.*

*Without qualifying the opinion they expressed on the pro forma financial information, the statutory auditors have drawn the reader's attention to:*

- *The second introductory paragraph of section B.7 of the Prospectus which specifies that the Pro Forma Financial Information does not take into consideration any cost savings or other synergies that could result from the contribution, nor any payment that could arise from future restructuring costs, integration costs or change in control clauses that could be triggered as a result of the contribution.*
- *The seventh introductory paragraph of section B.7 of the Prospectus which mentions that it was not possible to:*
  - o *Carry out a detailed review of the accounting policies adopted by SIS for the purpose of harmonizing these accounting policies with those of Atos Origin; as a result, the additional restatements made to those presented in section B.7.3.3 – Description of pro forma restatements and which could arise from this in-depth analysis could not be quantified precisely or completely.*
  - o *Allocate the contribution price under IFRS 3 revised "Business Combinations", and in particular, recognize any possible intangible assets, as well as determine the fair value of assumed assets and liabilities.*

- *Section B.7.3.2.4 – Other agreements which states that the Pro Forma Financial Information does not include the following agreements:*
  - o *The commercial contract known as the “Customer Relationship Agreement”, governing the terms and conditions of the IT services provided in the areas of facilities management and integration that would be rendered by Atos Origin and the SIS companies to Siemens after the completion date;*
  - o *The strategic partnership between the two parties pursuant to several contracts known as the “Operational Collaboration Agreements” defining the methods for implementing a strategic partnership enabling the development of new products and solutions.*
- *Section B.7.3.2.6 – Tax impact which indicates that the detailed review of the tax positions of the new group’s various entities will be carried out after the completion date and that this may lead to the recognition of deferred tax by Atos Origin in addition to the deferred tax which is already presented in the Pro Forma Financial Information. »*

Bezons, June 7, 2011

## **Persons responsible for examining the financial statements of Atos Origin**

### **Principal auditors**

Grant Thornton, 100 rue de Courcelles, 75017 Paris

Represented by Jean-Pierre Colle et Vincent Frambourt

Date of mandate: 12 June 2008 for a duration of 6 years

Date of expiry of mandate: at the end of the Ordinary General Shareholders’ Meeting which will be held to approve the financial statements for the year ended 31 December 2013

Deloitte & Associés, 185, avenue Charles De Gaulle, 92200 Neuilly-sur-Seine

Represented by Tristan Guerlain and Christophe Patrier

Date of mandate: 23 May 2006 for a duration of 6 years

Date of expiry of mandate: at the end of the Ordinary General Shareholders’ Meeting which will be held to approve the financial statements for the year ended 31 December 2011

### **Deputy auditors**

IGEC, 3, rue Léon Jost, 75017 Paris

Date of mandate: 12 June 2008 for a duration of 6 years

Date of expiry of mandate: at the end of the Ordinary General Shareholders’ Meeting which will be held to approve the financial statements for the year ended 31 December 2013

B.E.A.S., 7/9, villa Houssay 92200 Neuilly-sur-Seine

Date of mandate: 23 May 2006 for a duration of 6 years

Date of expiry of mandate: at the end of the Ordinary General Shareholders’ Meeting which will be held to approve the financial statements for the year ended 31 December 2011

## **FOR SIEMENS IT SOLUTIONS AND SERVICES GMBH**

Statement from the persons responsible for Chapter C of this Prospectus

*« I certify that, after taking all reasonable action, to my knowledge, the information about the SIS Business (as such term is defined in this Prospectus) and Siemens IT Solutions and Services GmbH given in Chapter C of this Prospectus conforms to the facts and does not omit any information that would alter the judgment of investors. »*

*I obtained a consent letter from the independent auditor in which it states that it has verified the financial and accounting information of the SIS Business (as such term is defined in this Prospectus) and Siemens IT Solutions and Services GmbH given in Chapter C of this Prospectus and that it has read Chapter C of this Prospectus and consent to the insertion in this Prospectus of its reports on the combined accounts of the SIS Business (as such term is defined in this Prospectus) and Siemens IT Solutions and Services GmbH, a translation of which, together with that of such combined accounts, is included on pages [157] and [224] of this Prospectus. These reports do not contain any observation or qualification. »*

Siemens Beteiligungen Inland GmbH, represented by Dr. Otmar Schmitt and Bernhard Bieler as managing directors.

### **Person responsible for controlling the accounts of Siemens IT Solutions and Services GmbH**

#### **Independent auditor**

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft  
Represented by Mr. Ralf Bostedt and Mr. Stephan Sauer  
Appointed on 8 November 2010

## **FOR SIEMENS AG**

*« I certify that, after taking all reasonable action, to my knowledge, the information about Siemens AG given in Section A.2.1 "General Presentation" of Chapter A.2 "Legal Aspects of the Transaction" of this Prospectus conforms to the facts and does not omit any information that would alter the judgment of investors. »*

Siemens Aktiengesellschaft represented by Karl-Heinz Seibert (Corporate Vice President, Head of Mergers, Acquisitions and Post Closing Management) and Dr. Andreas C. Hoffmann (General Counsel Corporate & Finance).

## **FIRST PART: INFORMATION ON THE TRANSACTION AND ITS CONSEQUENCES**

### **A.1 ECONOMIC ASPECTS OF THE TRANSACTION**

#### **A.1.1 PRIOR RELATIONSHIP BETWEEN THE COMPANIES**

Prior to the Transaction, there was no significant relationship, either direct or indirect, in capital or voting rights between, on the one hand, Atos Origin and, on the other, Siemens and/or the SIS Group companies<sup>1</sup>. Furthermore, there is no common subsidiary, no guarantee undertaking and no technical or commercial agreement<sup>2</sup> between, on the one hand, Atos Origin and, on the other, Siemens and/or the SIS Group companies, with the exception of those undertakings and agreements to be entered into as part of the Transaction as further described in the Prospectus or otherwise arising in the ordinary course of business.

As of the date of this Prospectus, the concerned companies have no directors or officers in common.

#### **A.1.2 TRANSACTION RATIONALE AND OBJECTIVES**

##### **A.1.2.1 INTEREST OF THE TRANSACTION FOR THE BENEFICIARY OF THE CONTRIBUTION AND ITS SHAREHOLDERS**

On 14 December 2010, Atos Origin and Siemens AG, a stock corporation (*Aktiengesellschaft*) organized under the laws of Germany, with its registered seat in Munich and Berlin, Germany, and registered with the commercial register of the local court (*Amtsgericht*) of Munich under HRB 6684 and in the commercial register of the local court (*Amtsgericht*) of Berlin-Charlottenburg under HRB 12300, whose registered office is at Wittelsbacherplatz 2, 80333 Munich, Germany (hereinafter “**Siemens**”), announced their intention to form a global strategic partnership.

In this context, Siemens has undertaken to contribute, through its wholly-owned subsidiary Siemens Beteiligungen Inland GmbH, a limited liability company organized under the laws of Germany with its registered seat in Germany, 80333 Munich, Wittelsbacherplatz 2, and registered with the commercial register of the local court (*Amtsgericht*) of Munich under HRB 139644 (hereinafter “**Siemens Inland**”), substantially all of the businesses of its cross sector Siemens IT Solutions and Services (“**SIS**”) to Atos Origin, as more precisely described in section C.3.1 of this Prospectus in order to create a leading IT services company in Europe.

In 2010, prior to the discussions with Atos Origin, Siemens and its subsidiaries (hereinafter the “**Siemens Group**”) launched an internal restructuring, pursuant to which the SIS Business is to be carved-out and transferred, directly or indirectly, to a wholly-owned subsidiary of Siemens AG, Siemens IT Solutions and Services GmbH, a limited liability company organized under the laws of Germany with its registered seat in Munich, Germany, and registered in the commercial register of the local court (*Amtsgericht*) of Munich under HRB 184933, whose registered office is at Otto-Hahn-Ring 6, 81739 Munich, Germany, (hereinafter “**SIS Holding**”). Pursuant to this carve-out process, Siemens AG transferred, among other things, related assets, liabilities, contracts, equity interests, intangibles, employees as well as other rights and obligations pertaining to the SIS Business to the SIS Group. Prior to the Closing Date, the Carve-Out will have been implemented in most countries in which the SIS Business operates. The scope of the contributed SIS Business and, more generally, the structure of the Transaction, and in particular the transactions effected prior to the Closing Date as well as undertakings and other agreements to be entered into by the parties are more fully described in section A.2.1 of this Prospectus.

The contributed SIS Business generated revenues of 3.8 billion euros for the financial year ended 30 September 2010, in more than 35 countries.

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<sup>1</sup> Some Siemens' pension funds hold shares in Atos Origin with a current total market value of approximately EUR 70,000.

<sup>2</sup> In past years, Atos Origin and SIS have had commercial relations in the ordinary course of business.



#### *A.1.2.1.1 CREATION OF A MAJOR PLAYER IN EUROPEAN AND GLOBAL IT SERVICES AND SUBSTANTIAL IMPROVEMENT OF GROWTH POTENTIAL FOR THE NEW ATOS ORIGIN GROUP*

The acquisition of SIS Holding and the entering of the various agreements related thereto as described in section A.2.1 below (together, the “**Transaction**”) represents a key stage in Atos Origin’s strategy, enabling it to expand considerably in the businesses of IT services and high-tech transactional services (HTTS). With a pro forma revenue of approximately 8.8 billion euros and a workforce of 78,500 employees<sup>3</sup>, the Transaction will make Atos Origin the second largest company in Europe and the fifth largest company worldwide for IT services and managed services, and more globally, the third largest company in Europe and the seventh largest company worldwide for IT services<sup>4</sup>. Furthermore, the two groups have signed a contract with a value of 5.5 billion euros for a duration of seven years, pursuant to which Atos Origin will provide Siemens with managed services and systems integration. The new group will form the largest managed services platform in Europe and will benefit from a unique position to develop Cloud Computing offers (for which Atos Origin anticipates a strong growth in the coming years<sup>5</sup>) from ERP, energy and PLM integration systems, and will accelerate development of its electronic and payment services businesses.

The Transaction, which will result in a significant expansion of the client base and of Atos Origin’s offered portfolio, should also improve its presence in geographies such as, among others, Germany, UK, the US and Asia and offer in new commercial opportunities, by enabling it to increase its capacity to win future contracts, in particular significant IT management contracts for multinational clients. The SIS Business presents strong complementarities with those of Atos Origin in terms of service lines, sectors, geographies and clients.

- **Service lines**<sup>6</sup>

As regards service lines, the companies will complement managed services, systems integration, consulting and High Technology Transactional Services (HTTS). On the basis of consolidated pro forma data 2010, the revenue of the combined entity consists of the following<sup>7</sup> :

- IT management, 4.5 billion euros,
- Advice and Systems integration, 3 billion euros,
- Specialized services (HTTS, Atos WorldGrip and BPO Medical), 1.3 billion euros.

#### **IT management**<sup>8</sup>

In terms of IT managed services, the SIS Group is one of the principal global service providers, with the ability to rely on 25 centres across 15 countries and, like Atos Origin, with an extensive expertise in specialized services. Atos Origin, one of the leaders in IT management in Europe is renowned for its expertise in the management and in the improvement of the IT operating systems of its clients (information systems and data handling, calculation centres, network and office installations, secure access systems etc.).

The Transaction is expected to allow Atos Origin to multiply its revenue for IT managed services by 2.5 due to a new ability to conclude significant contracts through, in particular, a better geographic location and the growth of its data management centers.

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<sup>3</sup> See Sections C.1.6 of the Registration Document, and more particularly regarding the SIS Business, C.3.5 below.

<sup>4</sup> Source: IT Services Worldwide Market Share 2000-2014, Gartner 2Q 2010 on Western Europe and for Professional services only.

<sup>5</sup> See Sections B.1.1.1 of the Registration Document, and more particularly regarding the SIS Business, C.3.1 below.

<sup>6</sup> See Sections B.3.4 of the Registration Document, and more particularly regarding the SIS Business, C.3.1.1 and C.3.2.2 below.

<sup>7</sup> Upon completion of the integration of SIS, the Group will carry out a detailed review of its service lines and of the allocation of the businesses within. This review may entail re-allocations of the revenue among service lines so as to ensure a better consistency of the service lines (in particular, regarding SIS businesses subject to be considered as HTTS in the new entity, as well as application maintenance businesses (*activités de maintenance applicative*) which is accounted by Atos Origin in Systems integration and not in IT management).

<sup>8</sup> See Sections B.1.4.3 and B.3.4.3 of the Registration Document.

## **Advice and Systems integration<sup>9</sup>**

Atos Origin is a major player in terms of Advice and Systems integration services. The Atos Origin Group contributes perennial added value to its clients due to a large range of businesses aligning sectorial issues with more transverse issues.

The Group, and more specifically the Advice and the Systems integration, operate in four main areas:

- systems that are essential to its clients' businesses, as a leader offering bespoke solutions (Energy and Utilities – Public Services, Media and Telecoms, Industry and Transport and Major events);
- transverse offers to different sectors, as a regional leader;
- integration of SAP software, where the Group develops end-to-end solutions; and
- services more generically applicable in which the Group has a solid experience of project completion of the most recurrent businesses due to a profound knowledge of client issues.

With approximately 7,000 employees in systems integration<sup>10</sup> and specific expertise in strong growth areas (Biometrics, Telecommunication and SAP expertise), SIS will enable Atos Origin to consolidate its market share and increase its portfolio in systems integration offering.

## **High Technology Transactional Services (HTTS)<sup>11</sup>**

With respect to high technology transactional services (HTTS), Atos Origin is a leader in end-to-end services for critical electronic transactions.

The Transaction should reinforce the priority that Atos Origin gives to innovation, in particular in HTTS businesses, where the company has identified an important growth potential and attractive margins. New growth opportunities appear for HTTS based on the SIS Group's current clientele and the collaboration with Siemens.

The existing operations of the SIS Group are expected to contribute to the development of Atos Origin's HTTS strategy through the income optimization and the SIS current customers relationships. Further, the entering of a strategic partnership with Siemens aiming to reinforce Atos Origin's innovation and HTTS offers, and the research and development program set up jointly between Atos Origin and Siemens will also accelerate revenue growth through a joint collaboration policy of the parties on large joint project and research and development. Information regarding the strategic partnership set up between Atos Origin and Siemens is further described in section A.2.1.5 of the present Prospectus.

## **Business Process Outsourcing Medical**

The Atos Origin Group is also a leader in the area of medical service programs with BPO Medical offering services which combine advice, systems integration and managed services with medical services (insuring 780,000 people).

IT management is expected to represent 52% of Atos Origin's revenues after completion of the SIS Group integration in Atos Origin, whereas the systems integration is expected to represent 33%, and the high technology transactional services and the other specialized businesses are expected to represent 15%.

### **• Business sectors<sup>12</sup>**

As regards business sectors, Atos Origin has extensive expertise in the financial services and energy and utilities sector. In addition, customers considered as key customers according to Atos Origin do not mainly belong to SIS significant customers' portfolio, whereas the SIS Group has a strong presence in the industry, public sector, telecommunication, media, distribution and transport sector. As of 31 December 2010, Atos Origin's and SIS' significant customers by business sector are :

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<sup>9</sup> See Sections B.1.4.2 and B.3.4.2 of the Registration Document.

<sup>10</sup> Further detailed information regarding the split of the SIS Group's employees is described in Section C.3.5. of the present Prospectus.

<sup>11</sup> See Sections B.2.3 and B.3.4.1 of the Registration Document.

<sup>12</sup> See Sections B.3.1 of the Registration Document, and more particularly regarding the SIS Business, C.3.1.2 and C.3.2.3 below.

- Financial services :
  - Atos Origin : Achmea, Société Générale, Crédit Agricole, BNP Paribas, ING.
  - SIS : MetLife, Deutsche Bank, Morgan Stanley, Commerzbank.
- Public sector and Health :
  - Atos Origin : Home Office Border & Immigration agency, French Ministries of Defense and Justice (*Ministères Français de la Défense et de la Justice*), DWP, NHS.
  - SIS : Talecris, le Welsh Assembly Government (*Llywodraeth Cynulliad Cymru*).
- Energy and Utilities :
  - Atos Origin : GDF Suez, EDF, Petrobras, Schlumberger, Total, Shell.
  - SIS : EON, Enel, RWE, RAG.
- Manufacturing :
  - Atos Origin : EADS, Renault Nissan, NXP, PSA Peugeot Citroën, Akzo Nobel, SNCF.
  - SIS : EADS, Xerox, Volkswagen, Hochtief, Continental, Storaenso.
- High Technology and Telecom :
  - Atos Origin : SFR, Telefonica, Kpn, Wolters Kluwer, Vodaphone, France Telecom
  - SIS : Nokia, Axel Springer, Microsoft.

- **Geographic location**

Geographically, Atos Origin has a strong foothold in France (revenues in 2010 of 1.1 billion euros), Benelux (revenues in 2010 of 938 million euros) and in the United Kingdom (revenues in 2010 of 904 million euros), whereas the SIS Group is particularly well established in Germany, Austria and in countries of Central and Eastern Europe (revenues around 2 billion euros for these three areas in 2010).

The Transaction, as well as offering Atos Origin the size necessary in each of the countries of the GCEMA region (Germany, Central Europe, the Mediterranean and Africa), should also allow Atos Origin's presence on the American continent to increase four-fold. Segment information regarding the pro forma revenue of Atos Origin and SIS Group is further described in section B.7.3.5 of this Prospectus.

#### *A.1.2.1.2 THE SIS GROUP, A RESTRUCTURED ASSET, A SIGNIFICANT SYNERGY POTENTIAL*

As further detailed in section A.2.1.1.1 of this Prospectus, the SIS Business has been subject to a prior carve-out and a reorganization to exclude certain businesses or assets from the contributed SIS Business (as defined in section C.3.1). The 2010 pro forma revenue of the contributed SIS Business amounted to 3.8 billion euros (for a revenue of 4.2 billion euros prior to the reduction of the scope in relation with the Transaction).

The SIS Business was also subject to a significant restructuring initiated by Siemens to strengthen its operational profile. The workforce of the SIS Group has already been significantly reduced and will be further reduced after 1 July 2011. A subsequent restructuring of the SIS Business workforce relating to 1,750 employees principally involved with support functions, 650 of which are in Germany, will be completed after fulfillment of all relevant information and consultation obligations towards the employees and their representatives (per country). Siemens will bear up to a maximum of 250 million euros of the costs of this restructuring and the related integration costs. The restructuring transactions of the SIS Business are described in more detail in section A.2.1.1.9 of this Prospectus.

Following completion of the Transaction, Atos Origin intends to implement a SIS Transformation and Integration Program within SIS. This program will rely on the implementation of a second TOP (Total Operation Performance) plan in order to improve the profitability of the new entity by optimizing synergies. Atos Origin has thus identified potential upside of 225 million euros in EBIT by 2013, 100 million euros of which will be directly linked to TOP program to SIS on a stand alone basis and 125 million euros of which synergies will be costs incurred by the business combination, associated with the merger of the registered offices, the reorganisation of management (levels 1, 2 and 3), and the reduction of purchasing costs due to discounts given for orders of larger volumes.

In addition, Atos Origin's project of business restructuring into two subsidiaries Atos Business Solutions regarding HTTS, energy and utilities, and health sectors, and Atos IT Services regarding IT management, integrations system and advice, remain topical.

#### *A.1.2.1.3 LONG-TERM ALLIANCE WITH SIEMENS*

The Transaction cements the formation of a strategic partnership between Atos Origin and Siemens, the latter becoming Atos Origin's first customer.

In the context of this partnership, Siemens will be closely associated with the synergies and the value creation resulting from the integration of the SIS Group within Atos Origin in the coming years. Siemens will become a shareholder of Atos Origin holding approximately 15% of the share capital of the company, with an undertaking to hold the Atos Origin shares received in consideration for the Contribution for five (5) years and will be represented by a director on the Board of Directors of Atos Origin. In addition, Siemens will subscribe for bonds convertible into and/or exchangeable for new or existing shares which will be issued by Atos Origin on the Closing Date for an aggregate nominal amount of 250 million euros (which bonds and shares received upon conversion and/or exchange will not be subject to the lock-up).

Additionally, the two groups have entered into a commercial agreement for the provision of IT management and systems integration services with a value of 5.5 billion euros for a term of 7 years. This agreement, one of the most significant ever entered into in the IT services sector, strengthens the partnership of Atos Origin and Siemens, the latter becoming Atos Origin's first customer (see section B.1 "Risk factors of the Transaction", paragraph "Risk of dependency vis-a-vis certain customers" below). A detailed description of this agreement is included in section A.2.1.4 of this Prospectus.

The alliance between Atos Origin and Siemens is supplemented by the entering of a strategic partnership to jointly offer integrated and complementary solutions, the implementation of a research and development investment program of 100 million euros, a practice of cross-selling for the benefit of the two groups and the establishment of a joint committee to pilot the offer of joint HTTS solutions with considerable growth potential. A detailed description of this partnership agreement is provided in section A.2.1.5 of this Prospectus.

#### *A.1.2.1.4 A TRANSACTION CREATING VALUE FOR THE SHAREHOLDERS OF ATOS ORIGIN AND WHICH WILL REINFORCE THE FINANCIAL CAPACITY OF ATOS ORIGIN BY 2013*

The Transaction has been structured to contribute value for shareholders of Atos Origin and to preserve cash. The Transaction is expected to generate an increase of the earnings per share of at least 50% in 2013 compared to those of the new Group on 2011 and in the medium-term to accelerate revenue growth for Atos Origin by the strengthening of the leading position of Atos Origin in IT management and integration systems, by the implementation of a global partnership with Siemens, by the development of High Technology Transactional Services (HTTS), and on the whole Atos Origin's businesses through incomes synergies between SIS, Atos Origin and Siemens.

The Transaction provides for a payment by Atos Origin of 176.6 million euros in cash (of which 26.4 million euros as part of the Direct Transfers set forth in section 2.1.1.1 (b)) subject to certain conditions and adjustments that are more precisely described in section A.2.1.1.2 of this Prospectus. In this regard, it should be noted that, Atos Origin forecasts a net financial indebtedness of zero by the end of 2012 (excluding dividend payment, and as the case may be, future acquisitions). The Transaction therefore enables Atos Origin to preserve, and to increase by 2013, its acquisition abilities, in particular in the area of High Technology Transactional Services (HTTS) whilst fortifying itself as a major player in a sector undergoing consolidation.

#### **A.1.2.2 INTEREST OF THE TRANSACTION FOR SIEMENS AND ITS SHAREHOLDERS**

On 14 December 2010, Peter Löscher, President and Chief Executive Officer of Siemens AG, declared:

*"We are creating a European Champion. The two organizations benefit from outstanding complementarities regarding customer base, geographies and services. As a future sustainable shareholder and strategic partner of the new company we demonstrate our confidence in the value add created by this transaction for the Siemens IT Solutions and Services employees, our shareholders and customers. We will jointly develop new IT products and solutions and*

*strengthen the innovation power of the new company. For the next seven years the new company will also be responsible for the service of the IT backbone of Siemens.”*

## **A.2 LEGAL ASPECTS OF THE TRANSACTION**

### **A.2.1 GENERAL PRESENTATION**

#### **A.2.1.1 FRAMEWORK AGREEMENT**

On 14 December 2010, the parties announced the principle of the Transaction. On this date, Siemens granted a put option to Atos Origin, relating to SIS Holding and exercisable by Atos Origin after the implementation of the consultation procedure with its European Work’s Council (hereinafter the “**Option**”).

On 1 February 2011, Atos Origin and Siemens AG entered into a framework agreement, as subsequently amended (hereinafter the “**Framework Agreement**”), pursuant to which Siemens agreed to contribute to, and Atos Origin agreed to acquire from Siemens Inland, one (1) ordinary share representing 100% of the share capital and voting rights of SIS Holding (hereinafter the “**Contribution**”). At the same time as the Contribution, the parties also agreed to effectuate certain direct transfers of SIS assets located in certain countries, as further described in section A.2.1.1.1 (b) below.

##### *A.2.1.1.1 SCOPE OF THE CONTRIBUTION*

#### **(a) Contribution**

The Framework Agreement provides for the finalisation of a prior internal reorganization within the Siemens Group under which the SIS Business, as more fully described in section C.3.1 of this Prospectus, is being carved-out (the carve-out process of the SIS Business being hereinafter referred to as the “**Carve-Out**”) and transferred, directly or indirectly, to SIS Holding.

By way of exception, the following activities of the “Siemens IT Solutions and Services” division of Siemens will be excluded from the Carve-Out and will be retained by Siemens (the “**Excluded Activities**”):

- the telecom activities related to the provision of software and system solutions, software design, software research and development, systems integration services for customers in the Communication, Media and Technology (CMT) sectors;
- the IT Solutions and Services activities operated by Siemens in South Africa, Greece, Hungary, Japan and Norway;
- the shares held by Siemens in a German joint venture: HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH<sup>13</sup>; and
- the contracts and assets relating to project “Herkules” regarding the modernization and operation of certain infrastructures for the German army (*Bundeswehr*).

Moreover, the parties are currently considering whether it is in the best interest of the SIS Business to include the participation of SIS Holding in e-utile S.p.A, Milan within the scope of the Transaction and may treat such participation initially as a Deferred Asset.

#### **(b) Direct Transfers**

Moreover, the Framework Agreement sets forth, due to certain legal restraints, a direct transfer by Siemens to some Atos Origin’s subsidiaries of SIS businesses located in China, Turkey, United Arab Emirates, as well as an Austrian subsidiary TSG EDV Terminal Services Ges.m.b.h. In consideration for these direct transfers, Atos Origin shall pay at the Closing Date an aggregate consideration of 26.4 million euros which shall be added to the Initial Consideration as

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<sup>13</sup> It is specified that Siemens has, until 1 July 2012, the right, subject to certain conditions, to transfer to Atos Origin its shareholding in HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH at a price of 9.2 million euros (on a debt-free / cash-free basis).

mentioned in the section A.2.1.1.2 “Price – Price Adjustment”. It is currently planned that the transfers of the SIS businesses in the United Arab Emirates and in Austria shall occur immediately after the Closing Date, whereas the SIS businesses in China and in Turkey shall be transferred subsequently (for China as soon as operationally possible, and for Turkey on 1 October 2011).

#### *A.2.1.1.2 PRICE – PRICE ADJUSTMENT*

##### **Initial Consideration**

The Contribution will be made on the Closing Date by way of a contribution in kind, from Siemens Inland to Atos Origin, of one (1) ordinary share representing 100% of the share capital and voting rights of SIS Holding, for the following consideration (the “**Initial Consideration**”) and subject to the adjustments detailed hereafter:

- 12,483,153 new ordinary shares to be issued by Atos Origin to Siemens Inland on the Closing Date, each with a par value of one (1) euro and bearing dividend entitlement as of the Closing Date; and
- 400,196,974 euros as a cash payment (“*soulte*”).

The total amount of cash payable at Closing will be settled at Closing by way of:

- payment of 150,196,989 euros in cash from Atos Origin to Siemens Inland, and
- set off of 249,999,985 euros against the aggregate subscription price for 5,382,131 bonds that are convertible and/or exchangeable into new or existing shares (hereinafter the “**Bonds**”), with an aggregate nominal value of 249,999,985 euros, such Bonds to be issued by Atos Origin to Siemens Inland on the Closing Date. The terms and conditions of the Bonds to be issued are described in section A.2.2 below.

It shall be noted that the acquisition price initially announced in December 2010 amounted to 850 million euros and included a cash payment of 435.8 million euros. In accordance with the Contribution Agreement entered into on 20 May 2011, the amount of such cash payment has henceforth been reduced to 400 million euros because of the exclusion from the scope of the shares of the joint-venture HanseCom valued at 9.2 million euros (see section A.2.1.1.1 (a)) that were initially included on the one hand, and because certain assets valued at 26.4 million euros will be directly transferred from the Siemens Group to certain Atos Origin’s subsidiaries on the other hand, and are therefore excluded from the scope of the Contribution (see section A.2.1.1.1 (b)).

Following the Contribution and prior to the conversion and/or exchange of any of the Bonds, Siemens will hold, directly or indirectly approximately 15 % of the share capital and voting rights of Atos Origin<sup>14</sup>. A breakdown of the share capital of Atos Origin after the Contribution is detailed in section A.5.1.2 below.

##### **Price Adjustment**

The Framework Agreement provides that SIS Holding has been valued by Atos Origin on a debt free/ cash free basis and on the basis of an agreed working capital amount. In this context, the Initial Consideration has been determined on the basis of estimates of the debt, cash and working capital of SIS Holding (on an aggregated basis) as of 30 June 2011. Consequently, the Framework Agreement provides for an adjustment of the Initial Consideration after the Closing Date, to the extent that the actual amounts of debt, cash and working capital of the SIS Business as of 30 June 2011 deviate from the estimated amounts.

To this effect, Siemens and Atos Origin shall together determine, after the Closing Date, the final amount resulting from the sum of the following financial aggregates (as defined in the Framework Agreement) of SIS Holding as at 30 June 2011 (the “**Cash Adjustment**”) (which could be a positive or negative amount):

- a) the amount of Cash;
- b) minus, if any, the amount of Debt;

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<sup>14</sup> On the basis of a share capital of Atos Origin consisting of 69,976,601 shares, as specified in section A.5.1.2.

- c) minus, as the case may be, the difference, if it is positive, between 200,365,000 euros (as this amount may be adjusted in accordance with the Framework Agreement) and the amount of Working Capital;
- d) plus, if necessary, the difference, if it is positive, between the amount of the Working Capital and 200,365,000 euros (as this amount may be adjusted in accordance with the Framework Agreement).

Pursuant to the Framework Agreement, Siemens provided to Atos Origin on 13 May 2011 the estimated amount of Debt, Cash, and Working Capital of SIS Holding as at 30 June 2011, and the resulting estimated Cash Adjustment which is equal to a negative amount of 319,000,000 euros, it being however specified that this estimated amount shall be adjusted prior to the Closing Date to take into account provisions recorded for certain loss-making commercial contracts, for which Atos Origin benefits from certain specific guarantees (as set forth in section A.2.1.1.5 “Indemnification of Atos Origin for certain specific risks”, paragraph “Identified contracts at risk – Projects risks”) and it being further specified that Atos Origin and Siemens retain the ability to adjust the estimates by mutual agreement so as to minimize any subsequent Cash Adjustment.

Since the estimated amount of the Cash Adjustment was negative, Siemens Inland will contribute on the Closing Date at the latest an amount equal to 319,000,000 euros (it being however specified that this estimated amount shall be adjusted prior to the Closing Date to take into account provisions recorded for certain loss-making commercial contracts, for which Atos Origin benefits from certain specific guarantees as indicated above; it further being specified that Atos Origin and Siemens may, at their discretion, adjust the estimates by mutual agreement so as to minimize any subsequent Cash Adjustment) as additional cash contribution into the capital reserve account of SIS Holding. The amount so contributed will be computed as Cash for the purposes of determining the Cash Adjustment.

In the event that the amount of Cash Adjustment, as finally determined, is positive, Atos Origin will pay to Siemens Inland an amount equal to the amount of Cash Adjustment as an additional cash payment.

In the event that the amount of Cash Adjustment, as finally determined, is negative, Siemens Inland will pay to Atos Origin an amount equal to the amount of Cash Adjustment as a reduction of the Initial Consideration. For accounting purposes such payment will be treated as an adjustment to the cash payment.

Atos Origin will issue a press release in order to inform the market and its shareholders once the adjustment of the Initial Consideration and the resulting payment have become final.

#### *A.2.1.1.3 CONDITIONS PRECEDENT*

The obligation for the parties to complete the Transaction will arise after all conditions precedent under the Framework Agreement are fulfilled. The Contribution will become effective upon the conditions under the Contribution Agreement having been fulfilled (the “**Closing Date**”). The Closing Date is currently expected to occur on 1 July 2011 following the general meeting of the shareholders of Atos Origin called to approve the Contribution and the issuance of the Bonds.

#### **Conditions provided for the benefit of Siemens and Atos Origin:**

- (a) the authorizations from the U.S. and European competition authorities having been obtained;
- (b) the approval (*visa*) of this Prospectus having been granted by the *Autorité des marchés Financiers*;
- (c) the approval by the ordinary and extraordinary general meeting of the shareholders of Atos Origin of the Contribution, its valuation and the corresponding share capital increase, as well as of the issuance of the Bonds;

#### **Condition provided for the sole benefit of Atos Origin**

- (d) the completion of the Carve-Out by Siemens in accordance with the Framework Agreement prior to the Closing Date.

Upon fulfillment of these conditions, the parties will be under an obligation to implement the Contribution. As of the date hereof, the conditions (a), (b) and (d) have been fulfilled.

**The Contribution will become effective upon the parties complying with the following conditions (in addition to condition (c) described in the paragraph above):**

- (a) the subscription by Siemens Inland to the Bonds by means of a set-off;
- (b) the contribution by Siemens to SIS Holding of an amount equal to the Estimated Cash Adjustment in accordance with the Framework Agreement;
- (c) the payment by Atos Origin of 150,196,989 euros as a cash payment for the Contribution and of 26,412,000 euros as for the direct transfers described in section A.2.1.1.1 (b).

The Chairman of the Board of Directors and Chief Executive Officer of Atos Origin, upon authority conferred on him by the Board of Directors by virtue of the powers delegated to the Board of Directors by the Shareholders' General Meeting of Atos Origin which was called to resolve upon the Contribution, will upon full satisfaction of the conditions precedent mentioned here above, acknowledge the completion of the Contribution and the resulting share capital increase.

#### *A.2.1.1.4 REPRESENTATIONS AND WARRANTIES GIVEN BY SIEMENS*

##### **Scope of the Representations and Warranties**

Siemens has granted to Atos Origin representations and warranties relating to SIS Holding and the SIS Group companies in particular in relation to the following:

- (i) constitution and capacity to conduct their activity;
- (ii) capital structure;
- (iii) implementation of the Carve-Out;
- (iv) certain legal proceedings;
- (v) sufficiency and quality of assets;
- (vi) intellectual property;
- (vii) environment;
- (viii) compliance with laws;
- (ix) employees and compliance with social legislation;
- (x) regularity of the combined accounts of SIS Holding as at 30 September 2010; and
- (xi) commercial contracts and joint-ventures.

##### **Cap and duration of indemnification in respect of representations and warranties**

Save for certain exceptions, Siemens has undertaken to indemnify Atos Origin for any individual loss suffered as a result of the breach or inaccuracy of the representations and warranties given, up to a maximum cap of 100 million euros and subject to customary limitations including with respect to thresholds and time limits.

#### *A.2.1.1.5 INDEMNIFICATION OF ATOS ORIGIN FOR CERTAIN SPECIFIC RISKS*

In addition to and irrespective of the representations and warranties given to Atos Origin, as described above, Siemens has agreed to indemnify Atos Origin in respect of certain risks and/or costs, including those specifically described hereafter.



## **Siemens activities outside the scope of the SIS Business**

Siemens has agreed to indemnify Atos Origin for all costs or risks relating to the activities of Siemens which are not part of the SIS Business acquired by Atos Origin.

### **Identified contracts at risk – Projects risks**

Siemens has agreed to compensate, subject to certain limitations, Atos Origin for certain risks and losses incurred in respect of four specific commercial contracts entered into by the SIS Group.

### **Risks arising from other commercial contracts**

Siemens has agreed to partially indemnify Atos Origin, subject to certain limitations, in respect of (i) commercial contracts entered into by the SIS Group that are terminated by a customer as a result of a change of control of the SIS Group following the Contribution or the implementation of the Carve-Out as well as (ii) certain commercial contracts that are considered at risk of generating losses and are identified within a period of two years following the Closing Date as either not having been or not having been properly accounted for in the determination of the Cash Adjustment described in section A.2.1.1.2 for the purpose of establishing the final consideration for the Contribution.

Siemens' liability in respect of this indemnity is capped at a maximum amount of 200 million euros.

### **Certain commercial disputes**

Siemens has also given a specific indemnity for the costs to be incurred in respect of certain ongoing commercial disputes of the SIS Group.

### **Number of employees of the SIS Group transferred on the Closing Date**

In 2010, Siemens initiated a restructuring plan for the SIS Business employees which is to be completed at the latest by the Closing Date. In this regard, Siemens undertook to procure that the total workforce of the SIS Group will not exceed a given maximum number of employees as of the Closing Date, failing which it will compensate Atos Origin for each employee transferred above this figure.

#### *A.2.1.1.6 PENSION LIABILITIES*

All the pension liabilities (and dedicated plan assets) relating to active employees of the SIS Group, will be, subject to some exceptions, transferred to Atos Origin. The pension plans (and dedicated plan assets) relating to pensioners or other inactive members which have left the SIS Group will only be transferred in some limited cases and jurisdictions, especially when required by law.

To the extent that the value of the transferred dedicated plan assets falls short of the value of the pension liabilities assumed by Atos Origin as of 30 June 2011, such underfunding will be compensated through an increase of the amount of Debt used for the purposes of computing the Cash Adjustment referred to in section A.2.1.1.2. With respect to the pension liabilities related to SIS Holding and its German subsidiaries, Siemens has agreed to establish and fund a Contractual Trust Agreement (CTA). The assessment of the pension obligations shall be determined by reference to their valuation in accordance with the Siemens Financial Reporting Guidelines subject to certain limited adjustments individually agreed in particular for Germany and the United Kingdom<sup>15</sup>.

In summary, pension liabilities in respect of retirees and other inactives of the SIS Group will be, except in limited cases, retained by Siemens, and Siemens has agreed to compensate the underfunding as described above in respect of pension liabilities as of 30 June 2011 of active employees of the SIS Group transferring to Atos Origin as well as the limited portion of pension liabilities relating to pensioners or other inactives of the SIS Group transferred to Atos Origin.

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<sup>15</sup> See sections B.7.3.3.2, paragraph 17 “Pension commitments” and C.4.2.1.6, paragraph 25 “Pension plans and similar commitments” of the Present Prospectus

#### *A.2.1.1.7 REPRESENTATIONS AND WARRANTIES AND INDEMNITIES GIVEN TO SIEMENS BY ATOS ORIGIN*

Atos Origin has given representations and warranties to Siemens principally concerning the issuance of Atos Origin shares in consideration for the Contribution as well as the issuance of the Bonds.

Furthermore, Atos Origin has agreed to indemnify Siemens for claims that would be brought against Siemens in respect of the SIS Business after the Closing Date (other than a claim for which Atos Origin would benefit from an indemnity from Siemens or which would be subject to a representation and warranty from Siemens pursuant to the Framework Agreement).

#### *A.2.1.1.8 TRANSACTIONS PRIOR TO THE COMPLETION OF THE CONTRIBUTION*

##### **Prior reorganization of the SIS Business**

In addition to the prior implementation of the Carve-Out of the SIS Business as described above, the Framework Agreement provides that Siemens will pursue the implementation of the restructuring plan for the SIS Business employees launched in 2010.

##### **Conduct of the SIS Business until the Closing Date**

Siemens has agreed under the Framework Agreement to procure that the SIS Business be carried out in the ordinary course of business and be managed with the care of a diligent business person until the Closing Date.

##### **Guarantees, sureties and other indemnities**

Atos Origin has agreed to use its best efforts to obtain the discharge, as of the Closing Date, of all guarantees and other sureties which have been granted by the Siemens Group companies in respect of commitments undertaken by the SIS Group companies.

Reciprocally, Siemens has agreed to use its best efforts to obtain the discharge, as of the Closing Date, of all guarantees and other sureties which have been granted by the SIS Group companies in respect of commitments undertaken by other Siemens Group companies.

#### *A.2.1.1.9 POST-CLOSING TRANSACTIONS AND COMMITMENTS*

##### **Completion of a restructuring plan as jointly determined by the parties**

Pursuant to the Framework Agreement, Siemens and Atos Origin have agreed that an additional restructuring of the SIS Group workforce will be implemented after the Closing Date, relating to 1,750 persons principally involved with support functions, 650 of which are working in Germany. This restructuring was announced at the same time as the Transaction. Atos Origin intends to finalize such restructuring within 18 months following the Closing Date, it being specified that this restructuring will be subject to the information, and as may be required, consultation procedures of the relevant employees' representatives of the SIS Group companies, in accordance with the applicable laws.

Siemens will bear the costs and expenses incurred in respect of this restructuring as well as the integration costs in relation thereto, up to a maximum amount of 250 million euros.

##### **Operational undertakings**

Atos Origin has given certain undertakings relating to collective bargaining and shop agreements entered into with employees' representatives that are applicable to the SIS Group companies and in particular has undertaken that SIS Holding will remain a member of the employers' association for the metal and electrical industries (*Arbeitgeberverband der Metall- und Elektroindustrie*) for a period of three years. In addition, Atos Origin has agreed, among other things, to procure that SIS Holding comply with its current commitments under the collective bargaining and shop agreements currently in force in Germany.

#### *A.2.1.1.10 OTHER AGREEMENTS*

In order to strengthen the long-term industrial partnership between Atos Origin and Siemens, the Framework Agreement also provides for the entering of several agreements between Siemens and Atos Origin effective upon completion of the Contribution which the parties have entered into on 20 May 2011:

- ♦ A separate Lock-Up Agreement has been entered into by Atos Origin on the one hand, and Siemens and Siemens Inland on the other hand, to set forth the terms and conditions of Siemens' holding period over its approximately 15% interest in the share capital of Atos Origin<sup>16</sup> as well as its representation rights on the Board of Directors of Atos Origin; a description of the Lock-Up Agreement is provided in section A.2.1.3 hereafter;
- ♦ A Customer Relationship Agreement, which sets forth the terms and conditions of the provision of IT services in the areas of IT managed services and systems integration, which will be rendered by Atos Origin and the SIS Group companies to the Siemens Group after the Closing Date. This agreement is described in section A.2.1.4 hereafter;
- ♦ A strategic partnership between Atos Origin and Siemens through several Collaborational Agreements, setting forth the terms and conditions of the implementation of a strategic partnership for the development of new products and solutions. These agreements are described in section A.2.1.5 hereafter.

In addition, in order to organize the Carve-Out of the SIS Business from the Siemens Group and to facilitate the transition phase, several transitional services agreements have been put into place. The parties have agreed that the SIS Group companies will continue to benefit from certain services provided to them by the Siemens Group companies prior to the Closing Date under terms and conditions identical to those prevailing, for a period not exceeding 18 months.

#### **A.2.1.2 CONTRIBUTION AGREEMENT**

On 20 May 2011, in accordance with the terms and conditions of the Framework Agreement, Atos Origin and Siemens Inland entered into a contribution agreement (hereinafter the "**Contribution Agreement**").

Pursuant to the Contribution Agreement, Siemens Inland will contribute to Atos Origin, by way of a contribution in kind, the sole share of SIS Holding representing 100% of the voting rights and capital of this company.

In consideration of the Contribution, Siemens Inland will receive, subject to certain adjustments set out in the Framework Agreement, and described in section A.2.1.1.2:

- 12,483,153 new ordinary shares of Atos Origin, free of encumbrances, each of a par value of (1) euro, to be issued by Atos Origin pursuant to a share capital increase; and
- 400,196,974 euros as a cash payment, 249,999,985 euros of which will be set off against the aggregate subscription price for the Bonds. The remaining balance, i.e., 150,196,989 euros will be payable in cash by Atos Origin to Siemens Inland on the Closing Date.

The Contribution will become definitive upon confirmation that all the conditions precedent in the Framework Agreement and the Contribution Agreement, as described in section A.2.1.1.3 above, have been fulfilled. It is currently expected that the completion date of the Contribution will be 1 July 2011 following the shareholders' general meeting called to, among other things, resolve upon the Contribution and the issuance of the Bonds.

The Contribution Agreement is governed by French law.

On 20 May 2011, simultaneously with the signing of the Contribution Agreement and as required under German law, Siemens Inland and Atos Origin entered into a holding share transfer agreement (the "**Transfer Agreement**") governed by German law which provides for the transfer on the Closing Date by Siemens Inland of one share representing 100% of the share capital and voting rights of SIS Holding. The Transfer Agreement provides that the

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<sup>16</sup> On the basis of a share capital of Atos Origin consisting of 69,976,601 shares, as specified in section A.5.1.2.

completion of the transfer of the SIS Holding share to Atos Origin and the Contribution shall become effective upon satisfaction of the conditions provided for in the Contribution Agreement and Siemens having received from Atos Origin the payments which are due on the Closing Date.

#### A.2.1.3 LOCK-UP AGREEMENT

Pursuant to the terms and conditions of a Lock-Up Agreement dated 20 May 2011, Siemens and Siemens Inland undertook to hold the 12,483,153 Atos Origin shares that Siemens Inland will receive in consideration for the Contribution, representing approximately 15% of the share capital of Atos Origin<sup>17</sup>, and consequently not to sell, undertake to sell, or transfer in any way whatsoever (including through derivative instruments) such shares (other than a sale or transfer to their respective affiliates) for a period of five (5) years as from the Closing Date (the “**Lock-Up Period**”). This undertaking will automatically terminate in the event of (a) a tender offer for the shares of Atos Origin which (i) is approved by the board of directors of Atos Origin and (ii) is approved a clearance decision from by the AMF (*décision de conformité*), (b) a change of control of Atos Origin, defined as any event, as a result of which a person or a group of persons acting in concert acquire at least 30% of the shares or of the voting rights in Atos Origin or (c) the disposal of a significant portion of the assets or business operations of Atos Origin representing 33% of the revenues of Atos Origin in the preceding fiscal year without Siemens’ consent.

If, at the end of the Lock-Up Period, Siemens and Siemens Inland sell their Atos Origin shares, Siemens shall do so in an orderly manner so as to limit the effects thereof on the trading price of the Atos Origin shares. Consequently, Siemens shall not sell, on the same day, a number of Atos Origin shares which would exceed 20% of the daily average volume of the Atos Origin shares traded on Euronext Paris over the last 30 trading days preceding the day of the proposed sale. Sales of blocks of shares are not subject to the orderly sales obligation.

Furthermore, Atos Origin shall propose to its shareholders at the shareholders’ general meeting called to resolve upon the Contribution and, where appropriate, at any subsequent meeting of its shareholders, a resolution approving the appointment of a director nominated by Siemens to its Board of Directors.

Siemens shall procure the resignation of its representative on the Atos Origin Board of Directors as soon as it ceases to hold at least 5% of the share capital of Atos Origin.

#### A.2.1.4 CUSTOMER RELATIONSHIP AGREEMENT

On 20 May 2011, Atos Origin and Siemens AG entered into a Customer Relationship Agreement pursuant to which Atos Origin and its subsidiaries (including the SIS Group) have agreed to provide certain IT and managed services to the Siemens Group (the “**Customer Relationship Agreement**”). The Customer Relationship Agreement will come into effect on the Closing Date for a term of seven (7) years, at according to Atos Origin, levels of estimated margin similar to those of the sector, and be based upon revenues of 5.5 billion euros allocated as follows:

- 850 million euros in the first year;
- 800 million euros in the second, third and fourth years; and
- 750 million euros in the fifth, sixth and seventh years.

In the event that the amount of 5.5 billion euros is not reached by the end of the term of the agreement, the agreement may be extended by one year.

In the event of a change of control of Atos Origin, (i) within the meaning of Article L.233-3 of the French Commercial Code (*Code de commerce*) where the acquirer of such control is a direct competitor of Siemens or a diversified industrial, or (ii) as the acquisition of 1/3 of the share capital of Atos Origin by a direct competitor of Siemens or by a diversified industrial, and provided that such direct competitor or diversified industrial exercises its voting rights in Atos Origin to block the majority shareholder decisions in a way that Siemens reasonably considers to be detrimental to its interests or objectives, Siemens may, within the three months following the notification of such change of control, terminate the revenue volume commitment described above.

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<sup>17</sup> On the basis of a share capital of Atos Origin consisting of 69,976,601 shares, as specified in section A.5.1.2.

#### A.2.1.5 OPERATIONAL COLLABORATION AGREEMENTS

##### Objectives of the partnership

On 20 May 2011, Siemens and Atos Origin entered into several operational collaboration agreements, (the "**Operational Collaboration Agreements**"), in order to strengthen product innovation and to develop HTTS activities, which is a sector that Atos Origin considers to have significant growth potential and attractive margins. The parties intend to create a global strategic partnership with a view to creating synergies and to accelerating their revenue growth.

To this effect, the parties intend to develop this strategy through, in particular, promoting business development, strengthening product innovation, implementing joint research and development, and relying on a strengthened collaboration for certain concrete business opportunities, in particular specific major projects.

Atos Origin and Siemens have set a cooperation framework for HTTS to jointly respond to the growing need of transactional business in segments such as Healthcare, Transport, Energy and Industry where Siemens is one of the leading world players.

##### Implementation of the partnership

The following agreements have been entered into for the purpose of implementing this strategic partnership:

- a **Global Alliance Agreement**, which sets forth the scope, the general principles, the governing structure and the budget of the strategic partnership;
- a **Common Investment Agreement**, which sets forth the terms and conditions of the cooperation strategy of Atos Origin and Siemens in relation to marketing and investment; as part of this cooperation each party will pay 50 million euros to a fund designed to implement joint initiatives with a view to developing innovative new solutions for their clients (such as improvement of existing products, development of new software, integration of Atos Origin and Siemens services and completion of feasibility studies); a joint governance structure will also be put into place;
- a **Divisions Agreement**, which establishes a joint management structure responsible for the three principal sectors in which the companies shall work together to identify joint business opportunities in Industry, Healthcare and Energy. In particular, the cooperation should include joint research and development programs, joint sales partnership, joint marketing activities and joint software development;
- a **Siemens One Agreement**, which sets forth the terms and conditions of Atos Origin's participation in the platform "Siemens One" set up by Siemens to exchange know-how between its respective business units/affiliates;
- a HTTS agreement **High Tech Transactional Services Agreement**, which provides the platform for identifying opportunities for the combination of HTTS products developed by Atos Origin with other products and services rendered by Siemens; this collaboration may further development opportunities and the creation of high value business by establishing structures aimed at identifying and developing such opportunities.

The partnership will be for a term of three (3) years from the Closing Date, renewable twice, each time for a period of one year.

Siemens may terminate the strategic partnership in the event of a change of control of Atos Origin within the meaning of Article L.233-3 of the French Commercial Code (*Code de commerce*).

## **A.2.2 TRANSACTIONS CONCOMITANT WITH THE CONTRIBUTION TRANSACTION: ISSUE OF BONDS**

### **A.2.2.1 ISSUE OF BONDS CONVERTIBLE INTO AND/OR EXCHANGEABLE FOR NEW OR EXISTING ORDINARY SHARES**

Within the framework of the Transaction, the Contributor has irrevocably agreed to subscribe to the Bonds, which will be issued by Atos Origin for its benefit on the Closing Date in accordance with the terms and conditions described in section A.2.2.3 hereafter.

### **A.2.2.2 RISK FACTORS**

#### **The Bonds are complex securities that are not necessarily suitable for all investors**

The Bonds are complex securities comprising a bond component and an optional component related to the shares of Atos Origin. Investors must have sufficient knowledge and experience with respect to the financial markets and the business of Atos Origin to assess the advantages and risks related to investing in the Bonds, as well as knowledge of and access to analytical tools to assess these advantages and risks in light of their financial situation. Investors must be able to understand the circumstances and conditions in which the conversion and/or the exchange of the Bonds into new or existing shares of Atos Origin would be advantageous to them. The Bonds are unsuitable for investors who are not familiar with concepts such as redemption (at maturity or upon acceleration, at the option of the Bondholder or Atos Origin), events of default or other financial terms that apply to this type of security, such as the option of conversion and/or exchange into new or existing Atos Origin shares.

#### **Bondholders benefit from a limited anti-dilution protection**

The Conversion/Exchange Ratio applicable in the event of conversion of the Bonds into new shares and/or exchange into existing shares will be adjusted only in the cases provided for in section A.2.2.4.6 “Maintenance of Bondholders’ rights”. In addition, the Conversion/Exchange Ratio will not be adjusted in all cases where an event relating to Atos Origin or any other event would be likely to affect the value of Atos Origin’s shares or, more generally, may result in their dilution, in particular in the event of free distribution of Atos Origin’s shares to employees or the grant of stock options of Atos Origin. The events for which no adjustment is provided could have a negative impact on the value of Atos Origin’s shares and, consequently, on that of the Bonds.

#### **The negative pledge clause of the Bonds allows Atos Origin to freely dispose of its assets or grant security over such assets**

The Bonds and the interest thereon constitute unsecured, direct, general, unconditional, unsubordinated and unguaranteed debts of Atos Origin, ranking equally amongst themselves and, subject to statutory exceptions, *pari passu* with all other present or future unsecured debt and guarantees of Atos Origin.

The Bonds’ ranking does not affect Atos Origin’s ability to freely dispose of its assets or to grant security over such assets in certain circumstances (see section A.2.2.3.5 “Ranking of the Bonds”).

#### **The Bonds are subject to limited financial covenants**

Atos Origin may issue other financial instruments, including other bonds, which may represent significant amounts, increase Atos Origin’s indebtedness and decrease Atos Origin’s credit rating.

The terms and conditions of the Bonds do not require Atos Origin to maintain any financial ratios or specific levels of shareholders’ equity, revenue, cash flow or liquidity and, consequently, they do not protect Bondholders in the event of deterioration of Atos Origin’s financial situation. The terms and conditions of the Bonds do not include restrictions on Atos Origin with respect to redemption, capital reduction, investment capacity and the payment of dividends.

#### **Atos Origin may not be in a position to repay the Bonds**

Atos Origin may not be able to repay the Bonds at maturity. It may also be required to repay all or part of the Bonds upon an event of default. If the Bondholders seek repayment of their Bonds from Atos Origin following an event of default, Atos Origin cannot guarantee that it will be able to pay the required amount in full. Atos Origin’s ability to repay the Bonds will depend in particular on its financial situation at the time of repayment and could be limited by applicable law, by the terms of its indebtedness and by the terms and conditions of new financing in place as of such date, which may replace, increase or amend its existing or future debt. Furthermore, Atos Origin’s failure to redeem the Bonds could constitute an event of default in respect of another debt.

### **A.2.2.3 INFORMATION RELATING TO THE TERMS AND CONDITIONS OF THE BONDS**

#### *A.2.2.3.1 TYPE AND CLASS OF BONDS*

The Bonds to be issued by Atos Origin constitute securities that confer certain rights to receive shares within the meanings of Articles L. 228-91 *et seq.* of the French Commercial Code (*Code de commerce*).

The nominal amount of the issue will be 249,999,985 euros represented by 5,382,131 Bonds, each with a par value of 46.45 euros, representing (i) a premium of 40% over the volume-weighted average trading price of Atos Origin's shares over the period of six months preceding the announcement of the Transaction (the period from 14 June 2010 until 13 December 2010) and (ii) a premium of 14% in relation to the closing price of the Atos Origin share at 31 May 2011.

#### *A.2.2.3.2 APPLICABLE LAW AND COMPETENT COURTS*

The Bonds are governed by French law and the courts having jurisdiction in the event of a dispute are those where the registered office of Atos Origin is located if Atos Origin is the defendant and are designated depending on the type of dispute, unless otherwise provided for under the French Code of Civil Procedure (*Code de procedure civile*).

#### *A.2.2.3.3 FORM AND PROCEDURE OF REGISTRATION OF THE BONDS IN SECURITIES ACCOUNTS*

The Bonds will be held at all times in registered form.

In accordance with Article L. 211-3 of French Monetary and Financial Code (*Code monétaire et financier*), they will be compulsorily registered in securities accounts held by Atos Origin or the authorized intermediary, as the case may be.

Consequently, Bondholders' rights will be recorded in securities accounts opened in their name on a register (the "**Register**") which will be held by Atos Origin or by SG Securities Services (the "**Centralizing Agent**") on behalf of Atos Origin.

The Bonds are not admitted to trading nor listed on a regulated market.

No physical document evidencing title to the Bonds (including representative certificates pursuant to Article R.211-7 of the French Monetary and Financial Code (*Code monétaire et financier*)) will be issued to represent the Bonds.

In accordance with Articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code (*Code monétaire et financier*), transfer of the Bonds is made by transfer from account to account and the transfer of ownership of the Bonds occur once they are recorded as book entries in the acquirer's securities account.

#### **Details of the intermediary in charge of financial servicing of the securities**

The centralization of the financial servicing of the Bonds (interest payment, redemption of the Bonds, etc.) and the servicing of the securities (registration of the Bonds in registered form, exercise of the Conversion/Exchange Right, etc.) shall be ensured by the Centralizing Agent.

#### *A.2.2.3.4 CURRENCY OF ISSUANCE OF THE BONDS*

The Bonds will be denominated in euros.

#### A.2.2.3.5 RANKING OF THE BONDS

##### **Ranking**

The Bonds and their interests constitute unsecured direct, general unconditional, unsubordinated and unguaranteed debt securities of Atos Origin, ranking equally among themselves and, subject to statutory exceptions, *pari passu* with all other present or future unsecured debts and guarantees of Atos Origin.

##### **Negative pledge**

So long as any of the Bonds remain outstanding, Atos Origin undertakes not to, and undertakes to procure that none of its Material Subsidiaries (as such term is defined below) shall grant a mortgage (*hypothèque*) over the real property assets or interests that it may or could possess, nor any pledge (*nantissement*) over all or part of its business (*fonds de commerce*) or other security interest, lien (*gage*) or pledge over all or part of its assets or income, present or future for the benefit of holders of other bonds (*obligations*) that are listed (or capable of being listed) on a regulated market or another assimilated market, issued or guaranteed by Atos Origin or a Material Subsidiary without granting the same security and status to the Bonds.

This undertaking is given exclusively with respect to issuances of bonds that are listed (or capable of being listed) on a regulated market or another assimilated market and does not in any way affect the right of Atos Origin to freely dispose of its assets or to grant any security over such assets in any other circumstances.

#### A.2.2.3.6 RIGHTS AND RESTRICTIONS ATTACHED TO THE BONDS AND TERMS AND CONDITIONS OF EXERCISE OF THESE RIGHTS

The Bonds give right to payment of interest on an annual basis and will be redeemed at maturity or at an early redemption date in accordance with the provisions of paragraph A.2.2.3.8 “Redemption date and terms and conditions of redemption of the Bonds”.

The Bonds are convertible and/or exchangeable into shares of Atos Origin according to the terms described in paragraph A.2.2.4 “Right to the delivery of shares– Conversion and/or exchanges of the Bonds into shares of Atos Origin”.

The Bonds are not subject to any specific restrictions.

#### A.2.2.3.7 NOMINAL INTEREST RATE AND PROVISIONS RELATING TO ACCRUED INTERESTS

The Bonds will accrue interest as from the Issue Date (as defined in paragraph A.2.2.3.12 “Expected Issue Date”) at an annual nominal rate of 1.5%, i.e., approximately 0.69 euro per Bond, payable in arrears on the 1<sup>st</sup> January of each year (or the next business day if such date is not a business day), beginning on 1<sup>st</sup> January 2012 (each an “**Interest Payment Date**”).

For the period between the Issue Date, currently expected to be 1 July 2011, and 31 December 2011 (included), the coupon to be paid on 1<sup>st</sup> January 2012 (or the next business day if such date is not a business day), calculated according to the terms set forth hereafter, will amount to approximately 0.35 euro per Bond.

Every interest amount relating to an interest period of less than one whole year will be calculated by applying the par value of Bonds to the product of (a) the annual nominal rate above and (b) the ratio between (x) the exact number of days elapsed since the previous Interest Payment Date (or since the Issue Date, as the case may be) and (y) the number of days between the next Interest Payment Date (excluded) and the anniversary of such date (included) during the previous year (i.e., 365 days or 366 days).

Subject to the provisions of paragraph A.2.2.4.5 “Bondholders' rights to interest on the Bonds and rights to dividends and distributions attached to shares delivered”, interest will cease to accrue as from the maturity date or the early redemption date of the Bonds.



Claims in respect of interest will become void five years from the maturity date.

#### *A.2.2.3.8 REDEMPTION DATE AND TERMS AND CONDITIONS OF REDEMPTION OF THE BONDS*

### **Redemption of the Bonds**

#### *Redemption at maturity*

Unless they have been redeemed early, exchanged or converted, under the conditions set out hereafter, the Bonds will be fully redeemed at par on the fifth anniversary of the Issue Date, which is expected to be 1 July 2016 (or the next business day if such date is not a business day).

The term of the Bonds from the Issue Date to the maturity date is five (5) years.

Par value will become void ten (10) years from the date of redemption or reimbursement.

#### *Early redemption by repurchase or offers of repurchase or exchange*

Atos Origin may, at its option, at any time, proceed to the early redemption of all or part of the Bonds without limitation on the price or the quantity, either by repurchase or by offers to repurchase or exchange.

Subject to 2. of paragraph “Early redemption by reimbursement at the option of Atos Origin”, these repayments will not affect the normal schedule for the redemption of any outstanding Bonds.

#### *Early redemption by reimbursement at the option of Atos Origin*

1. Atos Origin may, at its option, at any time from the second anniversary of the Issue Date which is expected to be 1 July 2013 until maturity of the Bonds, subject to prior notice of at least 30 calendar dates as set out in paragraph “Publication of information in the event of redemption at maturity or of early redemption of the Bonds”, proceed with the early redemption of all outstanding Bonds at par plus interest accrued since the last Interest Payment Date until the date set for early redemption, if the arithmetic average, calculated over a period of 20 consecutive trading days from among the 40 trading days preceding the date of publication of the notice of such early redemption, of the product of the opening quoted price of Atos Origin’s shares on Euronext Paris and the Conversion/Exchange Ratio (as defined in paragraph A.2.2.4.3 “Exercise period and Conversion/Exchange Ratio”) in effect on each relevant date exceeds 130% of the par value of a Bond.

A “**trading day**” means any business day on which shares are traded on Euronext Paris, other than a day where trading ceases prior to the usual closing time.

A “**business day**” means any day (other than a Saturday or a Sunday) on which banks in Paris and Munich are open.

2. Atos Origin may, at its option, at any time, subject to prior notice of at least 30 calendar days as described in paragraph « Information in the event of redemption at maturity or of early redemption of the Bonds », redeem at par plus interest accrued since the last Interest Payment Date (or since the Issue Date, as the case may be) until the date set for early redemption, all of the outstanding Bonds, if less than 10% of the Bonds issued remain outstanding.

3. In the cases described in paragraphs 1 and 2 above, the Bondholders will retain the ability to exercise their Conversion/Exchange Right in accordance with the terms set out in paragraph “Exercise period and Conversion/Exchange Ratio” up to and including the seventh business day which precedes the date set for early redemption.

#### *Acceleration upon event of default*

The Representative of the *Masse* (as defined in paragraph “Representation of the Bondholders”) may, upon the decision of the general meeting of Bondholders acting in accordance with requirements for quorum and majority provided for by law, on simple written notice addressed to Atos Origin, copied to the Centralizing Agent, require all the Bonds to be redeemed at par plus accrued interest since the Interest Payment Date (or since the Issue Date, as the case may be) until the date set for early redemption, in the following events:

- (a) Atos Origin defaults on payment, on the due date of any amount in respect of any Bond and such default is not remedied within fifteen business days as from the due date;
- (b) Atos Origin fails to perform any of its other obligations under the terms of the Bonds and such default is not remedied within thirty business days as from the date of receipt by Atos Origin of written notice of such default given by the Representative of the *Masse*;
- (c) a default on payment of any of the Indebtedness (as defined below) or of a guarantee of Indebtedness of Atos Origin or Material Subsidiary (as defined below) in an amount equal to at least 20 million euros (or the equivalent in any other currency), on the due date or at the end of any grace period, as the case may be;
- (d) acceleration in respect of any Indebtedness or of a guarantee of Indebtedness of Atos Origin or one of its Material Subsidiaries in an amount equal to at least 20 million euros (or the equivalent in any other currency) if such Indebtedness or such guarantee of Indebtedness is not repaid or such acceleration is not cancelled, on the day of receipt by Atos Origin of (with copy to the Centralizing Agent), of the written notice of such default given by the Representative of the *Masse*;
- (e) Atos Origin or one of its Material Subsidiaries requests the appointment of a *mandataire ad hoc*, becomes subject to a conciliation proceeding (*procédure de conciliation*), judicial liquidation (*liquidation judiciaire*) or the sale of all of its business or of any other equivalent measure or proceeding; or
- (f) the Atos Origin shares are no longer admitted to trading on Euronext Paris or on any other regulated market within the European Economic Area.

For the purposes of the foregoing provisions, “**Indebtedness**” means any debt (including in the context of financial lease (*crédit bail*) transactions) arising from the obligation to repay sums borrowed for a period of at least one year and effected by the establishment of a contract or any instrument whatsoever, except supplier credits and intra-group loans.

“**Material Subsidiary**” means any Subsidiary (as defined below) (i) whose external revenue represents at least 5% of the consolidated revenue of Atos Origin or (ii) whose total assets represent at least 5% of the consolidated assets of Atos Origin, calculated on the basis of the latest financial statements of the Subsidiary and the latest consolidated financial statements of Atos Origin.

“**Subsidiary**” means any corporate body or entity within the meaning of Article L.233-1 of the French Commercial Code (*Code de commerce*).

#### *Early redemption at the option of Bondholders in the event of a Change of Control of Atos Origin*

In the event of a Change of Control (as defined in section A.2.2.4.6(c)) “Public tender offers”), any Bondholder may, at its sole option, request the early redemption in cash of all or part of the Bonds owned by such Bondholder as provided below.

The Bonds will be redeemed at their principal amount together with any accrued interest thereon between the most recent Interest Payment Date (or, as the case may be, the Issue Date) and the date on which the early redemption is to occur.

In the event of a Change of Control, Atos Origin will inform the Bondholders by means of a notice published in a financial newspaper with national circulation in France and of a notice issued by NYSE Euronext, no later than 30 calendar days after the effective date of such Change of Control. Such notices must inform Bondholders of their option to require redemption of their Bonds, and must indicate (i) the scheduled date for the early redemption of the Bonds, which must be between the 25th and 30th business days following the date of publication of the notice in a financial newspaper with national circulation, (ii) the redemption amount, and (iii) the period, lasting at least 15 business days from the publication of the notice in a financial newspaper with national circulation in France, during which requests for early redemption of the Bonds and the corresponding Bonds must be received by the Centralizing Agent.

A Bondholder who wishes to request the early redemption of some or all of his or her Bonds must submit a request to the financial intermediary holding its Bonds in a securities account. The early redemption request shall be irrevocable once received by the relevant financial intermediary.

The Centralizing Agent must receive the requests and the corresponding Bonds no later than five business days prior to the anticipated redemption date.

The date of the early redemption request will be the business day on which the last of conditions (1) and (2) below are satisfied, if satisfied at or prior to 5:00 p.m. (Paris time) or the following business day if such satisfaction occurs after 5:00 p.m. (Paris time).

- 1) the receipt by the Centralizing Agent of the early redemption request transmitted by the financial intermediary in the books of which the Bonds are held in a securities account; and
- 2) the transfer of the Bonds to the Centralizing Agent by the relevant financial intermediary.

#### **Publication of information in the event of redemption at maturity or early redemption of the Bonds**

Information relating to the number of Bonds repurchased, converted or exchanged and to the number of Bonds outstanding may be obtained from Atos Origin or from the Centralizing Agent.

Should Atos Origin decide to redeem all of the Bonds, upon or prior to maturity, a notice to that effect will be published in the *Journal Officiel* and in a financial newspaper with a national circulation in France (for so long as required by French regulations), at the latest 30 calendar days before the maturity date or early redemption date.

#### **Cancellation of the Bonds**

The Bonds redeemed upon or prior to maturity, the repurchased Bonds and the Bonds converted or exchanged, will be cancelled in accordance with French law.

#### *A.2.2.3.9 ANNUAL GROSS YIELD TO MATURITY*

The annual gross yield to maturity amounts to 1.5% (in the absence of conversion and/or exchange into shares and in the absence of early redemption).

In the French bond market, the yield to maturity of a bond is the annual rate that, on a given date, at such rate and on a compound interest basis, equals the present value of all amounts payable and all amounts receivable from such bond, (as defined by the French Bond Standardization Committee (*Comité de normalisation obligataire*)).

#### *A.2.2.3.10 REPRESENTATION OF BONDHOLDERS*

In accordance with Article L. 228-103 of the French Commercial Code (*Code de commerce*), the Bondholders are grouped into a collective body (*masse*), with the status of a legal entity, in order to protect their common interests. The general meeting of Bondholders is called to approve the amendments to the terms and conditions of the Bonds and to vote on all decisions that require its approval under applicable law. The general meeting of Bondholders also deliberates on merger or spin-off proposals of Atos Origin pursuant to Articles L. 228-65, I, 3°, L. 236-13 and L. 236-18, as well as Article L. 228-73 of the French Commercial Code (*Code de commerce*), the provisions of which will apply.

Under currently applicable French law and regulations, each Bond carries the right to one vote. The general meeting of Bondholders only validly deliberates if the Bondholders present or represented hold at least one-quarter of the Bonds carrying voting rights on the first calling and at least one-fifth on the second calling. Decisions of the general meeting of Bondholders are only valid if approved by a majority of two-thirds of the votes of Bondholders present or represented.

#### **Appointed representative of the masse of Bondholders**

Pursuant to Article L. 228-47 of the French Commercial Code (*Code de commerce*), if the Bonds are held by multiple Bondholders, the appointed representative of the *masse* of Bondholders will be elected by the general meeting of Bondholders (the “**Representative of the Masse**”).

The Representative of the Masse will have, subject to any contrary resolution of the general meeting of Bondholders, the power to carry out on behalf of the *masse* of Bondholders all the acts of a management/administrative nature of the Bondholders for the protection of their common interests.

The Representative of the Masse will exercise his/her duties until he/she dies, resigns or is dismissed by the general meeting of Bondholders or until a conflict arises, if any. His/her mandate will automatically terminate on the day of the last scheduled payment or general redemption of the Bonds, whether at maturity or not. This term may be automatically extended, if necessary, until the definitive resolution of any legal proceedings in which the Representative of the Masse is involved and until the enforcement of any judgments given or settlements made thereto.

#### **Alternate representative of the masse of Bondholders**

If the Bonds are held by multiple Bondholders, the alternate representative of the *masse* of Bondholders will be elected by the general meeting of Bondholders.

This alternate representative is likely to be called upon to replace the Representative of the Masse if the latter is unable to fulfill his/her mandate.

#### **General information**

The remuneration of the Representative of the Masse will be 300 euros per annum; it will be payable on 31 December (or the next business day) of each year from 2011 up to and including 2016, provided that there are still Bonds outstanding on this date.

Atos Origin will be responsible for the remuneration of the Representative of the Masse as well as the expenses of calling and holding general meetings of Bondholders, of publishing their decisions as well as expenses relating to the potential appointment of the Representative of the Masse in respect of Article L. 228-50 of the French Commercial Code (*Code de commerce*), where applicable, and more generally, all costs arising from the administration and operation of the *masse* of Bondholders.

General meetings of Bondholders will take place at the registered office of Atos Origin or in any other place specified in the convening notice. Each Bondholder or agent acting on his behalf will have the right, during the 15 days which precede such general meeting, to review or take a copy of the proposed resolutions and the reports to be presented to the general meeting of Bondholders, at the registered office or the administrative headquarters of Atos Origin, or at any other place specified by the convening notice, as the case may be.

In the event that subsequent bond issuances give rights to subscribers identical to those attached to the Bonds and if the terms and conditions of the bonds so permit, the holders of all of the bonds will be grouped into a single *masse*.

If there is only one sole Bondholder, there will be no *masse* and no representative of the *masse*. The sole Bondholder will have all the powers of the representative of the *masse* specified in this document.

#### *A.2.2.3.11 RESOLUTIONS AND DECISIONS PURSUANT TO WHICH THE BONDS ARE ISSUED*

The resolutions of the ordinary and extraordinary general meeting of shareholders on 1 July 2011 called to vote upon the Contribution and the corresponding Bond issuance are attached in Schedule IV.

#### *A.2.2.3.12 EXPECTED ISSUE DATE*

The Bonds are expected to be issued on the Closing Date which is currently expected to be on 1 July 2011 (the “**Issue Date**”).

This date is also the entitlement date and settlement date of the Bonds.

#### *A.2.2.3.13 RESTRICTIONS TO THE TRANSFER OF THE BONDS*

The Bonds will not be admitted to trading or listing on a regulated market.

*A.2.2.3.14* **WITHHOLDING TAX APPLICABLE TO INCOME ON THE BONDS RECEIVED BY NON-FRENCH TAX RESIDENTS**

The payment of interest and the redemption of the Bonds will be carried out under the sole deduction of withholding tax and other taxes that the law imposes or could impose on Bondholders.

If any withholding tax whatsoever were to be taken from revenues or proceeds of the Bonds, the Company will not be bound to increase its payments in respect of the Bonds in order to set off this withholding tax.

**i) French withholding tax**

Subject to the potential application of international tax treaties, the following provisions summarize the French tax consequences under current French law likely to apply to investors who are not tax resident in France, who will not hold Bonds issued by the Company through a permanent base or establishment in France, and who will receive revenue or proceeds with respect to these Bonds. Investors should nonetheless consult their own tax advisor with regard to the tax regulations that apply to their specific situation.

Subject to exceptions mentioned below, the revenues and proceeds of the Bonds will normally be exempt from withholding tax in France.

However, if the investors who hold Bonds are also shareholders of the Company, a part of the revenues and proceeds of the Bonds could fall within the scope of Article 39-1,3 of the French Tax Code - Code Général des Impôt ("**FTC**"), and could consequently give rise to a withholding tax of 18% or 25% set out in Article 119 bis 2 of the same Code, subject to applicable international tax treaties and provided that it is not paid outside France in a non-cooperative State or territory within the meaning of Article 238-0 A of the FTC.

Furthermore, whatever the quality of investors holding the Bonds, the revenues and proceeds of the Bonds will fall within the scope of a 50% withholding tax provided for by Article 125 A-III of the FTC if they are paid outside France in a non-cooperative State or territory within the meaning of Article 238-0 A of the FTC (it being specified that the notion of payment outside France has been defined by the General Ruling - Rescrit - no. 2010/11 (FP and FE) dated 22 February 2010), except if it can be proved that the main purpose and effect of the transactions to which such payments correspond is not to localize these revenues and proceeds in a non-cooperative State or territory.

The non-French tax residents must also conform to the tax legislation in force in their State of residence, as modified from time to time by the international tax treaty signed between France and this State.

**ii) Withholding in the country of residence of the paying agent**

On 3 June 2003, the Council of the European Union (the "Council") adopted a new directive regarding tax treatment of revenues on savings under the form of interest payments, modified on 19 July 2004 (the "Directive"), and transposed into French law under Article 242 *ter* of the FTC. Subject to certain conditions (set out in Article 17 of the Directive), it was planned that each Member State must, from 1 July 2005, provide to the tax authorities of another Member State detailed information on any payment of revenue qualified as interest within the meaning of the Directive (interest, premiums or other revenue from debt) made by a Paying Agent established in its jurisdiction for the benefit of an individual resident of the other Member State (the "**Automatic Exchange of Information**").

In this respect, the term "**Paying Agent**" is broadly defined and includes in particular any entity or person responsible for the payment of revenue qualified as interest within the meaning of the Directive, for the immediate benefit of individual beneficiaries.

However, during transition period, certain Member States (Luxembourg and Austria), instead of the Automatic Exchange of Information applied by other Member States, will apply, not including exceptions, a withholding tax on revenue qualified as interest within the meaning of the Directive paid to a beneficial owner resident in another Member State. The rate of this withholding tax is currently 20 % until 1 July 2011 and will be 35 % until the end of this transition period. This transition period will expire at the end of the first financial year following the latest of the following dates: (i) the effective date of the last agreement that the European Union, following the unanimous decision of the Council, will have entered into with certain third party States (Switzerland, Liechtenstein, San Marino, Monaco and Andorra) and which provides for an exchange of information upon request as well as the application of withholding tax at the above rate for interest payments made by paying agents established in these States to beneficial owners residing in the European Union, and (ii) the date on which the Council will have unanimously accepted that the

United States of America commit to the exchange of information upon request in the case of payments of revenue qualified as interest within the meaning of the Directive by paying agents established on their territory to beneficial owners residing in the European Union.

Certain non-member States of the European Union and territories dependent or associated have undertaken to apply measures similar to those provided for by the Directive (exchange of information or withholding tax) as from 1 July 2005.

On 13 November 2008, the European Commission published an amendment proposition to the Directive, which could significantly extend the current scope of application of the Directive if the Council of the European Union adopts it.

Under Article 242 *ter* of the FTC, which transposes the Directive into French law, Paying Agents established in France must report to the French tax authorities certain information concerning the income paid to beneficiaries domiciled in another Member State, including in particular the identity and the addresses of the beneficiaries, as well as a detailed list of the different categories of income paid to them.

#### **A.2.2.4 RIGHT TO THE DELIVERY OF SHARES – CONVERSION AND/OR EXCHANGE OF THE BONDS INTO SHARES OF ATOS ORIGIN**

##### *A.2.2.4.1 NATURE OF THE CONVERSION/EXCHANGE RIGHT*

Bondholders will have the right, at any time from the Issue Date, which is currently expected to be 1 July 2011, until and including the seventh business day preceding the maturity date or the early redemption date, to receive new and/or existing shares of Atos Origin (the “**Conversion/Exchange Right**”), to be delivered by means of set-off against amounts owed under the Bonds, according to the terms and conditions set out below and subject to provisions of paragraph A.2.2.4.7 “Treatment of fractional entitlements”.

Atos Origin may at its option deliver new or existing shares or a combination of the two.

##### *A.2.2.4.2 SUSPENSION OF THE CONVERSION/EXCHANGE RIGHT*

In the event of an increase in share capital, merger, spin-off or issuance of new shares or securities conferring rights to receive shares of Atos Origin, or other financial transactions conferring preferential subscription rights or reserving a priority subscription period for shareholders of Atos Origin, Atos Origin will be entitled to suspend the exercise of Conversion/Exchange Right during a period not exceeding three months or for any other period as may be specified by applicable regulations. Any such suspension will not affect the Conversion/Exchange Right of holders of the Bonds that are called for redemption or the exercise period outlined in paragraph A.2.2.4.3 “Exercise period and Conversion/Exchange Ratio”.

Atos Origin’s decision to suspend the exercise of the Conversion/Exchange Right of Bondholders will be published in a notice in the *French Official Gazette* (“**BALO**”). This notice will be published at least seven days before the suspension comes into force; it will state the date on which suspension comes into effect and the date on which it expires. This information will also be published in a financial newspaper with national circulation in France.

##### *A.2.2.4.3 EXERCISE PERIOD AND CONVERSION/EXCHANGE RATIO*

Bondholders may exercise their Conversion/Exchange Right at any time as from the Issue Date of the Bonds which is currently expected to be 1 July 2011, up to and including the seventh business day preceding the maturity date or the early redemption date, at the ratio, subject to paragraph A.2.2.4.6 “Maintenance of Bondholders’ rights” and to paragraph A.2.2.4.7 “Treatment of fractional entitlements”, of one (1) share of Atos Origin with a par value one (1) euro for one (1) Bond (the “**Conversion/Exchange Ratio**”).

For Bonds redeemed upon or prior to maturity, the Conversion/Exchange Right will expire at the end of the seventh business day preceding the redemption date.

Any Bondholder who has not exercised its Conversion/Exchange Right before this date will be repaid according to the provisions of paragraph A.2.2.3.8 “Redemption date and terms and conditions of redemption of the Bonds”.

#### *A.2.2.4.4 TERMS OF EXERCISE OF THE CONVERSION/EXCHANGE RIGHT*

In order to exercise the Conversion/Exchange Right, Bondholders must submit a request to the Centralizing Agent. Any such exercise request will be irrevocable once it has been received by the Centralizing Agent.

The date of request will correspond to the business day during which the condition below is fulfilled, at the latest by 5.00 pm, Paris time or the next business day if it is fulfilled after 5.00 pm, Paris time (the “**Request Date**”):

the Centralizing Agent has received the exercise request transmitted by the relevant bondholder.

Any request for the exercise of the Conversion/Exchange Right received by the Centralizing Agent in its capacity as centralizing agent during a calendar month (an “**Exercise Period**”) will take effect on the earlier of the following two dates (an “**Exercise Date**”):

- the last business day of such calendar month; and
- the seventh business day preceding the date set for redemption.

In respect of Bonds that have the same Exercise Date, Atos Origin may, at its option, choose between:

- the conversion of the Bonds into new shares;
- the exchange of the Bonds for existing shares; or
- the delivery of a combination of new shares and existing shares.

All Bondholders with Bonds having the same Exercise Date will be treated equally and will have their Bonds converted and/or exchanged, as the case may be, in the same proportion, subject to rounding.

The Bondholders will receive delivery of the shares at the latest on the seventh business day following the Exercise Date.

The Centralizing Agent will determine the number of shares to deliver which for each Bondholder, subject to paragraph A.2.2.4.7 “Treatment of fractional entitlements”, will be equal to the product of the Conversion/Exchange Ratio in effect on the Exercise Date and the number of Bonds transferred to the Centralizing Agent to which the Bondholder has submitted an exercise request.

In the event that a transaction constituting an adjustment (see paragraph A.2.2.4.6 “Maintenance of Bondholders’ rights”) occurs between the Exercise Date and the delivery date (included) of the shares issued or granted upon exercise of the Conversion/Exchange Right, the Bondholders will have no right to participate (subject to their right to adjustment) until the delivery date of the shares.

If an adjustment described in paragraph A.2.2.4.6 “Maintenance of Bondholders’ rights” occurs :

- on an Exercise Date or prior to such date but is not accounted for in the Conversion/Exchange Ratio in effect at such Exercise Date; or
- between an Exercise Date and the delivery date of the shares (included),

Atos Origin will deliver the relevant number of additional shares, based on the new Conversion/Exchange Ratio as determined by the Centralizing Agent, subject to paragraph A.2.2.4.7 “Treatment of fractional entitlements”.

#### *A.2.2.4.5 BONDHOLDERS’ RIGHTS TO INTEREST ON THE BONDS AND RIGHTS TO DIVIDENDS AND DISTRIBUTION ATTACHED TO SHARES DELIVERED*

In the event of the exercise of the Conversion/Exchange Right, no interest will be paid to Bondholders in respect of the period elapsed between the last Interest Payment Date (or the Issue Date if applicable) and the date on which the shares are delivered.

The rights to dividends and distribution attached to new shares issued following a conversion are set out in paragraph “New shares of Atos Origin issued upon conversion of the Bonds”.

The rights to dividends and distribution attached to existing shares allocated upon exchange of the Bonds are set out in paragraph “Existing shares of Atos Origin allocated in exchange for the Bonds”.

#### *A.2.2.4.6 MAINTENANCE OF BONDHOLDERS’ RIGHTS*

##### *(a) Specific provisions*

In accordance with Article L. 228-98 of the French Commercial Code (*Code de commerce*),

(i) Atos Origin may, without requesting authorization from the general meeting of Bondholders, redeem its share capital, change its profit distribution or issue preference shares subject to, so long as there are outstanding Bonds, taking the necessary measures to preserve the Bondholders’ rights;

(ii) in the event of a reduction of share capital of Atos Origin resulting from losses and realized through a decrease in the par value or the number of shares comprising the share capital, the Bondholders’ rights will be reduced as a result, as if they have exercised their Conversion/Exchange Right before the date on which the reduction of capital occurred. In the event of a reduction of share capital by a decrease in the number of shares, the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio in effect before the decrease in the number of shares and the following ratio:

$$\frac{\text{Number of shares comprising the capital after the transaction}}{\text{Number of shares comprising the capital before the transaction}}$$

In accordance with Article R.228-92 of the French Commercial Code (*Code de commerce*), if Atos Origin decides to issue, under any form whatsoever, new shares or securities giving right to the share capital with preferential subscription rights reserved for its shareholders, to distribute reserves, in cash or in kind, and issue premiums or to change its profit distribution through the creation of preferred shares, it will inform the Bondholders by a notice published in the BALO (so long as French law requires).

*(b) Adjustments to the Conversion/Exchange Ratio in the event of certain financial transactions of Atos Origin at the end of the following transactions:*

1. financial transactions with listed preferential subscription rights or by free distribution of listed warrants;
2. free distribution of shares to shareholders, reverse share split or share split;
3. capitalization of reserves, profits or premiums by increase in the par value of shares;
4. distribution of reserves or premiums in cash or in kind;
5. free distribution to Atos Origin shareholders of any security other than shares of Atos Origin;
6. merger (*absorption* or *fusion*) or spin-off (*scission*);
7. repurchase of own shares at a price higher than the trading price;
8. redemption of share capital;
9. change in profit distribution and/or the creation of preferred shares;
10. distribution of a dividend;

which Atos Origin may carry out after the Issue Date, for which the Record Date (as defined below) occurs before the delivery date of the shares issued or granted upon the exercise of the Conversion/Exchange Right, the maintenance of Bondholders’ rights will be ensured until the delivery date (excluded) by means of an adjustment to the Conversion/Exchange Ratio in accordance with the terms set out below.

The “**Record Date**” is the date on which the holding of Atos Origin shares is fixed in order to determine which shareholders should be paid or receive a dividend, distribution or grant, announced or voted on or prior to such date.

This adjustment will be carried out such that the value of shares which would have been obtained in the event of an exercise of the Conversion/Exchange Right immediately before the completion of any of the transactions above, is equal to, to the nearest hundredth, the value of the shares to be delivered upon exercise of the Conversion/Exchange Right immediately after completion of the transaction.



In the event of adjustments performed in accordance with paragraphs 1. to 10. above, the new Conversion/Exchange Ratio will be determined to two decimal places, rounded to the nearest hundredth (0.005 being rounded upwards to the next nearest hundredth, i.e. 0.01). Any subsequent adjustments will be carried out on the basis of such newly calculated and rounded Conversion/Exchange Ratio. However, the Bonds may only give rise to the delivery of a whole number of shares, the treatment of fractional entitlement being specified in paragraph A.2.2.4.7 “Treatment of fractional entitlements”.

1. a) In the event of financial transactions including a listed preferential subscription right, the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio in effect before the commencement of the transaction and the following ratio:

$$\frac{\text{Value of the share after detachment of the preferential subscription right} + \text{Value of the preferential subscription right}}{\text{Value of the share after detachment of the preferential subscription right}}$$

For the calculation of this ratio, the value of the shares after detachment of the preferential subscription rights and of the preferential subscription rights will be equal to the arithmetic average of their opening prices on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or a similar market on which the Atos Origin shares or the preferential subscription rights are listed) on each trading day included in the subscription period.

(b) In the event of financial transactions made pursuant to a free distribution of listed warrants to shareholders with the corresponding ability to sell the securities resulting from the exercise of the warrants that were unexercised by their holders at the end of the subscription period open to them, the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio in effect before the commencement of the transaction and the following ratio:

$$\frac{\text{Value of the share after detachment of the warrant} + \text{Value of the warrant}}{\text{Value of the share after detachment of the warrant}}$$

For the calculation of this ratio:

- the value of the shares after detachment of the warrant will be equal to the volume-weighted average of (i) the price of the Atos Origin shares quoted on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or a similar market on which the Atos Origin shares are listed) on each trading day included in the subscription period, and (ii) (a) the transfer price of securities sold in the context of the placement, if such securities are fungible with existing shares of Atos Origin, applying the volume of shares sold in the context of the placement to the transfer price or (b) the Atos Origin share price quoted on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or a similar market on which the Atos Origin shares are listed) on the day of determination of the transfer price of the securities sold in the context of the placement if such securities are not shares fungible with existing shares of Atos Origin;

- the value of the warrants will be equal to the volume-weighted average of (i) the price of the warrants quoted on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or a similar market on which the warrants are listed) on each trading day included in the subscription period, and (ii) the implicit value (*valeur implicite*) of the warrants resulting from the transfer price of securities sold in the context of the placement – which corresponds to the difference, (if it is positive), adjusted by the warrants’ exchange ratio, between the transfer price of the securities sold in the context of the placement and the subscription price of the securities by exercise of the warrants;

- by applying to the price so determined the corresponding volume of the warrants exercised in order to allocate the securities sold in the context of the placement.

2. In the event of free distribution of shares to shareholders, as well as in the event of a reverse share split or share split, the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio in effect before the commencement of the transaction and the following ratio:

$$\frac{\text{Number of shares comprising the share capital after the transaction}}{\text{Number of shares comprising the share capital before the transaction}}$$

3. In the event of an increase in share capital by capitalization of reserves, profits or premiums realized by an increase in the par value of shares of Atos Origin, the nominal value of the shares delivered to the Bondholders upon exercise of their Conversion/Exchange Right will be increased accordingly.

4. In the event of distribution of reserves or premiums in cash or in kind (including portfolio securities), the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio in effect before the commencement of the transaction and the following ratio:

$$\frac{\text{Value of the share before distribution}}{\text{Value of the share before distribution} - \text{Amount distributed per share or the value of the securities or assets distributed per share}}$$

For the calculation of this ratio:

- the value of the shares before distribution will be equal to the volume-weighted average price of Atos Origin's shares quoted on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or a similar market on which the shares are listed) during the three trading days preceding the date on which the shares are listed ex-distribution;

- if it is a distribution in kind:

- in the event of a grant of securities already listed on a regulated market or a similar market, the value of the securities granted will be determined as indicated above;

- in the event of a grant of securities not already listed on a regulated market or a similar market, the value of the securities granted will be equal to, if they are expected to be listed on a regulated market or a similar market within ten trading days from the date on which the shares of Atos Origin are listed ex-distribution, the volume-weighted average of prices quoted on such market during the three first trading days (included) in such period during which such securities are listed; and

- in other cases (securities granted that are not listed on a regulated market or a similar market or listed during at least three trading days within the ten-day trading period provided for above or distribution of assets), the value of the securities or assets granted per share will be determined by an independent expert with an international reputation chosen by Atos Origin.

5. In the event of a free distribution of securities other than shares of Atos Origin, and subject to paragraph 1 b) above, the new Conversion/Exchange Ratio will be equal to:

(a) if the right to free distribution of securities was admitted to trading on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or a similar market), the product of the Conversion/Exchange Ratio in effect before the commencement of the transaction and the following ratio:

$$\frac{\text{Value of the share ex-free distribution right} + \text{Price of the free distribution right}}{\text{Value of the share ex-free distribution right}}$$

For the calculation of this ratio:

- the value of the share ex-free distribution right will be equal to the volume-weighted average of the prices quoted on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or a similar market on which the Atos Origin share ex-free distribution right is listed) of the share ex-free distribution right during the first three trading days starting on the date on which the shares of Atos Origin are listed ex-free distribution right.

- the price of the free distribution right will be determined as indicated in the paragraph above.

If the right the free distribution right is not listed during each of the three trading days, its value will be determined by an independent expert with an international reputation chosen by Atos Origin.

(b) if the free distribution right of the securities was not admitted to trading on Euronext Paris (or on another regulated market or similar market), to the product of the Conversion/Exchange Ratio in effect before the commencement of the transaction and the following ratio:

$$\frac{\begin{array}{l} \text{Value of the share ex-free distribution right} \\ + \text{Value of the security or securities distributed per share} \end{array}}{\text{Value of the share ex-free distribution right}}$$

For the calculation of this ratio:

- the value of the share ex-free distribution right will be determined as in paragraph a) above;

- if the allocated securities are listed or are likely to be listed on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or a similar market), within ten trading days starting on the date on which the shares are listed ex-distribution, the value of the security or securities distributed per share will be equal to the volume-weighted average of the prices of such securities quoted on such market during the first three trading days (included) in this period during which such securities are listed. If the allocated securities are not listed on each of the three trading days, the value of the security or securities distributed per share will be determined by an independent expert with an international reputation chosen by Atos Origin.

6. In the event that Atos Origin is merged into another company (*absorption*) or is merged with one or more companies forming a new company (*fusion*) or is spun-off (*scission*), the Bonds will be convertible and/or exchangeable into shares of the absorbing or new company or of the beneficiary companies of the spin-off.

The new Conversion/Exchange Ratio will be determined by multiplying Conversion/Exchange Ratio in effect before the commencement of the transaction and the exchange ratio of Atos Origin shares against the shares of the absorbing or new company or of the beneficiary companies of the spin-off. These latter companies will be automatically substituted for Atos Origin with regard to its obligations towards Bondholders.

7. In the case of repurchase by Atos Origin of its own shares at a price higher than the trading price, the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio in effect before the commencement of the repurchase and the following ratio:

$$\frac{\text{Value of the share} \times (1 - \text{Pc}\%)}{\text{Value of the share} - \text{Pc}\% \times \text{Repurchase price}}$$

For the calculation of this ratio:

- Share value means the volume-weighted average share price of Atos Origin quoted on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or a similar market on which the shares are listed) during the three trading days preceding the repurchase (or the option to repurchase);

- Pc % means the percentage of the capital repurchased; and

- Repurchase price means the actual price at which the shares are repurchased.

8. In the event of redemption of capital, the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio in effect before the commencement of the transaction and the following ratio:

$$\frac{\text{Value of the share before redemption}}{\text{Value of the share before redemption} - \text{Amount of redemption per share}}$$

For the calculation of this ratio, the value of the share before redemption will be equal to the volume-weighted average of the share price of Atos Origin quoted on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or a similar market on which the shares are listed) during the three trading days preceding the day on which the shares are listed ex-redemption.

9. In the event that Atos Origin changes its profit distribution and/or creates preferred shares, the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio in effect before the commencement of the transaction and the following ratio:

$$\frac{\text{Value of the share before modification}}{\text{Value of the share before modification} - \text{Reduction per share of the right to profits}}$$

For the calculation of this ratio,

- the Value of the share before modification will be determined on the basis of the volume-weighted average share price of the three trading days which precede the date of modification.
- the Reduction per share of the right to profits will be determined by an independent expert with an international reputation chosen by Atos Origin.

Notwithstanding the foregoing, if such preferred shares are issued with shareholders preferential subscription rights or through a free distribution to shareholders of warrants exercisable for such preferred shares, the new Conversion/Exchange Ratio will be adjusted in accordance with paragraphs 1 or 5 above.

#### 10. Adjustment in the case of distribution of a dividend

In the event of payment by Atos Origin of any dividend or distribution, in cash or in kind, to shareholders (before any possible tax withholdings and without taking into account any possible applicable abatements) (the “**Dividend**”), the new Conversion/Exchange Ratio will be calculated as indicated below, it being specified that (i) any dividend or distribution (or fraction of a dividend or of a distribution) resulting in an adjustment to the Conversion/Exchange Ratio pursuant to paragraphs 1. to 9. above will not be taken into account for the adjustment in respect of this paragraph 10. (ii) that any adjustment following an interim dividend whose Record Date falls in the financial year during which it is paid, and will only take effect as from the first day of the following financial year (Bondholders who exercised their Conversion/Exchange Right and who would receive shares of Atos Origin giving right to payment of an interim dividend may not, however, benefit from a right to adjustment in respect of this paragraph (and nor from paragraph “New share of Atos Origin issued upon conversion of the Bonds”)).

$$NCER = CER \times SP / (SP - ADD)$$

where:

- NCER means the New Conversion/Exchange Ratio;
- CER means the Conversion/Exchange Ratio previously in effect;
- ADD means the amount of the Dividend distributed per share; and
- SP means the share price, defined as being equal to the volume-weighted average share price of Atos Origin – quoted on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or similar market on which the shares are listed) – during the three trading days preceding the trading day on which the Atos Origin shares are listed for the first time ex-Dividend.

In the event that Atos Origin completes the transactions for which no adjustment would be applied in respect of paragraphs 1. to 10. above and where an adjustment is subsequently provided for by law or regulation, Atos Origin will apply such adjustment in accordance with applicable legislative or regulatory provisions and with regular market practice in France.

*(c) Public tender offers*

In the event that the shares of Atos are the subject of a public tender offer (cash, exchange or mixed offer) declared to be admissible by the AMF and that is likely to result in a Change of Control (as defined below), the Conversion/Exchange Ratio will be subject to adjustment on a temporary basis as follows (such adjustment to be rounded up in accordance with paragraph A.2.2.4.6 (b) above):

$$\text{NCER} = \text{CER} \times [1 + \text{Bond Premium} \times (\text{J}/\text{JT})]$$

where:

- NCER means the new Conversion/Exchange Ratio during the Public Offer Adjustment Period (as defined below);
- CER means the Conversion/Exchange Ratio in effect before the Offer Opening Date (as defined below);
- Bond Premium refers to the premium, expressed as a percentage, determined by comparing the par value of the Bonds (per Bond) to the reference price of the Atos Origin's shares used when the final terms of the Bonds were set, i.e., 40%;
- J means the number of days left to run between the Offer Opening Date (inclusive) and the maturity date of the Bonds (exclusive); and
- JT means the exact number of days between the Issue Date (inclusive) and the maturity date of the Bonds (exclusive).

The adjustment of the Conversion/Exchange Ratio indicated above will benefit only to those Bondholders that exercise their Conversion/Exchange Right between (and including):

- (A) the first day on which the Company shares may be tendered into the offer (the "**Offer Opening Date**"), and
- (B) (i) if the offer is unconditional, the date that will be 10 business days after the last day during which Atos Origin's shares may be tendered into the offer or, if the offer is re-opened, the date that will be five business days after the last day during which Atos Origin's shares may be tendered into the offer;  
  
(ii) if the offer is conditional, (x) if the AMF (or its successor) declares that the offer is successful, the date that is 10 business days after the publication by the AMF (or its successor) of the result of the offer or if the offer is re-opened, the date that will be five business days after the last day during which Atos Origin shares may be tendered into the offer, or (y) if the AMF (or its successor) declares that the offer is unsuccessful, the date of publication by the AMF (or its successor) of the result of the offer; or  
  
(iii) if the offeror abandons the offer, the date on which such abandonment is published.

This period will be referred to as the "**Public Offer Adjustment Period**."

For the purpose of this paragraph A.2.2.4.6 (c), "**Change of Control**" means the acquisition of control of Atos Origin by one or several individual(s) or legal entity or entities, acting alone or in concert, it being specified that, for the purpose of this definition, "control" means holding (directly or indirectly, through the intermediary of companies themselves controlled by the relevant individual(s) or entities) (x) the majority of the voting rights attached Atos Origin shares or (y) more than 40% of the voting rights provided that no other shareholder(s) of Atos Origin, acting alone or in concert, hold(s) (directly or indirectly, through the intermediary of companies themselves controlled by the relevant shareholder(s)) voting rights representing a percentage in excess of such percentage.

*Delivery of shares resulting from an exercise of the Conversion/Exchange Right during the Public Offer Adjustment Period*

Notwithstanding the provisions of section "Terms of exercise of the Conversion/Exchange Right," in the event of the exercise of the Conversion/Exchange Right during the Public Offer Adjustment Period, the Exercise Date will be

deemed to be the Request Date and the corresponding shares will be delivered within a maximum of three business days of the Exercise Date.

*(d) Notice to Bondholders in the event of an adjustment*

In the event of an adjustment, Atos Origin will inform the Bondholders by a notice published in a financial newspaper with a national circulation in France at the latest by five (5) business days after the new adjustment has taken effect. This adjustment will also be published in a notice by Euronext Paris within the same timeframe.

In addition, the Board of Directors of Atos Origin will take account of the elements of calculation and the results of every adjustment in Atos Origin's annual report following this adjustment.

**A.2.2.4.7 TREATMENT OF FRACTIONAL ENTITLEMENTS**

Any Bondholder exercising its rights in respect of the Bonds may obtain a number of shares of Atos Origin calculated by applying the Conversion/Exchange Ratio in effect to the number of Bonds presented for exchange or conversion on a given Exercise Date.

When the number of shares so calculated is not a whole number, the Bondholder may request that it be delivered:

- either the whole number of shares immediately below such number; in this case, a cash sum will be paid to it equal to the product of the remaining fraction of the share and the value of the share, equal to the last closing price on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or on a similar market on which the shares are listed) on the trading day preceding the day on which the request to exercise the Conversion/Exchange Right is filed;
- or the whole number of shares immediately above such number, provided that the Bondholder pays to Atos Origin a sum equal to the value of the additional fractional share requested, assessed on the basis provided for in the previous paragraph.

In the event that the Bondholder does not specify its preferred option, such Bondholder will receive the whole number of shares of Atos Origin immediately below plus a cash supplement as described above.

**A.2.2.5 TERMS AND CONDITIONS OF THE ISSUE**

**A.2.2.5.1 ABSENCE OF PREFERENTIAL SUBSCRIPTION RIGHTS**

Atos Origin shareholders' general meeting to be held on 1 July 2011 is called to waive the preferential subscription rights attached to the Bonds in favour of Siemens Inland pursuant to Article L. 225-138 of the French Commercial Code (*Code de commerce*).

The subscription amount for the Bonds will be set off against the receivable owed by Atos Origin to Siemens Inland in respect of the cash portion of the Contribution consideration (see paragraph A.2.6).

**A.2.2.5.2 AMOUNT OF THE ISSUE – PAR VALUE – NUMBER OF BONDS ISSUED**

The issue will be made in a nominal amount of 249,999,985 euros, represented by 5,382,131 Bonds, with a par value of 46.45 euros each, representing (i) a premium of 40 % as compared to the volume-weighted average share price of Atos Origin over the six-month period preceding the announcement of the Transaction (the period from 14 June 2010 to 13 December 2010) and (ii) a premium of 14 % in relation to the closing price of the Atos Origin share at 31 May 2011.

After the Contribution and the conversion of the Bonds, Siemens Inland may hold 20,4% of the share capital of Atos Origin (See the table in section A.5.1.2 relating to the simplified breakdown information on the share capital and voting rights of Atos Origin as at 31 March 2011, before and after the Contribution and conversion of the Bonds, is shown below).

#### *A.2.2.5.3 RATING*

No request for rating has been made.

Neither Atos Origin nor its debt have ratings.

### **A.2.2.6 ADDITIONAL INFORMATION CONCERNING THE SHARES DELIVERED UPON EXERCISE OF THE CONVERSION/EXCHANGE RIGHT**

#### *A.2.2.6.1 RIGHTS ATTACHED TO THE SHARES TO BE ISSUED*

##### *Description of the shares that will be delivered upon exercise of the Conversion/Exchange Right*

##### **(a) Type and category**

The new shares issued upon conversion of the Bonds and/or the existing shares delivered upon exchange of the Bonds will be ordinary shares of the same category as the existing shares of Atos Origin, which will be subject to all of the provisions of the by-laws (*statuts*).

##### **(b) Rights attached to shares issued or delivered upon exercise of the Conversion/Exchange Right – Right to dividends and distributions**

#### **New shares issued upon conversion of the Bonds**

The new shares issued upon conversion of the Bonds will carry dividend rights from the first day of the financial year in which the Exercise Date for the Conversion/Exchange Right falls and will give right, in respect of such financial year and subsequent years, on equal par value, to the same dividend per share (or interim dividend) as that paid to other shares carrying the same rights, it being specified that any Bondholder who receive new shares giving right to payment of an interim dividend may not benefit from a right to an adjustment in this case.

However, in accordance with paragraphs A.2.2.4.4 “Terms of exercise of the Conversion/Exchange Right” and A.2.2.4.6 “Maintenance of Bondholders’ rights”, the Bondholders benefit from a right to adjustment of the Conversion/Exchange Ratio until the date the shares are delivered.

#### **Existing shares delivered in exchange for the Bonds**

The existing shares delivered in exchange for the Bonds will be ordinary existing shares will carry dividend entitlement which will entitle their owners, from their delivery date, to all rights attached to the shares, provided that in the event that rights to a dividend (or to an interim dividend) are detached from the shares between the Exercise Date of the Conversion/Exchange Right and the delivery date of the shares, the Bondholders will have no right to this dividend (or this interim dividend) and no right to an indemnity in this case subject to, if applicable, the right to an adjustment as provided for in paragraph A.2.2.4.6 “Maintenance of Bondholders’ rights.”

In accordance with paragraphs A.2.2.4.4 “Terms of exercise of the Conversion/Exchange Right” and A.2.2.4.6 “Maintenance of Bondholders’ rights”, the Bondholders benefit from a right to an adjustment of the Conversion/Exchange Ratio until the delivery date of the shares (excluded).

#### **General provisions**

Each new or existing share gives the right to a share in the net assets, the profits and any bonus of liquidation of Atos Origin in proportion to the stake in the share capital that it represents, taking account of whether or not the capital has been redeemed, of whether or not the shares have been fully paid up, of the par value of the shares and the rights attached to the different categories of shares.

Each share gives the right to one vote at general meetings of Atos Origin, subject to the by-laws (*statuts*) of Atos Origin.

#### *A.2.2.6.2 LISTING OF THE NEW OR EXISTING SHARES*

##### **New shares of Atos Origin issued upon conversion of the Bonds**

The new shares which will be issued upon conversion of the Bonds will be subject to periodic listing applications for trading on Euronext Paris on a secondary listing, until the close of the trading day preceding that during which the existing shares are traded ex-dividend, paid in respect of the financial year which precedes that in which the Exercise Date falls, or until the close of the trading day of the ordinary general meeting of shareholders which will vote on the accounts for such financial year if this general meeting does not approve a dividend to shareholders.

Consequently, the new shares will be fungible with existing shares of Atos Origin and traded on the same listing as such shares under the same ISIN code FR0000051732, from the trading day on which the existing shares are traded ex-dividend in respect of the financial year prior to that in which the Exercise Date falls or, if no dividend is paid, from the trading day which follows the ordinary general meeting of shareholders approving the accounts for such financial year.

##### **Existing shares of Atos Origin delivered in exchange for the Bonds**

The existing shares delivered upon exercise of the Conversion/Exchange Right will be immediately tradable.

#### *A.2.2.6.3 APPLICABLE LAW AND COURTS OF COMPETENT JURISDICTION*

The shares are governed by French law and the courts having jurisdiction in the event of a dispute are those where the registered office of Atos Origin is located if Atos Origin is the defendant and are designated depending on the type of dispute, unless otherwise provided for under the French Code of Civil Procedure (*Code de procédure civile*).

#### *A.2.2.6.4 FORM AND METHOD OF REGISTRATION IN SHARE ACCOUNTS OF SHARES DELIVERED UPON EXERCISE OF THE CONVERSION/EXCHANGE RIGHT*

The existing shares and the new shares of Atos Origin, delivered upon exercise of the Conversion/Exchange Right will be held in either registered or bearer form, at the option of the Bondholders.

In accordance with Article L.211-3 of the French Monetary and Financial Code (*Code monétaire et financier*), the shares will be recorded as book-entries in securities accounts held, as the case may be, by Atos Origin or by an authorized financial intermediary.

Consequently, rights of holders will be evidenced by a book-entry in securities accounts opened in their name in the registry of:

- SG Securities Services, acting on behalf of Atos Origin in respect of fully registered shares (*titres au nominatif pur*);
- an authorized financial intermediary chosen by the holders and SG Securities Services, acting on behalf of Atos Origin, in respect of shares in administered registered form (*titres au nominatif administré*); or
- an authorized financial intermediary selected by the holders in respect of shares in bearer form (*titres au porteur*).

In accordance with Articles L.211-15 and L.211-17 of the French Monetary and Financial Code, the shares will be transferred pursuant to an account-to-account transfer transaction and the transfer of share ownership will result in their registration on the securities accounts of the holder.

#### *A.2.2.6.5 CURRENCY OF THE SHARES ISSUE*

The shares will be denominated in euros.



#### *A.2.2.6.6 RIGHTS ATTACHED TO THE SHARES*

##### **Rights to dividends – Rights to share the profits of the issuer**

The existing shares and the new shares will be, from their issuance, subject to all provisions of Atos Origin's by-laws (*statuts*). Based on current French law and Atos Origin's by-laws, the main rights attached to shares are described below:

The existing shares allocated upon exchange and the new shares issued upon conversion of the Bonds will give right to dividends in the conditions described in paragraph A.2.2.6.1.1 (b) “Rights attached to shares issued or delivered upon exercise of the Conversion/Exchange Right - Right to dividends and distributions”.

The shareholders of Atos Origin have the right to profits under the conditions defined by Articles L. 232-10 *et seq.* of the French Commercial Code.

The general shareholders’ meeting, approving the financial statements for the fiscal year, may grant a dividend to the entirety of shareholders (Article L. 232-12 of the French Commercial Code).

Interim dividends may also be distributed before the approval of the financial statements for the fiscal year (Article L. 232-12 of the French Commercial Code).

The General Shareholders’ Meeting may offer to all shareholders, for all or part of the distribution of the dividend or interim dividend, an option between the payment of the dividend or interim dividends, in either cash or in shares issued by the Atos Origin (Articles L. 232-18 *et seq.* of the French Commercial Code).

Payment of dividends must occur no later than nine months after the end of the fiscal year. An extension of this time period may be granted by judicial decision.

Claims relating to the payment of dividends are time barred in accordance with the applicable statute of limitation, i.e., five years from the date they become payable.

Dividends paid to non-French tax residents are in principle subject to a withholding tax.

##### **Voting rights**

Subject to applicable law and the provision of Atos Origin's by-laws (*statuts*), the voting rights attached to the shares are proportional to the percentage of the share capital that such shares represent. Each share grants the right to vote.

In addition to the thresholds defined by applicable laws and regulations, all private individuals and legal entities, acting alone or in concert, who acquire, directly or indirectly, a fraction of the share capital equal to or greater than 2% or, following a shareholding of 2%, a multiple of 1% are required to inform Atos Origin, by registered letter with return receipt requested, within 5 trading days from the date on which one of these thresholds is crossed, of the total number of shares held directly, indirectly or in concert. The same disclosure requirement applies, within the same period and conditions, each time fraction of the share capital or voting rights of a shareholder decreases to less than one of the above-mentioned thresholds.

##### **Preferential subscription rights**

The shares carry a preferential subscription right for capital increases. Shareholders have, in proportion to the amount of shares that they hold, a right to the preferential subscription of shares in cash issued pursuant to a capital increase immediately or in the future. During the subscription period, this right is tradable when it is detached from the shares that are themselves tradable. In the opposite case, it is transferable under the same conditions as the share itself. Shareholders may waive on an individual basis their preferential subscription rights (Articles L. 225-132 and L. 228-91 to L. 228-93 of the French Commercial Code).

## **Right to participate in any surplus in the event of liquidation**

Any shareholders' equity remaining after repayment of the par value of shares or of other equity securities will be shared among the shareholders in the same proportions as their participation in the share capital (Article L. 237-29 of the French Commercial Code).

### *A.2.2.6.7 RESOLUTIONS AND AUTHORIZATIONS PURSUANT TO WHICH THE SHARES WILL BE DELIVERED UPON EXERCISE OF THE CONVERSION/EXCHANGE RIGHT*

Please refer to section A.2.2.3.11.

### *A.2.2.6.8 RESTRICTIONS ON THE TRANSFER OF SHARES*

No provision in Atos Origin's by-laws limits the transfer of shares comprising Atos Origin's share capital or which to be delivered upon exercise of the Conversion/Exchange Right.

### *A.2.2.6.9 FRENCH TENDER OFFER RULES*

Atos Origin is subject to French laws and regulations applicable to mandatory public offers, buyout offers and squeeze-outs.

#### *Mandatory tender offers*

Article L. 433-3 of the French Monetary and Financial Code and Articles 234-1 *et seq.* of the AMF General Regulations set forth the conditions for the mandatory filing of a tender offer for all of the equity securities and securities giving right to the share capital or to the voting rights of a company whose shares are admitted to trading on a regulated market.

#### *Public buyout offers and public squeeze-out*

Article L. 433-4 of the French Monetary and Financial Code and Articles 236-1 *et seq.* (buyout offers), 237-1 *et seq.* (squeeze-out following a buyout offer) and 237-14 *et seq.* (squeeze-out following any tender offer) of the AMF General Regulations set forth the conditions for filing a buyout offer and for implementing a procedure to squeeze out minority shareholders of a company whose shares are admitted to trading on a regulated market.

## **A.2.3 THE TRANSACTION ITSELF**

### **A.2.3.1 CONTRIBUTION AGREEMENT DATE**

The Contribution Agreement between Atos Origin and Siemens Inland was entered into on 20 May 2011 in Munich.

### **A.2.3.2 EFFECTIVE DATE OF THE CONTRIBUTION**

The Contribution will become definitive and will be effective on the Closing Date, without retroactive effect.

### **A.2.3.3 TRANSACTION CLOSING DATE**

The Contribution will be completed upon confirmation that all the conditions precedent and the other conditions set out in the Contribution Agreement and the Framework Agreement (as described in section A.2.1.1.3) have been fulfilled

(the “**Closing Date**”). It is currently expected that this will occur on 1 July 2011, following the shareholders’ general meeting called to approve the Contribution and the issuance of the Bonds.

#### **A.2.3.4 RETROACTIVE DATE OF THE TRANSACTION**

Not applicable.

#### **A.2.3.5 DATE OF THE STATEMENT OF ACCOUNTS USED TO DETERMINE THE VALUE OF THE CONTRIBUTION**

Not applicable.

#### **A.2.3.6 DATE OF THE BOARD MEETING APPROVING THE TRANSACTION**

The Board of Directors of Atos Origin approved the principle of the Contribution at its meeting of 12 December 2010. On 14 January 2011, the Board of Directors of Atos Origin authorized the Chairman to execute the Framework Agreement and the other ancillary agreements relating to the Contribution.

#### **A.2.3.7 FILING DATE OF THE CONTRIBUTION AGREEMENT WITH THE COMMERCIAL COURT**

Since this transaction is a contribution in kind, there is no requirement to file the Contribution Agreement with the registrar of the commercial court. However, the report of the contribution appraiser on the value of the contribution will be filed with the registrar of the Pontoise Commercial Court at least eight (8) days before the date of the Extraordinary General Meeting called to approve the Contribution.

#### **A.2.3.8 TAX STRUCTURE OF THE TRANSACTION**

In relation to registration rights, to the extent that the Contribution Agreement was executed in Munich, the Contribution will entail payment by Atos Origin of a fixed right of 500 euros in accordance with Article 810-I of the CGI (General Tax Code).

### **A.2.4 CONTROL OF THE TRANSACTION**

#### **A.2.4.1 DATE OF THE SHAREHOLDERS’ GENERAL MEETING CALLED TO APPROVE THE TRANSACTION**

The Contribution will be submitted for approval of the Atos Origin shareholders’ general meeting to be held on 1 July 2011 (on the basis of a meeting notice published on 27 May 2011 and if applicable, a convening notice published within the legal deadline).

This meeting will also resolve upon the issuance of the Bonds to Siemens Inland and upon the appointment of a director designated by Siemens to the Board of Directors of Atos Origin in accordance with the Lock-Up Agreement.

#### **A.2.4.2 CONTRIBUTION APPRAISER**

The following contribution appraiser has been appointed by order of the Chairman of the Pontoise Commercial Court to assess the Contribution:

Name and address: Thierry Bellot, 11 rue Laborde, 75008 Paris  
Date of appointment: 14 February 2011  
Date of report: 30 May 2011

His function was to opine on the value of the contributed SIS Holding share as well as on the fairness of the consideration (including the issuance of the Bonds).

In accordance with applicable rules and regulations, his reports on the value of the Contribution and on the fairness of the consideration have been made available to shareholders at the registered office of Atos Origin. The report of the

contribution appraiser on the value of the Contribution will be filed with the registrar of the Pontoise Commercial Court within the time limit required under applicable rules and regulations.

#### **A.2.5 CONTRIBUTION APPRAISER'S REPORTS ON THE VALUE AND THE CONSIDERATION OF THE COMPANY ACQUIRED BY ATOS ORIGIN AT THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF ATOS ORIGIN OF 1 JULY 2011**

The contribution appraiser's reports on the value and on the consideration of the Contribution by Atos Origin to the extraordinary general meeting of shareholders of Atos Origin to be held on 1 July 2011 are attached under Schedule I to this Prospectus.

The conclusions of the contribution appraiser's report on the value of the Contribution are the following:

"Further to my analyses and on the date of this report, in my opinion, the value of the contributions amounting to €814,388,000 is not overestimated and, consequently, the value of the net assets transferred is at least equal to the amount of the beneficiary company's share capital increase, as increased by the issue premium. Moreover:

- a cash payment of €400,196,974 is allocated to the contributor, of which €250 million will be offset against the subscription price for Océane convertible bonds with a nominal value of €249,999,985, the remaining balance representing a cash payment of €150,196,989;
- the cash portion of such cash payment is likely to be adjusted to reflect the actual net debt of SIS Holding and the amount of its working capital on 30 June 2011."

The conclusions of the contribution appraiser's report on the consideration received for the Contribution are the following:

"I shall conclude by stating that on the date of this report, it is my opinion that the consideration proposed for the contribution of the single SIS Holding share to Atos leading to the issuance of 12,483,153 Atos shares and to a cash payment of €400,196,974, €249,999,985 of which will be off-set against the subscription price of the Océane bonds, while the remaining €150,196,989 will be paid in cash, appears to be fair, on the understanding that the cash portion of this cash payment may be adjusted to reflect the actual net debt levels and working capital requirements of SIS Holding on 30 June 2011."

#### **A.2.6 CONSIDERATION FOR THE CONTRIBUTION**

The consideration for the Contribution consists of the issuance of a total of 12,483,153 Atos Origin shares and a cash payment, as described in paragraph A.2.1.1.2 above.

Consequently, the share capital of Atos Origin will be increased in the following proportions:

Number of shares created: 12,483,153 of par value 1 euro each.

Amount of share capital increase: 414,191,026 euros, including a Contribution premium (*prime d'apport*) of 401,707,873 euros.

In addition, the shares issued will have the following features:

Dividend entitlement date: as from the Closing Date expected to be 1 July 2011.

Trading date: as of the Closing Date, which is expected to occur on 1 July 2011, it being understood that these shares are subject to a five (5) year lock-up as detailed in paragraph A.2.1.3.

Date of admission to listing: admission to trading of the newly-issued Atos Origin shares on Euronext Paris will be requested as soon as possible following their issuance.

### **A.3 ACCOUNTING FOR THE CONTRIBUTION**

#### **A.3.1 DESCRIPTION AND VALUE OF CONTRIBUTED ASSETS AND LIABILITIES ASSUMED**

Siemens Inland will contribute to Atos Origin one (1) share of SIS Holding representing 100% of the share capital and voting rights of SIS Holding.

A valuation of the SIS Holding share has been made and such share will be contributed to Atos Origin at its fair market value, in accordance with Regulation n°2004-01, dated 4 May 2004, of the Accounting Regulation Committee, as amended.

The fair market value of the SIS Holding share has been estimated at 814,388,000 euros.

#### **A.3.2 TABLE HIGHLIGHTING THE REASSESSMENTS AND READJUSTMENTS MADE**

Not applicable.

#### **A.3.3 REDUCTION OF CAPITAL**

Not applicable

#### **A.3.4 NAME OF EXPERT AND DATE OF EXPERT REPORT**

Not applicable.

#### **A.3.5 DETAIL OF THE CALCULATION OF THE CONTRIBUTION PREMIUM**

The difference between the issue price of the new ordinary shares of Atos Origin used for the purpose of calculating the consideration for the Contribution, i.e., a total amount of 414,191,026 euros corresponding to 33.18 euros per new share and the nominal amount of the share capital increase made in consideration of the Contribution, i.e., a total amount of 12,483,153 euros, will constitute a Contribution premium of an amount of 401,707,873 euros. This premium will be recorded into a specific liability account on Atos Origin's balance sheet, to which Atos Origin's old and new shareholders shall have a claim, and which may receive any allocation decided upon by the general meeting of Atos Origin shareholders.

### **A.4 VALUATION OF AND CONSIDERATION FOR THE CONTRIBUTION**

The terms and conditions of the Transaction are the result of negotiations between Atos Origin and Siemens. The parties agree that the Contribution will be paid for through the issue of 12,483,153 new Atos Origin ordinary shares, reserved for Siemens, and 400,196,974 euros in cash, of which 249,999,985 euros shall be set off against the aggregate subscription price of 5,382,131 bonds convertible and/or exchangeable into new or existing shares, with a total nominal value of 249,999,985 euros, issued by Atos Origin on the completion date of the Contribution, for the benefit of Siemens Inland. Consequently, 150,196,989 euros will be paid in cash on the Closing Date by Atos Origin to Siemens Inland. The contribution price may be adjusted following completion of the Contribution, either upwards or downwards, in accordance with the principles described in paragraph A.2.1.1.2.

The portion of the consideration paid in shares represents, after the Contribution, around 15% of Atos Origin's share capital on the date of the completion of the Transaction, excluding the conversion of the Bonds and of the Bonds 2009 previously issued by Atos Origin.

On the basis of the average closing share price weighted by volumes over the last six months before the announcement of the Transaction, made on 14 December 2010 (€33.18), the consideration for the Contribution amounts to €814m. Based on the one-month volume-weighted average closing price as of 31 May 2011, the consideration for the Contribution amounts to €917m. The evolution of Atos Origin's market capitalization before and after the announcement of the transaction is described in section A.5.1.6.

This section was prepared in the aim of assessing the value of the Contribution and its consideration.

## A.4.1 VALUATION OF THE CONTRIBUTION

### A.4.1.1 RETAINED VALUATION METHODS

The Contribution was valued using a multi-criteria approach, including (i) the discounted cash flows method (“DCF”) and (ii) comparable trading multiples method.

The valuation work was carried out in late February 2011, once the Framework Agreement had become fully binding, in order to enable the contribution appraiser to perform his work on the basis of the last published results available at that time. Changes in the valuation parameters since late February are not likely to alter the conclusions resulting from the valuation work.

#### *Discounted cash flows*

The discounted cash flows method (“DCF”) measures the capacity of a company to create value. A company creates value when its return on capital employed is higher than the rate of return expected by its shareholders and lenders. This valuation method provides an intrinsic view on the value of a business as it is based on forecasted cash flows and takes into account the main factors having an impact on valuation, such as growth prospects, the evolution of profitability and the risk profile (cyclicality, competition, etc.).

The DCF method was applied over the period from 30 June, 2011 (estimated date of closing of the Transaction) and 31 December 2015. It relies on the business plan drawn up by Siemens for the 2011-2013 period, adjusted by the Atos Origin teams in the context of their due diligence process (“de-risking” of the business plan resulting in the lowering of the expected financial performance of the Contribution) and factoring in the commitment by Siemens to bear a certain number of risks and losses on account of certain commercial contracts, described in section A.2.1.1.5. To this business plan must also be added the additional cash flows from improved operating performances linked to the introduction of restructuring measures not yet completed by Siemens at the estimated Closing Date, as part of the TOP<sup>2</sup> program (“Total Operational Performance”) implemented by Atos Origin.

The business plan was extrapolated over two years in order to make sales growth converge with the retained assumption of growth to perpetuity. The terminal value, corresponding to the discounted value of the cash flows generated by the Contribution beyond the forecast period of the extrapolated business plan, was estimated by applying the Gordon-Shapiro method, assuming a perpetual growth of the normative cash flow estimated at the end of the business plan. The terminal value accounts for a significant share of valuation obtained using the DCF method. The valuation of the Contribution is sensitive to the assumptions retained in the calculation of the terminal value.

The cash flows correspond, for each financial period, to earnings before interest, tax, depreciation and amortization (EBITDA) less normative corporation tax, capital expenditure, restructuring costs (less, if applicable, the restructuring costs carried by Siemens for up to €250m, as described in section A.2.1.1.9) and the annual change in working capital.

The discount rate corresponds to the estimated weighted average cost of capital of the Contribution. The discount rate was determined on the basis of average financial parameters (beta and target leverage) of the sector:

- a risk-free rate of 3.5% based on the 3-month average return on a 10-year French government bond (OAT);
- a 6.1% risk premium, based on the 3-month average on 31 January 2011 of market figures published by Associés en Finance;
- an unlevered beta (corresponding to the equity beta restated from the impact of the financial risk linked to the indebtedness of the company) of 1.0 based on the average unlevered betas of companies selected for the application of the comparable trading multiples method of Atos Origin and of SIS Holding, *i.e.*, Capgemini, Logica and Tieto (source: MSCI Barra);
- a target financial leverage rate of 5%, corresponding to the median financial leverage (net financial debt / market capitalization) of the companies selected for the application of the comparable trading multiples method (sources: company publications, Thomson Datastream);
- a pre-tax cost of debt based on a spread of 92 basis points above the government bond rate (average spread of five-year bonds issued by BBB rated companies. Sources: Standard & Poor’s, Bloomberg).

On the basis of the parameters mentioned above, the weighted average cost of capital (WACC) of the Contribution is estimated at 9.2%. Although the Contribution is in a particular turn-around situation compared to other companies in the sector, this specific risk is assumed to be taken into account in the calculation of the future cash flows (“de-risking”), and therefore has no impact on the discount rate.

Risk free rate	3.5%
Equity market risk premium	6.1%
Unlevered beta	1.0
Levered beta	1.0
<b>Cost of equity (Euro)</b>	<b>9.6%</b>
Target corporate spread (basis points)	92.0
Pre-tax cost of debt	4.4%
Target gearing	5.1%
Normative tax rate	34.4%
<b>WACC (Euro)</b>	<b>9.2%</b>

The enterprise value of SIS Holding is obtained by discounting future cash flows on 30 June 2011, on the basis of the weighted average cost of capital and a growth rate to infinity from 2015 of 2.0%, in line with expected long-term inflation in Europe.

Based on these parameters and the business plan, the DCF approach results in an enterprise value for SIS Holding of €1,326m. The equity value of SIS Holding is equal to its enterprise value, as the Contribution is to be made on a debt-free / cash-free basis.

On the basis of these assumptions, the sensitivity of the valuation of SIS Holding to the main valuation parameters is as follows:

- +0.25 discount rate point leads to a 3% in the value of equity capital;
- -0.25 growth rate to infinity point leads to a 3% in the value of equity capital;

Using the DCF approach, we arrive at an equity value for SIS Holding between €1,058m and €1,365m.

#### *The comparable trading multiples method*

The comparable trading multiples method involves applying to the estimated financial aggregates of a company, the trading multiples observed for comparable companies (peers) in order to obtain the implicit value of the equity capital of the company being analysed.

The sample of peers selected is made up of companies operating in comparable business lines to the core business of SIS Holding and with a strong footprint on the European market.

The sample included the following companies: Capgemini, Logica and Tieto (multiples calculated on the basis of the 1-month average share price on 4 March 2011):

- Cap Gemini is one of the global leaders in technology services, outsourcing and consulting. The group’s revenues stood at €8.7bn in 2010, of which 42% in technology services, 36% in outsourcing, 16% in local professional services and 6% in consulting. Cap Gemini is present in Europe, the Americas and Asia Pacific. Its market capitalization as of 4 March 2011 was €6.4bn (sources: Company, Thomson Datastream);
- Logica is specializing in consulting, outsourcing and professional services, mostly in Europe. The Company’s revenues stood at £3.7bn in 2010, of which 57% in consulting and professional services, and 43% in outsourcing. In 2010, 94% of the Group’s revenues were generated in Europe. Logica’s market capitalization as of March 4 2011 was £2.3bn (sources: Company, Thomson Datastream);

- Tieto is specializing in IT services with a strong presence in Northern Europe. The Company's revenues stood at €1.7bn in 2010, of which 46% in Finland and 26% in Sweden. Tieto's market capitalization as of March 4 2011 was €1.0bn (sources: Company, Thomson Datastream).

The multiples selected for valuing the Contribution are the 2013 EV/EBITDA multiple and the 2013 EV/EBITA multiple. In fact:

- the EV/Sales multiple cannot be used as it assumes a normalised level of margins, which is not the case for the sample companies;
- the P/E ratio was excluded because of the differences in financial structure, as the Contribution is made on a debt-free / cash-free basis;
- 2013 financial aggregates were used as SIS Holding, in the process of being turned around, present insignificant operating performances for the 2011 and 2012 financial years.

It should be noted that the EBITDA multiple is used for illustrative purposes only, as this aggregate does not capture the capital intensity which is one of the key components of the IT outsourcing business.

The table below shows the trading multiples of the retained comparable companies and the multiples used for the valuation of the Contribution.

Company	EV/EBITDA			EV/EBITA			PE Ratio		
	2011e	2012e	2013e	2011e	2012e	2013e	2011e	2012e	2013e
Capgemini	6.1x	5.5x	5.1x	7.8x	6.8x	6.2x	14.2x	12.1x	10.8x
Logica	7.2x	6.5x	6.3x	8.5x	7.6x	7.1x	10.6x	9.4x	8.4x
Tieto	5.5x	5.2x	5.0x	9.1x	8.4x	7.9x	11.8x	10.7x	10.0x
<b>Average</b>	<b>6.3x</b>	<b>5.7x</b>	<b>5.5x</b>	<b>8.5x</b>	<b>7.6x</b>	<b>7.1x</b>	<b>12.2x</b>	<b>10.7x</b>	<b>9.7x</b>

Sources: Companies, Thomson Datastream

The comparable trading multiples approach results in an enterprise value of between €1,242m and €1,975m.

#### A.4.1.2 VALUATION METHODS EXCLUDED

##### *Comparable transactions multiples*

The comparable transactions multiples method is based on the multiples observed for similar, recent transactions (mergers, acquisitions, etc.). Transactions are considered to be "similar" when they take place in the same sector.

The multiples highlight the operating performances of the targets (companies or assets sold) compared to the purchase prices observed and not compared to their market values. They integrate a control premium, and, if applicable, part of the synergies expected by the acquirer.

However, given the operating performance of SIS Holding, which are in the process of being turned around at the time of the Transaction, and the fact that it is difficult to compare recent transactions in the sector to this specific situation, this method is not suitable for assessing the value of SIS Holding in a reliable manner.

##### *Net Asset Value (NAV)*

The net asset value (NAV) method is especially relevant in the case of diversified holding companies or companies owning a lot of assets - notably real estate companies - that are likely to have a historical value recorded on the balance sheet that is much lower than their immediate sale value. This method is also useful in the context of a liquidation, after the costs of liquidation have been factored in. Accordingly, this method would not be suitable for valuing SIS Holding.

#### A.4.1.3 SUMMARY OF THE VALUATION RESULTS

Using the methods selected for valuing SIS Holding, we arrive at an equity value between €1,058m and €1,365m on the basis of the DCF method and between €1,242m and €1,975m on the basis of the comparative market multiples method. The latter method is only used for illustrative purposes for valuing SIS Holding, given that the contributed company will be in the process of being turned around at the time of its transfer to Atos Origin.



On the basis of the valuation criteria described above, the total real value of SIS Holding is set at €814m. SIS Holding will be recorded at this value on Atos Origin's balance sheet.

## **A.4.2 CONSIDERATION FOR THE CONTRIBUTION**

### **A.4.2.1 RETAINED VALUATION METHODS**

The Atos Origin shares were valued using a multi-criteria approach, including (i) the discounted cash flows method (DCF), (ii) the comparable trading multiples method, (iii) the target share prices of financial analysts following Atos Origin, and (iv) an analysis of Atos Origin's share price before the announcement of the Transaction.

The Bonds were valued at their face value. Sensitivity analyses on the estimated market value of these instruments were carried out in order to take into account current market conditions, and they resulted in a difference of less than 3% with the face value.

The valuation work was carried out in late February 2011, once the Framework Agreement had become fully binding, and in order to enable the appointed contribution appraiser to perform his work on the basis of the last published results available at that time. Changes in the valuation parameters since late February are not likely to alter the conclusions resulting from the valuation work.

The number of Atos Origin shares is estimated at 70.6 million shares, following deduction of treasury shares and calculation of the dilution of in-the-money stock option plans using the treasury shares method.

#### *Discounted cash flows*

The DCF method was applied over the period from June 30, 2011 (estimated date of closing of the deal) and December 31, 2015. It relies on the business plan drawn up by Atos Origin for the 2011-2013 period.

The business plan was extrapolated over two years in order to make sales growth converge with the retained assumption of growth to perpetuity. The terminal value, corresponding to the discounted value of cash flows generated by Atos Origin beyond the forecast period of the extrapolated business plan, was estimated by applying the Gordon-Shapiro method, assuming a perpetual growth of the normative cash flow estimated at the end of the business plan. The terminal value accounts for a significant share of valuation obtained using the DCF method. The valuation of Atos Origin is sensitive to the assumptions retained in the calculation of the terminal value.

The cash flows correspond, for each financial period, to operating income less normal corporation tax, capital expenditure, restructuring costs and the annual change in working capital, adjusted by depreciation and amortisation.

The discount rate corresponds to Atos Origin's estimated weighted average cost. The discount rate used for the valuation of Atos Origin was determined on the basis of the same elements as those used for the valuation of the Contribution, corresponding to the average financial parameters of the sector (beta and target leverage).

On the basis of the parameters described in section A.4.1.1.1, Atos Origin's weighted average cost of capital is estimated at 9.2%.

The enterprise value of the Atos Origin is obtained by discounting future cash flows on June 30, 2011, on the basis of the weighted average cost of capital and a growth rate to infinity from 2015 of 2.0%, in line with expected long-term inflation in Europe.

Using the DCF approach, we thus arrive at an enterprise value for Atos Origin of €3,113m, central value. The equity value is €3,037m (€43 per share), following adjustment of net financial debt estimated on June 30, 2011, minority interests, after-tax provisions for pensions and disputes, financial investments and tax loss carry-forwards on December 31, 2010).

On the basis of these assumptions, the sensitivity of the valuation of Atos Origin to the principal valuation parameters is as follows:

- +0.25 discount rate point leads to a +/-4% change in the value of equity capital;

- +/-0.25 growth rate to infinity point leads to a +3%/-2% in the value of equity capital;
- +/-0.25 EBITDA point used for calculating the terminal value leads to a change of +/-3% of the value of equity capital.

The DCF approach results in an equity value for Atos Origin between €2,828m (€40.1 per share) and €3,76m (€46.4 per share).

#### *The comparable trading multiples method*

The comparable trading multiples method involves applying to the estimated financial aggregates of a company, the trading multiples observed for comparable companies (peers) in order to obtain the implicit value of the equity capital of the company being analysed.

The sample of peers selected is made up of companies operating in comparable business lines to the core business of Atos Origin and with a strong footprint on the European market.

The sample included the following companies: Capgemini, Logica and Tieto (multiples calculated on the basis of the 1-month average share price on March 4 2011). Additional information on the selected comparable companies is provided in section A.4.1.1.1.

The multiples selected for valuing Atos Origin are the 2011-2012 EV/EBITA and P/E ratios. In fact:

- the EV/Sales multiple cannot be used as it assumes a normalised level of margins, which is not the case for the companies making up the sample;
- the EV/EBITDA multiple was excluded as it does not take into account the specific features of Atos Origin in terms of capital intensity, linked to the share of the outsourcing activities in the Atos Origin Group.

The table below shows the trading multiples of the retained comparable companies and the multiples used for the valuation of Atos Origin.

Company	EV/EBITDA			EV/EBITA			PE Ratio		
	2011e	2012e	2013e	2011e	2012e	2013e	2011e	2012e	2013e
Capgemini	6.1x	5.5x	5.1x	7.8x	6.8x	6.2x	14.2x	12.1x	10.8x
Logica	7.2x	6.5x	6.3x	8.5x	7.6x	7.1x	10.6x	9.4x	8.4x
Tieto	5.5x	5.2x	5.0x	9.1x	8.4x	7.9x	11.8x	10.7x	10.0x
<b>Average</b>	<b>6.3x</b>	<b>5.7x</b>	<b>5.5x</b>	<b>8.5x</b>	<b>7.6x</b>	<b>7.1x</b>	<b>12.2x</b>	<b>10.7x</b>	<b>9.7x</b>

Sources: Companies, Thomson Datastream

The comparative market multiples method results in an equity value for Atos Origin between €2,615m (€3 per share) and €3,080m (€43.6 per share).

As a reminder, the retained value per Atos Origin share in the context of the negotiations between the parties to determine the consideration for the Contribution is €33.18.

#### *Target share price of financial analysts*

The Atos Origin stock is followed on a regular basis by the research departments of reputable financial institutions. The following table sets out the target prices of analysts who published forecasts between October 13, 2010, the date on which Atos Origin published its results for Q3 2010, and December 13, 2010, the eve of the announcement of the operation to the market.

Analysts' target price are between €34.5 per share and €47.0 per share, with an average of €39.6 per share.

Analyst	Date	Target price (€)
Exane BNP Paribas	09/12/2010	44.0
AlphaValue	09/12/2010	34.5
RBS	30/11/2010	36.5
Morgan Stanley	18/11/2010	35.0
Oddo	16/11/2010	40.0
Bryan Garnier	20/10/2010	40.0
HSBC	18/10/2010	43.0
WestLB	14/10/2010	35.0
Kepler	14/10/2010	35.0
Societe Generale	14/10/2010	39.0
CA Cheuvreux	14/10/2010	36.0
UniCredit	14/10/2010	36.0
UBS	14/10/2010	45.0
Credit Suisse	13/10/2010	47.0
Goldman Sachs	13/10/2010	40.0
CM - CIC	13/10/2010	45.0
Deutsche Bank	13/10/2010	43.0
BoA - ML	13/10/2010	38.0
<b>Average</b>		<b>39.6</b>
<b>Median</b>		<b>39.5</b>

*Source: Analysts' notes*

#### *Analysis of Atos Origin's share price*

The Atos Origin share, which is listed on Euronext Paris, has a large free float and sufficient liquidity to be used as a valuation benchmark.

The table below shows the extreme prices on closing and the average price weighted by volumes of the Atos Origin share over the 12 months preceding the announcement of the Transaction on 14 December 2010.

(In EUR per share)	Share price			Daily volumes	Rotation	
	Min.	Vol. wght. avg.	Max.		Over capital	Over free float
As of 13/12/10				Average '000		
Spot	--	33.8	--	90	0.13%	0.22%
1 month	30.7	32.2	34.2	262	0.38%	0.65%
3-month	30.7	33.1	34.9	264	0.38%	0.65%
6-month	30.0	33.2	37.6	265	0.38%	0.65%
9-month	30.0	34.8	40.3	289	0.41%	0.71%
12-month	29.6	34.6	40.3	283	0.41%	0.70%

*Source: Datastream*

As a reminder, Atos Origin's one-month weighted average share price as of 31 May 2011 was €41.4 per share.

## A.4.2.2 EXCLUDED VALUATION METHODS

### *Comparable transactions multiples*

The comparable transactions multiples method is based on the multiples observed for similar, recent transactions (mergers, acquisitions, etc.). Transactions are considered to be “similar” when the take place in the same sector.

The multiples highlight the operating performances of the targets (companies or assets sold) compared to the purchase prices observed and not compared to their market values. They integrate a control premium, and, if applicable, part of the synergies expected by the acquirer.

The comparable transactions method is not applicable to Atos Origin, which is the acquiring company in this transaction.

### *Net Asset Value (NAV)*

The net asset value (NAV) method is especially relevant in the case of diversified holding companies or companies that own a lot of assets - notably real estate companies - that are likely to have a historical value recorded on the balance sheet that is much lower than their immediate sale value. This method is also useful in the context of a liquidation, after the costs of liquidation have been factored in. Accordingly, this method would not be suitable for valuing Atos Origin.

## A.4.2.3 SUMMARY OF THE VALUATIONS PERFORMED

Valuation method	€ per share	
	Min	Max
Discounted cash flows	40.1	46.4
Analysts' target prices	34.5	47.0
Trading multiples	37.0	43.6
Share price (last 12 months)	29.6	40.3

By excluding the lowest share price recorded, the value of the Atos Origin share, arrived at by applying the different valuation methods, is within a bracket of €34.5 and €47 per share.

## A.4.3 ELEMENTS USED TO ASSESS THE CONSIDERATION FOR THE CONTRIBUTION

The table below shows the difference between (i) the value of the Contribution estimated on the basis of the DCF method and (ii) the sum of €150m in cash, €250m in Bonds (at their face value) and the value of 12,483,153 Atos Origin ordinary shares, estimated according to the different multi-criteria valuation methods described above.

In €m										
Contribution		DCF		Analysts		Trading multiples		Share price		31 May 2011 <sup>(1)</sup>
		Min	Max	Min	Max	Min	Max	Min	Max	
Consideration	Atos Origin shares	(a)	500	579	431	587	462	544	370	517
	Convertible bonds	(b)	250	250	250	250	250	250	250	250
	Cash consideration	(c)	150	150	150	150	150	150	150	150
	<b>Total consideration</b>	<b>(a)+(b)+(c)</b>	<b>900</b>	<b>980</b>	<b>831</b>	<b>987</b>	<b>862</b>	<b>944</b>	<b>770</b>	<b>917</b>
Contribution	DCF	Min	1,058	1,058	1,058	1,058	1,058	1,058	1,058	1,058
	Contribution / Consideration		118%	108%	127%	107%	123%	112%	138%	115%
	Max		1,365	1,365	1,365	1,365	1,365	1,365	1,365	1,365
	Contribution / Consideration		152%	139%	164%	138%	158%	145%	177%	149%

<sup>(1)</sup> 1-month weighted average share price as of 31 May 2011

The estimated value of the Contribution is higher than the Consideration no matter which valuation method is retained.

## A.5 CONSEQUENCES

### A.5.1 CONSEQUENCES FOR THE BENEFICIARY COMPANY OF THE CONTRIBUTION AND ITS SHAREHOLDERS

#### A.5.1.1 TABLE SHOWING THE IMPACT OF THE TRANSACTION ON EQUITY OF ATOS ORIGIN

Impact of the Contribution and of the issuance, and the conversion into shares, of the Bonds on the equity of Atos Origin as of 31 December 2010.

<b>In Euros (except number of shares)</b>	<b>Number of shares</b>	<b>Share Capital</b>	<b>Contribution premium</b>	<b>Other equity</b>	<b>Total equity</b>
Situation as at 31.12.2010	69,914,077	69,914,077	1,414,122,550	362,566,584	1,846,603,212
Situation as at 31.12.2010 adjusted for the conversion of the Bonds 2009 <sup>18</sup>	75,328,848	75,328,848	1,654,907,756	362,566,584	2,092,803,189
Consequence of the total number of shares created as a result of the Contribution	12,483,153	12,483,153	401,707,863	-	414,191,016
Consequences of the conversion of the Bonds	5,382,131	5,382,131	244,617,853	-	249,999,984
Situation after the Contribution and the conversion of the Bonds (before conversion of the Bonds 2009)	87,779,361	87,779,361	2,060,448,268	362,566,584	2,510,794,213
Situation after the Contribution and the conversion of the Bonds (after conversion of the Bonds 2009)	93,194,132	93,194,132	2,301,233,474	362,566,584	2,756,994,190

<sup>18</sup> Bonds convertible into and/or exchangeable for new or existing ordinary shares (OCEANES) of a nominal amount of 250 million euros issued in October 2009 in accordance with the prospectus having received the registration number 09-305 from the AMF on 21 October 2009 (“**Bonds 2009**”)

### A.5.1.2 BREAKDOWN OF SHARE CAPITAL BEFORE AND AFTER THE TRANSACTION

A breakdown information on the share capital and voting rights of Atos Origin as at 1 April 2011, before and after the Contribution and conversion of the Bonds, is shown below:

	Before Contribution			After Contribution			After Contribution and conversion of the Bonds		
	Number of shares	% shares	% voting rights	Number of shares	% shares	% voting rights	Number of shares	% shares	% voting rights
Financière Daunou 17	17,442,800	24.93%	25.02%	17,442,800	21.15%	21.22%	17,442,800	19.86%	19.91%
Siemens	0	0.00%	0.00%	12,483,153	15.14%	15.19%	17,865,284	20.34%	20.40%
FMR Llc	3,498,744	5.00%	5.02%	3,498,744	4.24%	4.26%	3,498,744	3.98%	3.99%
Board of Directors	14,640	0.02%	0.02%	14,640	0.02%	0.02%	14,640	0.02%	0.02%
Employees	2,523,605	3.61%	3.62%	2,523,605	3.06%	3.07%	2,523,605	2.87%	2.88%
Treasury shares	253,551	0.36%	0.00%	253,551	0.31%	0%	253,551	0.29%	0.00%
Free float	46,243,261	66.08%	66.32%	46,243,261	56.08%	56.25%	46,243,261	52.64%	52.80%
<b>TOTAL</b>	<b>69,976,601</b>	<b>100%</b>	<b>100%</b>	<b>82,459,754</b>	<b>100%</b>	<b>100%</b>	<b>87,841,885</b>	<b>100%</b>	<b>100%</b>

Only shareholders that hold more than 5% of the share capital of Atos Origin before and/or after the Contribution are shown, with the exception of the members of the Board of Directors and the employees.

### A.5.1.3 PROPOSED CHANGES IN THE COMPOSITION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

In the context of the Contribution and pursuant to the Framework Agreement, Atos Origin proposed a resolution to the shareholders' general meeting of 1 July 2011 called to vote on the Contribution, for the appointment of a new director proposed by Siemens to the Board of Directors of Atos Origin, thereby increasing the number of Board members from 11 to 12. Under the Lock-Up Agreement, Siemens shall ensure the resignation of its proposed candidate as soon as it ceases to hold at least 5% of the share capital of Atos Origin.

The director designated by Siemens will be: **Dr. Roland BUSCH**

A description of Mr. Busch's functions and principal activities is provided below:

- Background: Studied physics at the Friedrich Alexander University in Erlangen-Nuremberg, (Germany) and at the University of Grenoble (France),  
Doctorate from Friedrich Alexander University  
Dipl.-Phys., Dr. rer.nat.
- Main positions held:  
  
Member of the Management Board of Siemens AG  
CEO Sector Infrastructure & Cities – CEO Cluster Asia-Pacific
- Other directorships (as of May 31, 2010):

#### *Within the Siemens Group*

Chairman of the Board of Directors of Siemens Ltd., Beijing  
Legal Representative of Siemens Ltd., Beijing  
Member of the Advisory Board (Beirat) of STA GmbH  
President of the Board (*Verwaltungsrat*) of Siemens Schweiz AG, Zürich  
Member of the Compensation Committee of Siemens Industry, Inc., Wilmington, USA  
Member of the Board of Directors of Siemens Industry, Inc., Wilmington, USA

## *Outside Siemens*

Siemens Representative in the Board of Trustees of the German-Chinese Forum (*Deutsch-Chinesischen Forum*)

Siemens Representative at the Board of Trustees of the Asia-Pacific Forum (*Asien-Pazifik Forum Berlin* (APFB))

Member of the Joint Unit for Electro Mobility (GGEMO - *Gemeinsame Geschäftsstelle Elektromobilität der Bundesregierung*)

- Positions held during the last five years:

President and CEO of Siemens VDO Automotive Asia Pacific Co. Ltd., Shanghai, China

Head of the Mass Transit Division of the Transportation Systems Group (TS), Erlangen

Head of the Corporate Strategies (CD ST) of the Corporate Development Department (CD), Munich

### **A.5.1.4 EXPECTED NEW TRENDS**

The expected new trends are set out in paragraph A.1.2.1 of this Prospectus.

### **A.5.1.5 SHORT AND MEDIUM-TERM FORECASTS CONCERNING THE ACTIVITY**

The expected synergies of the business combination described herein are detailed in paragraph A.1.2.1.3. above.

#### *A.5.1.5.1 REMINDER OF THE GOALS ANNOUNCED IN THE PRESS RELEASE DATED 16 FEBRUARY 2011*

In its press release dated 16 February 2011, Atos Origin reminded the goals for 2011 announced at the time of the announcement of the Transaction on 14 December 2010:

*“For 2011, with 12 months for Atos Origin (January to December) and six months for Siemens IT Solutions and Services (July to December), these targets are the following: [...]*

- *Revenue evolution in line with market growth*
- *An Operating Margin at circa 6 per cent*
- *A Neutral EPS effect compared to Atos Origin standalone*
- *A Cash Flow\* slightly higher than Atos Origin standalone in 2011.*

*\* before dividends and acquisitions / disposals.”*

#### *A.5.1.5.2 REMINDER RELATING TO THE DETAILS GIVEN BY ATOS ORIGIN ON THE GOALS IN ITS PRESS RELEASE DATED 10 MAY 2011*

Following the processing of the negotiations, the Group has specified in its press release dated 10 May, that the goal relating to the revenue shall be further specified during the second half-year 2011, considering the changes in the scope of the Transaction.

- *Revenue evolution in line with market growth\**
- *An Operating Margin at circa 6 %*
- *A Neutral Earnings Per Share effect compared to Atos Origin standalone*
- *A Cash Flow slightly higher than Atos Origin standalone in 2011.*

*\* to be specified during the second half-year 2011 after integration of the final scope.*

#### *A.5.1.5.3 UPDATE ON THE GOALS AS OF THE PROSPECTUS' DATE*

Following the receipt of the preliminary financial information provided on 20 May 2011 by SIS with respect to the second half-year 2011, Atos Origin wishes to specify its forecasts for the financial year 2011. The Group confirms the goal of an operating margin of approximately 6% with an estimated revenue in a range from 6,800 to 6,900 million

euros for the entire acquired scope as soon as 1 July 2011. These estimates have been developed upon the main assumptions of currency rate set forth as follows:

- GBP / Euro : 1.145;
- USD / Euro : 0.699;
- CHF / Euro : 0.777.

These forecasts are the result of a development process for estimates of revenue and operating margin of each operating entity of the Atos Origin Group. These figures take account of the specific operational parameters, the geographic location and businesses of each entity, as well as its portfolio of activity and commercial forecasts. They have been established on the basis of the same accounting principles as those applied by the Atos Origin Group to draw up the consolidated accounts. With respect to SIS second half-year 2011, Atos Origin has only used the information provided by Siemens on 20 May 2011, without however having been able to undertake at this stage, a detailed review in accordance with its own internal proceedings.

These forecasts are based upon data and assumptions considered as reasonable by the Group's management team. They depend on circumstances or facts which may occur in the future and not only on historical data. They shall not be construed as guarantees that the set forth facts and data will occur or that the forecasts will be achieved. Such data, assumptions and estimates may change or be amended because of the uncertainties related, in particular, to the economic, financial, competitive or regulatory background. Moreover, the occurrence of certain risks described in the chapter "Risk Factors" of the Reference Document and in Section B.1 of this Prospectus may impact the business, the financial situation, the Group's profits and its ability to achieve its goals. The Group does not take any commitment and does not grant any guarantee on the confirmation of these forecasts at the time of the publication, planned for the first quarter 2012, of the Group's consolidated financial statements for the financial year to be ended on 31 December 2011.

Consequently, Atos Origin will refine its forecast on the revenue when publishing its half-year results on 27 July 2011, i.e. one month following the planned date for the acquisition and after having effectuated a detailed operating review of the contributed SIS entities.

#### *A.5.1.5.4 ALLOCATION OF DIVIDENDS POLICY*

The ordinary shareholders' meeting of Atos Origin held on 1 June 2011 decided to distribute a dividend of 0.50 euros per share on the results of 2010.

In the future, Atos Origin's distribution policy will aim at involving the shareholders of Atos Origin in the growth of the business and thus will seek to maintain the balance between the development of Atos Origin and the distribution of a satisfactory return for its shareholders.

The report of the statutory auditors on these forecasts is attached as Schedule III of this Prospectus.

#### **A.5.1.6 MARKET CAPITALIZATION BEFORE AND AFTER THE TRANSACTION**

##### ***Before the announcement of the Transaction***

On 14 December 2010, the closing price of Atos Origin shares was 33.80 euros and the market capitalization of Atos Origin was 2,359,710 euros (in thousands of euros).

##### ***After the announcement of the Transaction***

<b>Date</b>	<b>Closing price (euros/share)</b>	<b>Change vs. share price as of December 14, 2010</b>	<b>Market capitalization (thousands of euros)</b>
15 December 2010	38.36	+13.49%	2,678,070
16 December 2010	38.49	+13.88%	2,687,140
17 December 2010	39.75	+17.60%	2,775,110



#### **A.5.1.7 EFFECT ON THE CALCULATION OF EARNINGS PER SHARE (EPS)**

		<b>Atos Origin historic data</b>	<b>Pro forma data (Atos Origin and SIS Group)</b>
EPS calculated on the basis of the financial year ended 31 December 2010	Non-diluted	1.67	0.04
	Diluted*	1.64	0.19

\*The calculation on a diluted basis assumes that all Atos Origin stock options which are in the money as at December 31, 2010 on the basis of an Atos Origin stock value as at December 31, 2010 (in accordance with the rules described in section C.3.3.7 Note 10 of the Atos Origin consolidated accounts) have been exercised and (ii) all the 2009 Bonds have been converted for historic data and 2009 and 2011 bonds (OCEANE) have been converted for pro forma data.

Potentially dilutive instruments are described in sections C.3.3.7 Note 10 and D.7.8.7 of Atos Origin "Document de Référence 2010".

#### **A.5.2 CONSEQUENCES FOR THE CONTRIBUTING COMPANY AND ITS SHAREHOLDERS**

Following the Contribution, Siemens will hold approximately 15 % of the share capital of Atos Origin, in the form of ordinary shares listed on Euronext Paris as well as 5,382,131 non-listed Bonds giving, in the case of conversion and/or exchange, rights to 5,382,131 shares of Atos Origin representing approximately 6.1 % of the share capital of Atos Origin.

As a result of the grant of new shares issued in consideration for the Contribution, Siemens Inland will individually cross, the legal thresholds of 5%, 10% and 15% of the share capital and voting rights upwards and will, in accordance with applicable law, declare these threshold crossings and its related intentions.

Following the Contribution, Siemens will benefit from an agreement for the provision of IT services by Atos Origin, as described in paragraph A.2.1.4.

Furthermore, following the Contribution, Siemens and Atos Origin will form a strategic partnership under which the companies will implement a joint research and development program allowing for the development of new products and solutions. This strategic partnership is described in paragraph A.2.1.5.

## **B SECOND PART: DESCRIPTION OF THE COMPANY RECEIVING THE CONTRIBUTION**

The description of Atos Origin appears in the Registration Document of Atos Origin and its Update, which conform to the registration document relating to shares presented in Schedule I to the Regulation (CE) n°809/2004 of 29 April 2004, subject to information listed above which constitutes an update.

### **B.1 RISK FACTORS OF THE TRANSACTION**

The risk factors pertinent to Atos Origin are detailed in section D of Atos Origin's Registration Document.

The attention of investors is drawn to the fact that other risks, which are either unknown or the materialization of which has not been taken into account at the date of this Prospectus, could likely have a material adverse effect on Atos Origin, its activity, its financial situation, its profits, its prospects, as well as the price of the Atos Origin share (this comment applies equally to risks listed in the aforementioned Registration Document to the extent that these are likely to be materially increased and/or modified by the Transaction).

#### **Forward-looking statements contained in the present Prospectus may not occur**

This Prospectus contains forward-looking statements, that is statements related to the intentions, opinions and forecasts of Atos Origin and its respective directors, concerning Atos Origin and SIS Holding as well as their businesses. These forward-looking statements are in no way a guarantee of the future financial performance of the companies. They are based on the current outlook of the management teams and on assumptions and estimates considered reasonable by the management of Atos Origin. They involve a number of factors identified or not, amongst which the risks, uncertainties and other elements are beyond the control of Atos Origin, which are difficult to predict. They depend on circumstances or events likely to occur in the future and not solely on historic data. They must not be interpreted as guarantees that the events and data will occur or that the forecasts will be achieved. These factors could result in a significant gap between the actual results and future results as expressed or alluded to in these forward-looking statements.

These data, assumptions and estimates are likely to develop or be changed due to numerous uncertainties, including variations in financial elements, changes in regulation, estimates of synergies and cost reductions at the end of the transaction, forecasts on growth and potential in the sector, and many factors that are likely to cause actual income, performance or events to differ materially from those expressed or alluded to in these forward-looking statements.

These factors include in particular: the ability of Atos Origin to develop an integrated strategy for Atos Origin and SIS Holding, changes in relationships with customers, suppliers and strategic partners, the risk that the integration of Atos Origin and SIS Holding will not be successful and that the synergies and cost-savings expected will not materialize.

#### **The completion of the Contribution will have a material effect on the shareholder structure of Atos Origin**

Following the Contribution, Siemens will hold an interest of approximately 15 % and will become the second largest shareholder of Atos Origin. Siemens will be in a position to influence the strategy of Atos Origin.

#### **The completion of the Contribution could affect the share price of Atos Origin**

Given the importance of the Transaction, the price of the Atos Origin shares could be adversely affected.

#### **Atos Origin may not achieve the expected synergies of the Transaction**

If Atos Origin does not achieve the expected synergies of the Contribution, the profits of the Contribution will be lower than planned, and the operating profit and the financial situation will in turn be affected. Atos Origin may not succeed in achieving the potential synergies for multiple reasons, in particular the difficulties with the integration process or the materialization of risks linked to the IT services activity.

### **Operational difficulties with integration could arise**

The integration of Atos Origin and the SIS Group is a considerable challenge in terms of business management, in particular as regards the size and the scope of the activities acquired. No assurance can be given as to the fact that the expected advantages of this integration will materialize in accordance with forecasts or within the planned time periods, nor that they will materialize effectively, nor even that the Contribution will not harm the activities of Atos Origin.

The success of the Contribution depends upon the collaboration of the teams in order to determine and to implement a global strategy for the new group and upon the proper integration of commercial and technical teams. Atos Origin may encounter difficulties or delays in the implementation of complementary activities linked to the Contribution and may not achieve the expected development goals. The new group may suffer loss of customers or difficulties in converging technical platforms, which could have a material adverse effect on Atos Origin, its activity, its financial situation, its results, its prospects, as well as on the price of Atos Origin shares.

The profitability of the Contribution depends upon the necessity, for the new group, to identify and implement as quickly as possible the complementarities between the Atos Origin activities and the contributed activities. Poor management of this constraint could entail a drop in activity and in profitability for the new group.

The new group will put in place a structure specifically to pilot the integration of the contributed activities within the Atos Group, covering all commercial aspects, research and development, applied development, human resources, finances and information systems.

### **Risk of dependency *vis-a-vis* certain customers**

In the context of the Contribution, Atos will sign a managed operations and systems integration agreement with Siemens for a duration of seven (7) years and an amount of 5.5 billion euros. Siemens will therefore become the largest customer of Atos Origin and will represent an important source of revenue for Atos Origin.

### **Atos Origin has not conducted a complete due diligence exercise prior to the Transaction. Consequently, Atos Origin may have to face unknown liabilities likely to have a material adverse effect on Atos Origin**

Atos Origin has not conducted a complete due diligence exercise nor did it hold in-depth discussions with management or auditors of the SIS Group prior to the fixing of the terms of the Transaction. Contacts with the management of Siemens have allowed Atos Origin to obtain supplementary clarification but it cannot ensure the quality and the completeness of documents and information made available. Consequently, following completion of the Transaction, Atos Origin may have to face liabilities of which it has no knowledge to date and which could have an adverse impact on the activities, the financial situation, the profits and/or the prospects of the group as well as on the share price of Atos Origin.

### **Atos Origin has not verified the reliability of the information regarding the SIS Group given in this Prospectus**

As regards the information on the SIS Group listed in this Prospectus, including accounting and financial information, Atos Origin has only used the information provided by Siemens. Atos Origin was not involved in the preparation of this information or statements and therefore cannot verify the accuracy, the completeness or the authenticity of this information, or the potential omissions of Siemens which could change the substance or the accuracy of this information.

### **Difficulties with comparing financial statements**

The acquisition of SIS Holding will materially change the information relating to the financial situation and the operating profit of Atos Origin. The comparison of the results from one period to another could prove difficult, in particular for the following reasons:

- There are no historical consolidated financial statements for the SIS Group. SIS Holding Combined Financial Statements for the year ending 30 September 2010 were audited, and SIS Holding interim Combined Financial Statements for the first half year of financial year 201 ending 31 March 2011 were reviewed, by Ernst & Young and were established purely for this Prospectus.

- The scope of the SIS combined financial statements has changed between 30 September 2010 and 31 March 2011. It may change until the Closing Date in a non significant manner with respect to the Contribution.
- The acquisition of the SIS Group will considerably change the dimension of Atos Origin's activities, such that comparison between the financial statements contained in this Prospectus and those from previous financial years could prove difficult.

### **Pro forma combined accounts**

This Prospectus contains certain pro forma financial data. This information is for information purposes only and is not indicative of the financial situation, the operating profit/loss, the state of the market, nor of the geographical or sector division of the revenue of the new Atos Origin Group as may have existed if Atos Origin and the SIS Group had been consolidated during the period stated. Additionally, it is not indicative of the way in which this data will be presented in the future.

Moreover, these pro forma consolidated financial statements were established on the basis of accounts relating to different financial year periods (the tax year of SIS Holding ends on 30 September, and that of Atos Origin ends on 31 December).

## **B.2 STATEMENT ON THE NET WORKING CAPITAL**

Before the Transaction, Atos Origin certifies that from its point of view, its consolidated net working capital is sufficient to meet its obligations over the course of the next twelve months as from the date this Prospectus.

After the Transaction, Atos Origin certifies that the working capital is sufficient to meet the needs of the new group so constituted for the next twelve months.

### B.3 SHAREHOLDERS' EQUITY AND INDEBTEDNESS

The tables below set forth the shareholders' equity and the net financial indebtedness of Atos Origin drawn up pursuant to IFRS accounting standards in accordance with CESR recommendations (CESR 127).

<b>Shareholder's equity and indebtedness</b> <b>In EUR million - Unaudited figures</b>	<b>31 March 2011</b>
Total current liabilities	43,737
<i>covered by guarantees and pledges</i>	-
<i>not covered by guarantees and pledges</i>	43,737
Total non-current liabilities (excluding current portion of long term borrowings)	505,048
<i>covered by guarantees and pledges</i>	-
<i>not covered by guarantees and pledges</i>	505,048
Shareholder's equity	
<i>Common stock</i>	69,977
<i>Additional paid-in capital</i>	1,335,361
<i>Consolidated reserves</i>	185,287
Shareholder's equity, net income excluded - Group share	1,590,625
<i>Minority interests, net income excluded</i>	5,173
Total shareholder's equity, net income excluded	1,595,798

<b>Net indebtedness short, medium &amp; long terms</b> <b>In EUR million, unaudited figures</b>	<b>31 March 2011</b>
A. Cash in hand	294,790
B. Cash equivalents	138,820
C. Short term Bank deposits	321
<b>D. Cash and cash equivalents (A)+(B)+(C)</b>	<b>433,931</b>
<b>E. Short term financial receivables</b>	
F. Short term financial liabilities (overdrafts)	1,030
G. Current portion of borrowings (< 1 year)	21,996
H. Other short term financial liabilities	20,711
<b>I. Total short term financial liabilities (F)+(G)+(H)</b>	<b>43,737</b>
<b>J. Short term financial indebtedness (I)-(E)-(D)</b>	<b>-390,194</b>
K. Borrowings (> 1 year)	290,619
L. Bonds issued	203,980
M. Other financial liabilities > 1 year	10,449
<b>N. Long and mid-term financial indebtedness (K)+(L)+(M)</b>	<b>505,048</b>
<b>O. Net financial indebtedness (J)+(N)</b>	<b>114,854</b>

There is no indirect and contingent indebtedness due to acquisitions undertaken by Atos Origin.

“The Group signed on 11 April 2011 a new five year multi-currency revolving credit facility with an international syndicate of 12 banks for an amount of EUR 1.2 billion and that will mature in April 2016. The Facility will be available for general corporate purposes and is replacing the existing EUR 1.2 billion facility that was due to expire in May 2012. With this Facility, the Group maintains its financial flexibility and extends the maturity of its financial resources”<sup>19</sup>.

<sup>19</sup> Atos Origin's press release dated 10 May 2011.

## B.4 INTEREST OF INDIVIDUALS AND LEGAL ENTITIES IN THE TRANSACTION

The relationship between the participating companies are set out in section A.1.1 above.

To date, there is no conflict of interests involving individuals or legal entities being able to influence the Transaction.

## B.5 RELATED ISSUANCE COSTS

The amount of expenses related to the Contribution is estimated to be approximately 18 million euros.

## B.6 DILUTION

### Effect of the issuance of Atos Origin shares in consideration for the Contribution and of the potential conversion of the Bonds on the proportion of consolidated shareholders' equity

The table below shows the effect of the Contribution on the proportion of shareholders' equity for the holder of one share in Atos Origin prior to completion of the Contribution (calculated on the basis of shareholders' equity as they appear in the Atos Origin accounts as at 31 December 2010) and following completion of the Transaction.

In EUR	Proportion of consolidated shareholders' equity as at 31 March 2011	
	Non-diluted basis*	Diluted basis**
<b>Before the Contribution</b>	23.16	25.64
<b>After the Contribution***</b>	24.68	26.69
<b>After the Contribution and conversion of the issued Bonds into shares***</b>	26.02	27.81

\*The calculation on a non-diluted basis is determined from the number of outstanding shares.

\*\*The calculation on a diluted basis assumes that (i) all Atos Origin stock options which are in the money as at 31 December 2010 on the basis of an Atos Origin share value as at 31 December 2010 (and not those out of the money), thus 39.84 euros, have been exercised and (ii) all the 2009 Bonds have been converted.

Potentially dilutive instruments are described in sections C.3.3.7 Note 10 and D.7.8.7 "Document de Référence 2010".

\*\*\*Contribution premium was computed based on the issue price of the new ordinary shares of Atos Origin used for the purpose of calculating the consideration for the Contribution, corresponding to 33.18 euros per new share.

### Proportion of the total share capital

The table below shows the effect of the increase in share capital corresponding to the Contribution and the issuance of the Bonds on the stake in capital of a shareholder holding 1% of the total share capital of Atos Origin prior to completion of the Contribution and following completion of the Transaction.

In % of stake in capital	Proportion of total share capital as at 31 March 2011	
	Non-diluted basis	Diluted basis*
<b>Before the Contribution</b>	1%	0.91%
<b>After the Contribution</b>	0.85%	0.78%
<b>After the Contribution and the conversion of the issued Bonds into shares</b>	0.80%	0.74%

\*The calculation on a diluted basis assumes that (i) all Atos Origin stock options which are in the money as at 31 December 2010 (and not those out of the money) on the basis of an Atos Origin share value as at 31 December 2010, thus 39.84 euros, have been exercised and (ii) all the 2009 Bonds have been converted.

Potentially dilutive instruments are described in sections C.3.3.7 Note 10 and D.7.8.7 of Atos Origin "Document de Référence 2010".

**Theoretical effect of the issuance and conversion of the Bonds on the current market value of the Atos Origin share resulting from the volume-weighted average price over the last twenty trading days prior to the Board of directors report dated 1 June 2011**

	Number of shares	Market value per share (in euros)
<b>Before the Contribution and the conversion of the issued Bonds into shares</b>	69,976,601	41.39
<b>After the Contribution</b>	82,459,754	41.39*
<b>After the Contribution and the conversion of the issued Bonds into shares (non-diluted basis)</b>	87,841,885	41.70**
<b>After the Contribution and the conversion of the issued Bonds into shares (diluted basis)</b>	102,734,456	41.91***

\*The market value per share after the Contribution has been obtained by considering the market capitalization before the Transaction, corresponding to the volume-weighted average of prices during the twenty trading days prior to 1 June 2011 (41.39 euros) multiplied by the number of shares (69,976,601 shares as of 1 April 2011) by adding to the latter the product of the number of shares issued in the context of the Contribution (12,483,153) by 41.39 euros and by dividing the resulting amount by 82,459,754 representing the theoretical number of shares upon completion of the Contribution.

\*\* The market value per share after the Contribution and the issuance and conversion of the Bonds has been obtained by considering the market capitalization before the Transaction, corresponding to the volume-weighted average of prices during the twenty trading days prior to 1 June 2011 (41.39 euros) multiplied by the number of shares (69,976,601 shares as of 1 April 2011) by adding to the latter the product of the number of shares issues in the context of the Contribution (12,483,153) by 41.39 euros and the product of the issuance of the Bonds (namely around 250 million euros) and by dividing the resulting amount by 87,841,885 representing the theoretical number of shares upon completion of the Contribution and the conversion of all the Bonds.

\*\*\*The calculation on a diluted basis assumes that (i) all outstanding Atos Origin stock options as at 31 December 2010 have been exercised and (ii) all the 2009 Bonds have been converted.

Potentially dilutive instruments are described in sections C.3.3.7 Note 10 and D.7.8.7 of Atos Origin “Document de Référence 2010”.

## **B.7 PRO FORMA COMBINED ACCOUNTS AS AT 31 DECEMBER 2010**

The following unaudited pro forma financial information (the “**Pro forma Financial Information**”), is presented in millions of euros and reflects the combination of Atos Origin and SIS using the acquisition method of accounting. The unaudited pro forma balance sheet (the “**Pro forma Balance Sheet**”) at 31 December 2010 is presented as if the Contribution to Atos Origin of the sole share of SIS Holding belonging to Siemens Inland had occurred on 31 December 2010. The unaudited pro forma income statement (the “**Pro forma Income statement**”) for the financial year ended 31 December 2010 is presented as if the contribution to Atos Origin of the sole share of SIS belonging to Siemens Inland had occurred on 1 January 2010.

Pro forma Financial Information is provided solely for illustrative purposes and, therefore, is not necessarily indicative of the combined result of operations or financial position of the new group that might have been achieved if the Contribution had occurred at 1 January 2010 and 31 December 2010, respectively. Such information is also not necessarily indicative of the result of operations or financial position of the new group that maybe expected to occur in the future. No impact has been taken in this Pro forma Financial Information of any synergies or efficiencies that may be expected to arise from the Contribution, notably those described in paragraph A.1.2.1.2 “SIS, restructured assets, a significant potential for synergies” in this Prospectus. Further, Pro forma Financial Information does not reflect any special items such as payments of restructuring and integration costs or contractual change-of-control provisions that may be incurred as a result of the Contribution.

Pro forma Financial Information was derived from and should be read in conjunction with the respective audited consolidated financial statements of Atos Origin as at 31 December 2010, prepared in accordance with IFRS and included in the “Document de Référence 2010”, and the audited combined annual financial statements of SIS as at 30 September 2010, prepared in accordance with a basis of preparation based on IFRS, respectively incorporated by reference and included in this Prospectus.

Pro forma adjustments related to the Pro forma Income Statement are calculated using the assumption that the Contribution was made on the first day of the financial year presented, thus, 1 January 2010.

Pro forma adjustments related to the Pro forma Balance Sheet are calculated using the assumption that the Contribution was made at 31 December 2010.

Only adjustments that are factually supportable and that can be estimated reliably are taken into account in the Pro forma Financial Information.

For the purposes of building this Pro forma Financial Information, the Contribution was valued on the basis of the price as described in paragraph A.2.1.1.2 “Price – Price adjustment”. It should be noted that it was not possible to:

- perform a detailed analysis of the accounting methods used by SIS for the purposes of harmonizing their accounting policies with those of Atos Origin; for this reason, adjustments in addition to those presented in paragraph B.7.3.3 which could result from this in-depth analysis were not able to be quantified in an accurate and exhaustive manner, and to
- perform the initial purchase price allocation consideration in accordance with IFRS 3R standard “Business combinations”, notably involving recognition of any identifiable intangible fixed assets, and the determination of the fair value of the assets acquired and liabilities assumed.

The Pro forma adjustments and reclassifications presented hereafter were prepared on a preliminary basis and the performance of all of these procedures that could not be done as described hereabove would have resulted in additional adjustments.

Pro forma Financial Information is provided solely for illustrative purposes and, therefore, is not necessarily indicative of the result of operations or financial position of the new group that might have been achieved if the Contribution had been effective at 1 January 2010 and 31 December 2010, respectively. Further, such information is not necessarily indicative of the result of operations or financial position of the new group that may, or may not be expected to occur in the future.



## B.7.1 ATOS ORIGIN AND SIS PRO FORMA NON AUDITED BALANCE SHEET AS OF 31 DECEMBER 2010

(in EUR million)	Historical Atos Origin data as published	Combined SIS as presented in Pro Forma at 30 September 2010 (cf. B.7.3.3.1 )	Pro Forma adjustments (cf. B.7.3.3.2)	Pro Forma data
<b>ASSETS</b>				
Goodwill	1,609.9	131.7	387.1	2,128.7
Intangible assets	76.0	132.9	(0.2)	208.7
Tangible assets	396.4	318.6	(1.1)	713.9
Non-current financial assets	230.5	69.0	-	299.5
Non-current financial instruments	0.3	-	-	0.3
Deferred tax assets	321.8	197.1	(96.8)	422.1
<b>Total non-current assets</b>	<b>2,634.9</b>	<b>849.3</b>	<b>288.9</b>	<b>3,773.2</b>
receivables	1,232.3	670.9	(4.9)	1,898.3
Current taxes	13.0	51.2	-	64.2
Other current assets	174.6	141.2	439.7	755.5
Current financial instruments	2.1	2.3	-	4.4
Cash and cash equivalents	422.2	133.3	(0.9)	554.6
<b>Total current assets</b>	<b>1,844.2</b>	<b>998.9</b>	<b>433.9</b>	<b>3,277.0</b>
<b>Total assets</b>	<b>4,479.1</b>	<b>1,848.2</b>	<b>722.8</b>	<b>7,050.2</b>

(in EUR million)	Historical Atos Origin data as published	Combined SIS as presented in Pro Forma at 30 September 2010 (cf. B.7.3.3.1 )	Pro Forma adjustments (cf. B.7.3.3.2)	Pro Forma data
<b>SHAREHOLDERS' EQUITY</b>				
Equity attributable to the owners of the parent	1,626.1	(616.5)	1,060.3	2,069.8
Non controlling interests	5.4	6.1	(0.7)	10.8
<b>Total shareholders' equity</b>	<b>1,631.5</b>	<b>(610.4)</b>	<b>1,059.6</b>	<b>2,080.6</b>
Provisions for pensions and similar benefits	501.0	752.9	(711.1)	542.8
Non-current provisions	96.2	117.3	-	213.5
Borrowings	508.6	70.0	397.0	975.6
Deferred tax liabilities	98.5	15.4	(17.5)	96.4
Non-current financial instruments	1.5	-	-	1.5
Other non-current liabilities	13.7	52.4	(0.4)	65.7
<b>Total non-current liabilities</b>	<b>1,219.5</b>	<b>1,008.0</b>	<b>(331.9)</b>	<b>1,895.6</b>
Trade accounts and notes payables	498.7	339.0	(1.3)	836.4
Current taxes	32.6	7.4	-	40.0
Current provisions	105.0	454.5	(0.1)	559.4
Current financial instruments	1.9	2.1	-	4.0
Current portion of borrowings	52.7	78.0	-	130.7
Other current liabilities	937.2	569.6	(3.5)	1,503.3
<b>Total current liabilities</b>	<b>1,628.1</b>	<b>1,450.6</b>	<b>(4.8)</b>	<b>3,073.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,479.1</b>	<b>1,848.2</b>	<b>722.9</b>	<b>7,050.2</b>

## B.7.2 ATOS ORIGIN AND SIS PRO FORMA NON AUDITED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

(in EUR million)	Historical Atos Origin data as published	Combined SIS as presented in Pro Forma at 30 September 2010 (cf. B.7.3.3.1 )	Pro Forma adjustments (cf. B.7.3.3.2)	Pro Forma data
<b>Revenue</b>	<b>5,020.6</b>	<b>3,801.3</b>	<b>(21.3)</b>	<b>8,800.6</b>
Personnel expenses	(2,809.5)	(1,877.3)	16.1	(4,670.7)
Operating expenses	(1,873.7)	(2,042.7)	9.3	(3,907.1)
<b>Operating margin</b>	<b>337.4</b>	<b>(118.7)</b>	<b>4.1</b>	<b>222.8</b>
<b>% of revenue</b>	<b>6.7%</b>	<b>-3.1%</b>	<b>-19.2%</b>	<b>2.5%</b>
Other operating income and expenses	(137.3)	(391.9)	440.0	(89.2)
<b>Operating income</b>	<b>200.1</b>	<b>(510.6)</b>	<b>444.1</b>	<b>133.6</b>
Net cost of financial debt	(17.8)	-	(13.7)	(31.5)
Other financial income (expense), net *	(6.3)	(45.0)	-	(51.3)
<b>Net financial income</b>	<b>(24.1)</b>	<b>(45.0)</b>	<b>(13.7)</b>	<b>(82.8)</b>
<b>Net income before tax</b>	<b>176.0</b>	<b>(555.6)</b>	<b>430.3</b>	<b>50.7</b>
Tax charge	(57.8)	3.6	3.0	(51.2)
Gain from investments accounted for using the equity method, net	-	7.0	-	7.0
<b>Net income</b>	<b>118.2</b>	<b>(545.0)</b>	<b>433.4</b>	<b>6.5</b>
Of which:				
- Attributable to owners of the parent	116.1	(546.7)	433.8	3.1
- Non controlling interests	2.1	1.7	(0.4)	3.4

\* corresponds to the grouping of "Other financial income" and "Other financial expenses" from Atos Origin financial statements as published for 2010

## B.7.3 NOTES TO THE PRO FORMA FINANCIAL INFORMATION

### B.7.3.1 DESCRIPTION OF THE TRANSACTION

On 14 December 2010, Atos Origin and Siemens AG announced their intention to enter into a global strategic partnership.

In this context, Siemens AG undertook to contribute, through the intermediary of its wholly owned subsidiary Siemens Beteiligungen Inland GmbH, nearly all of the SIS division's business to Atos Origin in order to create a European leader in IT services.

Before this announcement, Siemens launched an internal restructuring, at the end of which the SIS Business was carved-out and will be transferred, directly or indirectly, prior to the Closing Date, to SIS Holding, that is wholly owned by Siemens. The scope of the SIS Business, subject of the Contribution, and more generally, the structure of the Transaction are more fully described in paragraph A.2.1 of this Prospectus.

### **B.7.3.2 BASIS OF PRESENTATION**

#### ***B.7.3.2.1 REGULATORY FRAMEWORK***

This Pro forma Financial Information is presented pursuant to Guideline no. 2005-11 of 13 December 2005, Appendix II, from the French Financial Markets Authority (“Autorité des Marchés Financiers”) stating that Pro forma information must be presented in the event of a variation in size greater than 25% of the absorbing company.

This Pro forma Financial Information has been drawn up in accordance with the provisions of Appendix II, “Pro forma financial information module” of European Commission regulation no. EC 809/2004, and in accordance with the recommendations issued by CESR in February 2005 concerning the drawing up of the Pro forma financial information referred to by this regulation no. 809/2004 on prospectuses.

#### ***B.7.3.2.2 SCOPE OF THE CONTRIBUTION***

The approvals of the American and European competition authorities, which were condition precedents for the Contribution, were obtained by Atos Origin with no comments made. Thus, they will have no effect on the scope of the Contribution.

Moreover, as the subsidiarization process had not been entirely completed, and, secondly, as Atos Origin had undertaken to Siemens to later acquire the shares of certain entities under certain conditions (see section A.2.1.1.1 of this Prospectus), the scope of the Transaction could be subjected to immaterial changes (given the size of the Contribution) between now and the Closing Date.

The scope of the Pro Forma Financial information includes the Contribution and the direct transfers (see Section A.2.1.1.1 of the present Prospectus).

#### ***B.7.3.2.3 INDEMNIFICATION OF ATOS ORIGIN***

In addition to the representations and warranties made to Atos Origin, as described in paragraph A.2.1.1.4 “Representations and warranties given by Siemens”, Siemens has undertaken to indemnify Atos Origin in respect of certain risks and/or costs, notably those described in paragraph A.2.1.1.5 “Indemnification of Atos Origin for certain specific risks” in this Prospectus.

The Pro forma Financial Information does not take into account any indemnification that could be paid to Atos Origin by Siemens except for the one related to the restructuring plan initiated by Siemens and accrued for an amount of 452.4 million euros in combined financial statements of SIS as at 30 September 2010.

#### ***B.7.3.2.4 OTHER AGREEMENTS***

Moreover, the Pro forma Financial Information does not take into account the following agreements set out in the Framework agreement:

- A *Customer Relationship Agreement*, which sets forth the terms and conditions of IT service provision in the areas of IT managed services and systems integration, which may be provided by Atos Origin and SIS companies to Siemens after the Closing Date; indeed, this agreement, which is described in paragraph A.2.1.4 of this Prospectus, will enter into force only after the Closing Date and is confidential;
- A strategic partnership between the parties pursuant to numerous “*Operational Collaboration Agreements*”, which sets forth the terms and conditions for the implementation of a strategic partnership for the development of new products and solutions. These agreements are described in paragraph A.2.1.5 of this Prospectus.

#### *B.7.3.2.5 PRICE ADJUSTMENT*

The Initial Consideration has been determined on the basis of estimates of the Debt, Cash and Working Capital of SIS Holding (on an aggregated basis) as of the Effective Date, which estimated amounts were provided by Siemens to Atos Origin in accordance with the Framework Agreement . Consequently, the Framework Agreement provides for an adjustment of the Initial Consideration to the extent that the actual amounts of Debt, Cash and Working Capital available to SIS Holding on the Closing Date deviate from the amounts assumed.

The final amount resulting from the sum of the above mentioned financial aggregates will be determined following criteria defined in paragraph A.2.1.1.2 of this Prospectus.

The Pro forma Financial Information does not take into account any Pro forma adjustment based on actual amounts of Debt, Cash and Working Capital as presented in the SIS combined accounts as of 30 September 2010.

Nevertheless, « Receivables from Siemens Group » (575.9 million euros) and « Payables to Siemens Group » (464.2 million euros) were netted and reclassified in « Cash and cash equivalents » (see reclassification (3) paragraph B.7.3.3.1) to disclose Siemens Pro forma net debt which would result from it.

#### *B.7.3.2.6 TAX EFFECTS*

Tax effects of Pro forma adjustments were calculated using the enacted income tax rate in force for the period in respect of which the Pro forma Income Statement is presented, taking account of the applicable tax rates in the various countries and jurisdictions, where applicable.

Further to the detailed review of the tax situations of the various entities of the new group, Atos Origin could record additional deferred taxes. This potential impact is not reflected in the Pro forma Financial Information.

#### *B.7.3.2.7 INTERCOMPANY TRANSACTIONS*

The balance sheet positions and reciprocal purchases and sales between Atos Origin and SIS were considered to be non-significant and were therefore not restated in the Pro forma Balance Sheet and Pro forma Income Statement.

#### *B.7.3.2.8 COSTS ATTRIBUTABLE TO THE CONTRIBUTION*

Costs that can be attributed to the Contribution were recognized in charges when they were incurred. Thus, Pro forma Financial Information includes the fees that were directly attributable to the Contribution incurred by Atos Origin until 31 December 2010, for an amount of 7.5 million euros. These last ones do not prefigure 2011 costs which were and will be incurred until the Closing Date.

#### *B.7.3.2.9 FINANCIAL EXPENSES*

The interest cost relating to the multi-currency revolving credit facility is computed pursuant to the rates renegotiated by the group as of 11 April 2011.

### **B.7.3.3 DESCRIPTION OF THE PRO FORMA RESTATEMENTS**

#### *B.7.3.3.1 RECLASSIFICATIONS*

There are certain differences between the manner in which Atos Origin and SIS present their respective IFRS balance sheets and income statements. Therefore, certain items were reclassified in the SIS Pro forma Income Statement and Pro forma Balance Sheet in order to comply with the formats used by Atos Origin.

# SIS COMBINED PRO FORMA BALANCE SHEET AS OF 30 SEPTEMBER 2010

(in EUR million)	SIS under IFRS as presented at 30 September 2010	Reclass	Note	SIS under IFRS as presented in Pro Forma
<b>ASSETS</b>				
Goodwill	131.7	-	-	131.7
Intangible assets	132.9	-	-	132.9
Property, plant and equipment / Tangible assets	318.6	-	-	318.6
Investments accounted for using the equity method	16.5	(16.5)	(1)	-
Non-current financial assets	-	69.0	(1)	69.0
Non-current financial instruments	-	-	-	-
Other financial assets	21.8	(21.8)	(1)	-
Deferred tax assets	197.1	-	-	197.1
Other assets	30.7	(30.7)	(1)	-
<b>TOTAL NON CURRENT ASSETS</b>	<b>849.3</b>	<b>-</b>		<b>849.3</b>
Cash and cash equivalents	21.6	111.7	(3),	133.3
Available-for-sale financial assets	2.7	(2.7)	(2)	-
Receivables from Siemens Group	575.9	(575.9)	(3)	-
Trade receivables / Trade accounts and notes receivables	416.0	254.9	(5)	670.9
Other current financial assets	19.1	(19.1)	(4)	-
Current financial instruments	-	2.3	(4)	2.3
Inventories	255.1	(255.1)	(5)	-
Income tax receivables / Current taxes	51.2	-	-	51.2
Other current assets	85.2	56.0	(2), (4), (5)	141.2
<b>TOTAL CURRENT ASSETS</b>	<b>1,426.8</b>	<b>(427.9)</b>		<b>998.9</b>
<b>TOTAL ASSETS</b>	<b>2,276.1</b>	<b>(427.9)</b>		<b>1,848.2</b>

(in EUR million)	SIS under IFRS as presented at 30 September 2010	Reclass	Note	SIS under IFRS as presented in Pro Forma
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Equity attributable to Siemens Group / the owners of the parent	(616.5)	-	-	(616.5)
Non-controlling interests	6.1	-	-	6.1
<b>Total shareholders' equity</b>	<b>(610.4)</b>	<b>-</b>		<b>(610.4)</b>
Long-term debt / Borrowings	43.0	27.0	(6)	70.0
Provisions/ pensions and similar benefits	752.9	-	-	752.9
Deferred tax liabilities	15.4	-	-	15.4
Provisions / Non-current provisions	41.3	76.0	(6), (7)	117.3
Non-current financial instruments	-	-	-	-
Other financial liabilities	28.8	(28.8)	(6)	-
Other liabilities and accruals	126.6	(126.6)	(7)	-
Other non-current liabilities	-	52.4	(7)	52.4
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>1,008.0</b>	<b>-</b>		<b>1,008.0</b>
Current portion of borrowings	78.0	-	-	78.0
Trade accounts and notes payables	339.0	-	-	339.0
Other current financial liabilities	17.5	(17.5)	(8)	-
Current financial instruments	-	2.1	(8)	2.1
Payables to Siemens Group	464.2	(464.2)	(3)	-
Current provisions	76.3	378.2	(9)	454.5
Income tax payables / Current taxes	7.4	-	-	7.4
Other current liabilities and accruals	896.1	(896.1)	(9)	-
Other current liabilities	-	569.6	(5), (8), (9)	569.6
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,878.5</b>	<b>(427.9)</b>		<b>1,450.6</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>2,276.1</b>	<b>(427.9)</b>		<b>1,848.2</b>

## SIS COMBINED PRO FORMA FINANCIAL INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2010

(in EUR million)	SIS under IFRS as presented at 30 September 2010	Reclass	Note	SIS under IFRS as presented in Pro Forma
<b>Revenue</b>	<b>3,801.3</b>			<b>3,801.3</b>
Cost of goods sold and services rendered	(3,648.7)	3,648.7	(10)	-
Research and development expenses	(26.5)	26.5	(10)	-
Marketing and selling expenses	(539.2)	539.2	(10)	-
General administrative expenses	(100.6)	100.6	(10)	-
Personnel expenses	-	(1,877.3)	(10)	(1,877.3)
Operating expenses	-	(2,042.7)	(10)	(2,042.7)
<b>Operating margin</b>	<b>(513.7)</b>	<b>395.0</b>		<b>(118.7)</b>
<b>% of revenue</b>	<b>-13.5%</b>	<b>n/a</b>		<b>-3.1%</b>
Other operating income	12.4	(12.4)	(11)	-
Other operating expense	(9.3)	9.3	(11)	-
Other operating income and expenses	-	(391.9)	(10), (11)	(391.9)
<b>Operating income</b>	<b>(510.6)</b>	<b>-</b>		<b>(510.6)</b>
Gain from investments accounted for using the equity method, net	7.0	(7.0)	(13)	-
Net cost of financial debt	-	-		-
Interest income	55.1	(55.1)	(12)	-
Interest expense	(99.1)	99.1	(12)	-
Other financial income (expense), net	(1.0)	(44.0)	(12)	(45.0)
Net financial income (loss)	(45.0)	-		(45.0)
<b>Income (loss) from operations before income taxes / Net income (loss) before tax</b>	<b>(548.6)</b>	<b>(7.0)</b>		<b>(555.6)</b>
Income taxes / Tax charge	3.6	-		3.6
Gain from investments accounted for using the equity method, net	-	7.0	(13)	7.0
<b>Net loss / Net income</b>	<b>(545.0)</b>	<b>-</b>		<b>(545.0)</b>
Attributable to:				
- Siemens Group / Owners of the parent	(546.7)	-		(546.7)
- Non controlling interests	1.7	-		1.7

### Reclassification of certain items in SIS's combined balance sheet and income statement

Certain items in SIS' combined balance sheet at 30 September 2010 were reclassified in order to comply with the Pro forma presentation format.

- (1) "Investments accounted for using the equity method", "Other financial assets" and "Other assets" have been reclassified in the "Non-current financial assets" item for 16.5 million euros, 21.8 million euros and 30.7 million euros respectively.
- (2) "Available-for-sale financial assets" were reclassified in "Other current assets" for 2.7 million euros.
- (3) "Receivables from Siemens Group" for 575.9 million euros and "Payable to Siemens Group" for 464.2 million euros were reclassified in "Cash and cash equivalent" for a net value of 111.7 million euros.
- (4) Financial instruments recorded in "Other current financial assets" were reclassified in "Current financial instruments" and "Other current assets" for 2.3 million euros and 16.8 million euros respectively (see note 13 of combined financial statements of SIS as at 30 September 2010).
- (5) "Inventories" were reclassified into "Trade accounts and notes receivables", "Other current assets" and "Other current liabilities" for 254.9 million euros (work in progress), 36.5 million euros and 36.3 million euros (advance payments received from clients) respectively (see note 14 of combined financial statements of SIS as at 30 September 2010).

(6) “Other financial liabilities“ were reclassified in “Borrowings“ and “Non-current provisions” for 27.0 million euros and 1.8 million euros respectively (see note 28 of combined financial statements of SIS as at 30 September 2010).

(7) “Other liabilities and accruals“ were reclassified in “Non-current provisions” and “Current provisions” to an amount of 74.2 million euros, related to restructuring costs, and 52.4 million euros respectively (see note 27 of combined financial statements of SIS as at 30 September 2010).

(8) “Other current financial liabilities“ were reclassified in “Other current liabilities“ for 15.4 million euros and “Current financial instruments“ for 2.1 million euros (see note 22 of combined financial statements of SIS as at 30 September 2010).

(9) “Other current liabilities were reclassified under “Current provisions “ for the part related to restructuring costs, i.e., 378.2 million euros, and under "Other current liabilities" for 517.9 million euros (see note 23 of combined financial statements of SIS as at 30 September 2010).

Total amount of reclassifications between asset and liability amounts to 427.9 million euros and is explained by the reclassifications of “Payable to Siemens Group“ under “Cash and cash equivalent” for 464.2 million euros (see above reclassification (3)) and advance payments received from clients under “Other current liabilities“ for 36.3 million euros (see above reclassification (5)).

Certain items in SIS’ combined income statement for the year ended 30 September 2010 were reclassified in order to comply with the Pro forma presentation format.

(10) As SIS presented its income statement by intended use at 30 September 2010:

i. “Personnel charges“ included in “cost of goods sold and related services rendered” (see note 34 to the SIS financial statements at 30 September 2010) were classified in “Personnel expenses“ for an amount of 1,877.3 million euros and in “Other operating income and expenses” to an amount of 395.0 million euros (restructuring charges);

ii For the same reasons, “Cost of goods sold and services rendered” “Research and development expenses“, “Marketing and selling expenses” and “General administrative expenses “(excluding personnel charges – see. (10) i) were reclassified in “Operating expenses“.

(11) “Other operating income” and “Other operating charges“ reclassified in “Other operational income and expenses” for 12.4 million euros and 9.3 million euros respectively.

(12) “Interest income” and “Interest expense“ were reclassified into “Other financial income (expense), net” for 55.1 million euros and 99.1 million euros respectively.

(13) “Gain from investments accounted for using the equity method, net “, i.e., 7.0 million euros, was reclassified under pre-tax income in order to take account of Atos Origin’s financial statement presentation.

At the end of this contribution process, the new group will continue to harmonize the presentation principles applied to the financial statements of both companies. Therefore, other reclassifications could be necessary.

In the context of the elements set forth in section C of the Prospectus, SIS refers to an called “Operating Profit” of - 309.3 million euros as of 30 September 2010 and of +51.1 million euros as of 31 March 2011. The latter divides up as follows:

30 September 2010	SIS combined audited	SIS combined Pro Forma	31 March 2011	SIS combined audited	SIS combined Pro Forma
<b>Operating margin</b>	<b>(513.7)</b>	<b>(118.7)</b>	<b>Operating margin</b>	<b>(46.4)</b>	<b>(46.4)</b>
Other operating income and + expenses	3.1	(391.9)	Other operating income and + expenses	(136.7)	(136.7)
<b>= Operating income</b>	<b>(510.6)</b>	<b>(510.6)</b>	<b>= Operating income</b>	<b>(183.1)</b>	<b>(183.1)</b>
Amortization, depreciation & - impairment	201.3	201.3	Amortization, depreciation & - impairment	234.2	234.2
<b>Operating income before amt, = depr. &amp; imp. (cf C.3.4 Combined Income from operations)</b>	<b>(309.3)</b>	<b>(309.3)</b>	<b>Operating income before amt, = depr. &amp; imp. (cf C.3.4 Combined Income from operations)</b>	<b>51.1</b>	<b>51.1</b>



### B.7.3.3.2 PRO FORMA ADJUSTMENTS

Pro forma adjustments were recorded, according to IFRS rules, in order to reflect purchase price allocation, preliminary goodwill and to take into account the main principles from the Framework Agreement.

#### SCHEDULE OF PRO FORMA ADJUSTMENTS REFLECTED IN THE PRO FORMA BALANCE SHEET AS OF 31 DECEMBER 2010

(in EUR million)	Total Pro Forma adjustments	Purchase price computation (14)	Preliminary goodwill (15)	SIS pro forma adjustments (16)+(17)+(18)	Pensions (16)	Restructuring (17)	SIS Stock options (18)	Scope adjustment (19)
<b>ASSETS</b>								
Goodwill	387.1	-	387.1	-	-	-	-	-
Intangible assets	(0.2)	-	-	-	-	-	-	(0.2)
Tangible assets	(1.1)	-	-	-	-	-	-	(1.1)
Non-current financial assets	-	840.8	(840.8)	-	-	-	-	-
Non-current financial instruments	-	-	-	-	-	-	-	-
Deferred tax assets	(96.8)	-	-	(96.5)	(96.5)	-	-	(0.3)
<b>Total non-current assets</b>	<b>288.9</b>	<b>840.8</b>	<b>(453.7)</b>	<b>(96.5)</b>	<b>(96.5)</b>	-	-	<b>(1.7)</b>
Trade accounts and notes	(4.9)	-	-	-	-	-	-	(4.9)
Current taxes	-	-	-	-	-	-	-	-
Other current assets	439.7	-	-	440.0	-	440.0	-	(0.3)
Current financial instruments	-	-	-	-	-	-	-	-
Cash and cash equivalents	(0.9)	-	-	-	-	-	-	(0.9)
<b>Total current assets</b>	<b>433.9</b>	-	-	<b>440.0</b>	-	<b>440.0</b>	-	<b>(6.1)</b>
<b>Total assets</b>	<b>722.8</b>	<b>840.8</b>	<b>(453.7)</b>	<b>343.5</b>	<b>(96.5)</b>	<b>440.0</b>	-	<b>(7.8)</b>

(in EUR million)	Total Pro Forma adjustments	Purchase price computation (14)	Preliminary goodwill (15)	SIS pro forma adjustments (16)+(17)+(18)	Pensions (16)	Restructuring (17)	SIS Stock options (18)	Scope adjustment (19)
<b>EQUITY</b>								
Equity attributable to the owners of the parent	1,060.3	443.8	(453.7)	1,072.1	632.1	440.0	-	(1.9)
Non controlling interests	(0.7)	-	-	-	-	-	-	(0.7)
<b>Total shareholders' equity</b>	<b>1,059.6</b>	<b>443.8</b>	<b>(453.7)</b>	<b>1,072.1</b>	<b>632.1</b>	<b>440.0</b>	-	<b>(2.6)</b>
Provisions for pensions and similar	(711.1)	-	-	(711.1)	(711.1)	-	-	-
Non-current provisions	-	-	-	-	-	-	-	-
Borrowings	397.0	397.0	-	-	-	-	-	-
Deferred tax liabilities	(17.5)	-	-	(17.5)	(17.5)	-	-	-
Non-current financial instruments	-	-	-	-	-	-	-	-
Other non-current liabilities	(0.4)	-	-	-	-	-	-	(0.4)
<b>Total non-current liabilities</b>	<b>(332.0)</b>	<b>397.0</b>	-	<b>(728.6)</b>	<b>(728.6)</b>	-	-	<b>(0.4)</b>
Trade accounts and notes payables	(1.3)	-	-	-	-	-	-	(1.3)
Current taxes	-	-	-	-	-	-	-	-
Current provisions	(0.1)	-	-	-	-	-	-	(0.1)
Current financial instruments	-	-	-	-	-	-	-	-
Current portion of borrowings	-	-	-	-	-	-	-	-
Other current liabilities	(3.5)	-	-	-	-	-	-	(3.5)
<b>Total current liabilities</b>	<b>(4.8)</b>	-	-	-	-	-	-	<b>(4.8)</b>
<b>Total liabilities and shareholders' equity</b>	<b>722.8</b>	<b>840.8</b>	<b>(453.7)</b>	<b>343.5</b>	<b>(96.5)</b>	<b>440.0</b>	-	<b>(7.8)</b>

## SCHEDULE OF PRO FORMA ADJUSTMENTS REFLECTED IN THE PRO FORMA STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

(in EUR million)	Total Pro Forma adjustments	Purchase price computation (14)	Preliminary goodwill (15)	SIS pro forma adjustments (16)+(17)+(18)	Pensions (16)	Restructuring (17)	SIS Stock options (18)	Scope adjustment (19)
<b>Revenue</b>	<b>(21.3)</b>	-	-	-	-	-	-	<b>(21.3)</b>
Personnel expenses	16.1	-	-	5.6	-	-	5.6	10.5
Operating expenses	9.3	-	-	-	-	-	-	9.3
<b>Operating margin</b>	<b>4.1</b>	-	-	<b>5.6</b>	-	-	<b>5.6</b>	<b>(1.5)</b>
<b>% of revenue</b>	<b>-19.2%</b>	n/a	n/a	n/a	n/a	n/a	n/a	<b>7.0%</b>
Other operating income and expenses	440.0	-	-	440.0	-	440.0	-	-
<b>Operating income</b>	<b>444.1</b>	-	-	<b>445.6</b>	-	<b>440.0</b>	<b>5.6</b>	<b>(1.5)</b>
Net cost of financial debt	(13.7)	(13.7)	-	-	-	-	-	-
Other financial income (expense), net	-	-	-	-	-	-	-	-
<b>Net financial income</b>	<b>(13.7)</b>	<b>(13.7)</b>	-	-	-	-	-	-
<b>Net income before tax</b>	<b>430.3</b>	<b>(13.7)</b>	-	<b>445.6</b>	-	<b>440.0</b>	<b>5.6</b>	<b>(1.5)</b>
Tax charge	3.0	4.7	-	(1.7)	-	-	(1.7)	-
Gain from investments accounted for using the equity method, net	-	-	-	-	-	-	-	-
<b>Net income</b>	<b>433.4</b>	<b>(9.0)</b>	-	<b>443.9</b>	-	<b>440.0</b>	<b>3.9</b>	<b>(1.5)</b>
Of which:								
- Attributable to owners of the parent	433.8	(9.0)	-	443.9	-	440.0	3.9	(1.1)
- Non controlling interests	(0.4)	-	-	-	-	-	-	(0.4)

### (14) Consideration for the Contribution

SIS' contribution to Atos Origin was valued at 814.4 million euros, plus Direct Transfers to Atos Origin of certain SIS businesses located in China, Turkey, United Arab Emirates, as well as an Austrian subsidiary, TSG EDV Terminal Services Ges.m.b.h. for 26.4 million euros. The full price amounts to 840.8 million euros, namely:

- 12,483,153 new ordinary shares issued by Atos Origin at the Closing Date for the benefit of Siemens Inland, each with a par value of one (1) euro and tradeable as from the Closing Date;
- As cash payment, as part of the Contribution, 400.2 million euros, including:
  - 250.0 million euros paid by compensation with the subscription price of the 5,382,131 Bonds Convertible and/or Exchangeable into New or Existing Shares (hereafter referred to as the "Bonds" or "OCEANE". Concerning the OCEANES, in accordance with IFRS (IAS 32), these bonds can be broken down at the issue date between:
    - A shareholders' equity component to an amount of 29.6 million euros on the basis of a conversion value for the option calculated as at 14 December 2010, and
    - A debt component to an amount of 220.4 million euros.
  - 150.2 million euros paid in cash by Atos Origin to Siemens Inland at the Closing Date.
- 26.4 million euros as the acquisition price owed by Atos Origin for the Direct Transfers relating to SIS assets in China, United Arab Emirates, Turkey, as well as the shares of an Austrian subsidiary TSG.

The effects on the Pro forma Balance Sheet presented are as follows:

- Value of SIS contribution and Direct Transfers accounted for 840.8 million euros as “Non current financial assets”;
- Effects on “Equity” amounting to 443.8 million euros:
  - Increase in Atos Origin’s share capital to an amount of 12.5 million euros;
  - A shareholders’ equity component of OCEANE to an amount of 29.6 million euros on the basis of a conversion value for the option calculated as at 14 December 2010,
  - Recording of a contribution premium of 401.7 million euros, which corresponds to the difference between the issue price of the new Atos Origin ordinary shares for a total amount of 414.2 million euros which corresponds to 33.18 euros per new share and the nominal amount of the share capital increase.
- Effects on “borrowings” amounting to 397.0 million euros, of which:
  - An 176.6 million euros increase in “Borrowings” related to payment of the balance of the compensation due after a transaction, financed by Atos Origin via its multi-currency revolving credit line.
  - The OCEANE 2011 borrowing component to an amount of 220.4 million euros.

The effects on the Pro forma Income Statement presented are as follows:

- Recognition of an interest rate expense amounting to 9.2 million euros (thus 6.0 million euros after tax if we consider a French tax rate of 34.43%) corresponding to the OCEANE payment calculated at the effective interest rate, i.e., 4.18% (based on a 1.5% of annual coupon, a discount rate amounting to 2.93% in 2010 to 4.04% in 2014 and if we consider a swap rate as of 14 December 2010 and a “credit spread” amounting to 1.4%);
- Recording of an interest rate expense related to the historical multi-currency revolving credit line for 4.5 million euros (namely, 2.9 million euros after taxes if we consider a French tax rate of 34.43%) by applying the effective annual rate to 2010, i.e., 2.53%, which breakdown is as follows:

Euribor 3 months	1.25%
Margin	0.85%
Divers expenses	0.43%
Effective annual rate	2.53%

#### **(15) Preliminary goodwill**

Preliminary goodwill amounts to 387.1 million euros and is calculated based on:

- Contribution price plus Direct Transfers price amounting to 840.8 million euros and described above (note (14)), and,
- SIS equity after taking into account Pro forma adjustments, thus 453.7 million euros, as described in the notes hereunder:

(in EUR million)		
<b>Contribution consideration - (a)</b>	<b>840.8</b>	<b>Note</b>
<b>SIS combined total shareholders' equity after reclassifications and before pro forma adjustments - (b)</b>	<b>(616.5)</b>	
<b>Pro forma adjustments - (c)</b>	<b>1,070.2</b>	
<i>of which Pensions</i>	632.1	B.7.3.3.2 - (16)
<i>of which Restructuring</i>	440.0	B.7.3.3.2 - (17)
<i>of which SIS stock options</i>	-	B.7.3.3.2 - (18)
<i>of which Scope adjustment</i>	(1.9)	B.7.3.3.2 - (19)
<b>SIS total shareholders' equity after reclassifications and pro forma adjustments - (d)=(b)+(c)</b>	<b>453.7</b>	
<b>Preliminary goodwill after reclassifications and pro forma adjustments - (e)=(a)-(d)</b>	<b>387.1</b>	

This valuation was made subject to the price adjustment referred to in paragraph A.2.1.1.2 "Price – price adjustment" of this Prospectus.

The goodwill presented hereunder is before allocation.

#### (16) Pension commitments

SIS has recognized a total 752.9 million euros provision in respect of net pension liabilities on its combined financial statements. This amount includes provisions for pensions amounting to 753.1 million euros and plan assets amounting to 0.2 million euros.

This provision does not reflect:

- the fact that some pension liabilities will not transfer over to Atos Origin as a result of the contemplated transaction;
- complementary funding compensations made by Siemens towards Atos Origin.

#### Adjustments in respect of pension liabilities not transferring to Atos Origin

The table below indicates the impact of pension liabilities and related plan assets not transferring to Atos Origin (scope adjustments):

(in EUR million)	SIS Combined data			Adjustments / scope			Total after scope adjustments		
	Fair value of plan assets	Defined benefits obligations	Provision	Fair value of plan assets	Defined benefits obligations	Provision	Fair value of plan assets	Defined benefits obligations	Provision
Germany	37.4	(562.5)	(525.1)	-	181.4	181.4	37.4	(381.1)	(343.7)
United Kingdom	817.7	(941.2)	(123.5)	(482.3)	554.7	72.3	335.4	(386.5)	(51.2)
Switzerland	105.8	(128.4)	(22.6)	-	-	-	105.8	(128.4)	(22.6)
Other (RoW)	-	(81.8)	(81.8)	-	-	-	-	(81.8)	(81.8)
<b>Total</b>	<b>960.9</b>	<b>(1,713.8)</b>	<b>(752.9)</b>	<b>(482.3)</b>	<b>736.1</b>	<b>253.7</b>	<b>478.6</b>	<b>(977.8)</b>	<b>(499.2)</b>

The 562.5 million euros pension liabilities in Germany reported by SIS in its financial statements as of 30 September 2010 include 1,900 active employees who will not remain with SIS at the Closing Date. These amounting to 181.4 million euros are thus adjusted and take the pension liabilities in Germany to an amount of 381.1 million euros.

In the UK, as pension obligations for inactive plan members will remain with Siemens at Closing Date. Therefore, the corresponding plan assets (482.3 million euros) and liabilities (554.7 million euros), thus a net effect amounting to 72.3 million euros, have been eliminated in combined financial statements.

## Adjustments in respect of complementary fundings expected from Siemens

The table below indicates the impact of complementary pension fundings to be provided by Siemens:

(in EUR million)	Total after scope adjustments			Fundings			Pro forma SIS data		
	Fair value of plan assets	Defined benefits obligations	Provision	Fair value of plan assets	Defined benefits obligations	Provision	Fair value of plan assets	Defined benefits obligations	Provision
Germany	37.4	(381.1)	(343.7)	326.2	-	326.2	363.6	(381.1)	(17.5)
United Kingdom	335.4	(386.5)	(51.2)	131.2	-	131.2	466.5	(386.5)	80.0
Switzerland	105.8	(128.4)	(22.6)	-	-	-	105.8	(128.4)	(22.6)
Other (RoW)	-	(81.8)	(81.8)	-	-	-	-	(81.8)	(81.8)
<b>Total</b>	<b>478.6</b>	<b>(977.8)</b>	<b>(499.2)</b>	<b>457.4</b>	<b>-</b>	<b>457.4</b>	<b>935.9</b>	<b>(977.8)</b>	<b>(41.8)</b>

Regarding German pension liabilities transferring over to Atos Origin, Siemens has committed to establish a contractual trust agreement (CTA) before closing of the transaction to provide adequate funding. This CTA will qualify as a plan asset under IAS 19 and will offset any corresponding liabilities to be recorded on the balance sheet. Liabilities which are funded represent a total amount of 326.2 million euros leading to a net remaining provision of 17.5 million euros corresponding to long term unfunded benefits.

In the UK, Siemens has agreed to fund transferring pension liabilities based on a mutually agreed actuarial basis which is more conservative than the accounting basis used to estimate liabilities, thus creating a surplus situation on the balance sheet. The best estimate available of the resulting surplus at 30 September 2010 is 80.0 million euros.

This surplus compensates provisions related to around twenty other countries (inside SIS) pension plans and amounting to 81.8 million euros. Swiss pension liabilities, which will transfer fully funded at Closing Date and under local standards, but for which an IAS 19 excess provision has to be recorded, will not resulting in any cash disbursement in the short term.

Deferred tax positions including in SIS combined accounts and related to pension commitments, thus deferred tax asset and liability amounting to respectively 96.5 million euros and 17.5 million euros were written-off. Regarding to pension scope (253.7 million euros) and funding (457.4 million euros) adjustments amounts, provisions for pensions and similar benefits amount to 41.8 million euros. Given this immaterial amount, no deferred taxes were calculated.

Therefore, Pro forma adjustments effects on equity amounts to 632.1 million euros of which:

- scope adjustments for 253.7 million euros,
- funding adjustments for 457.4 million euros and
- deferred tax adjustment for (79.0) million euros.

No related adjustment was reflected in the Pro forma Income Statement.

### (17) Restructuring

In 2010, before Atos and Siemens announcement of their intention to enter into a global strategic partnership, Siemens launched a restructuring plan for the SIS Business employees. Siemens assumed the responsibility to implement its restructuring plan as contemplated and failing which, it will compensate Atos Origin subject to certain terms for each employee transferred in violation of its restructuring commitments (see paragraph A.2.1.1.5 of this Prospectus).

Restructuring accrual in SIS combined accounts as of 30 September 2010 amounts to 452.4 million euros (of which 378.2 million euros as current and 74.2 million euros as non-current) in the Pro forma Balance Sheet.

Considering the agreement described above, a Pro forma adjustment is booked to cover almost a large amount of the effects of this restructuring plan in the Pro forma Financial Statements. This adjustment is composed of asset recognition amounting to 440.0 million euros ("Other current assets") and income ("Other operating income and expenses") for the same amount.

## **(18) SIS stock options**

The Siemens stock options granted to SIS's management will be settled by Siemens at the effective date of the Contribution.

Thus, the charge recorded in SIS's combined financial statements, excluding tax effect (5.6 million euros), was cancelled in the Pro forma Income Statement (with no effect on equity).

On the basis of taking into account of the applicable tax rate in Germany in 2010, i.e., 31.0%, this results in a 1.7 million euros tax loss in the Pro forma Income Statement.

## **(19) Scope adjustment**

The shares held by Siemens in a joint-venture under the German law, HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH<sup>20</sup> is excluded from the Carve-Out and will be retained by Siemens.

Consequently, the figures of the balance sheet and the income statement of the joint venture are restated as scope adjustments.

### *B.7.3.3.3 VALUATION OF THE CONTRIBUTION AND PRELIMINARY PURCHASE PRICE ALLOCATION*

Pro forma financial Information does not include a valuation at fair value of SIS' assets and liabilities. These valuations will be made on the basis of analyses to be performed after the Closing Date, in accordance with the IFRS standards (revised IFRS 3R "Business combinations").

The goodwill, amounting to 387.1million euros (see paragraph B.7.3.3.2 note (15)), is preliminary and was calculated solely for the purposes of building a Pro forma Balance Sheet and Pro forma Income Statement, included in this Prospectus.

On the basis of a preliminary analysis, the Contribution price could be allocated to intangible assets that are not identified in SIS's combined balance sheet, such as:

- The Commercial agreement entitled "*Customer Relationship Agreement*" signed with Siemens;
- Contractual customer relationships outside of Siemens contract;
- Customer relationships that exist past the lifespan of the existing agreements.

In addition to these intangible assets, preliminary goodwill could also be allocated to other intangible assets (licenses, internally developed software) and, if applicable, to tangible assets.

Moreover, for purchase price allocation purpose, goodwill as presented in SIS combined financial balance sheet and amounted to 131.7 million euros will be canceled before recording SIS fair value assets and liabilities entries.

Goodwill allocation will be effective in 31 December 2011 new group consolidated financial statements.

### *Sensitivity analysis*

The following table presents the variation in the value of the Contribution plus the Direct Transfers and the amount of goodwill by bracket of plus or minus 15% as compared to the reference stock market price used for the capital increase in capital, i.e., 33.18 euros:

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<sup>20</sup> It is specified that Siemens has, until 1 July 2012, the right, subject to certain conditions, to transfer to Atos Origin its shareholding in HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH at a price of 9.2 million euros (on a debt-free / cash-free basis).

In EUR, in %, in EUR million	Variation of Atos Origin share price compared to its reference share price ie. € 33.18				
	23.23 € -30.0%	28.20 € -15.0%	33.18 € -	38.16 € 15.0%	43.13 € 30.0%
<b>Contribution consideration (in EUR million)</b>	716.5	778.7	840.8	902.9	965.0
<b>Preliminary goodwill amount (in EUR million) after adjustment</b>	262.9	325.0	387.1	449.3	511.4

#### B.7.3.4 EARNINGS PER SHARE

##### *Number of shares used to calculate the Pro forma Earnings Per Share*

In order to calculate the Pro forma Earnings Per Share, the weighted average number of Atos Origin shares as published in respect of 2010<sup>21</sup> was adjusted for the shares issued further to the increase in capital in consideration of the Contribution, i.e., 12,483,153 additional shares.

##### *Number of shares used to calculate the Pro forma diluted income per share*

For pro forma diluted Earnings Per Share, the number of dilutive instruments taken into account are as follows:

- Atos Origin dilutive instruments as published in 2010 (1,200,009 stocks options and 5,414,771 convertible bonds issued in 2009);
- Dilutive instruments related to 2011 convertible bonds issuance thus 5,382,131 additional dilutive instruments.

The convertible bonds 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 (8.7 million euros for 2009 convertible bonds and 6.0 million euros for 2011 convertible bonds).

(in EUR million)	Historical Atos Origin data	Pro forma data (Atos Origin and SIS)
<b>Net income (loss) – Attributable to the owners of the parent [a]</b>	<b>116.1</b>	<b>3.1</b>
<b>Net income restated of dilutive instruments - Attributable to the owners of the parent [b]</b>	<b>124.8</b>	<b>17.8</b>
Average number of shares outstanding [c]□	69,334,351	81,817,504
Impact of dilutive instruments [d]	6,614,780	11,996,911
Diluted average number of shares [e] = [c] + [d]	75,949,131	93,814,415
<b>Basic Earnings Per Share [a] / [c]</b>	<b>1.67</b>	<b>0.04</b>
<b>Diluted Earnings Per Share [b] / [e]</b>	<b>1.64</b>	<b>0.19</b>

<sup>21</sup> See section C.3.2, note 10 of the Registration Document.

### B.7.3.5 SEGMENT INFORMATION

The information in the table below is presented solely for informational purposes and is not intended to be binding:

- the geographic or operating segments information breakdown of turnover and headcount of the new group as they could have existed had Atos Origin and SIS been combined at 1 January 2010, and
- the manner in which this data will be presented in the future.

In EUR million (except headcounts)	Note	Atos Origin (12 months ended 31 December 2010)		SIS (12 months ended 30 September 2010)		Total			
		Revenue	Headcounts <sup>*</sup>	Revenue	Headcounts <sup>**</sup>	Revenue	in % of total revenue	Headcounts	in % of total headcounts
Germany ***		376	2,550	1,432	9,341	1,808	20.5%	11,891	15.2%
United Kingdom	A	904	6,264	504	3,244	1,408	16.0%	9,508	12.2%
Benelux	B	938	6,958	149	632	1,087	12.3%	7,590	9.7%
France		1,133	11,349	19	116	1,151	13.1%	11,465	14.7%
Atos Worldline	C	867	5,459	-	-	867	9.8%	5,459	7.0%
Rest of Europe	D	400	6,383	1,058	6,494	1,457	16.5%	12,877	16.5%
Rest of the World	E	404	9,315	640	9,899	1,044	11.8%	19,214	24.6%
<b>Total</b>		<b>5,021</b>	<b>48,278</b>	<b>3,801</b>	<b>29,725</b>	<b>8,822</b>	<b>100.0%</b>	<b>78,003</b>	<b>100.0%</b>

\* : staff employed at year ended

\*\* : full time equivalent

\*\*\* : Includes HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH

A: Ireland and United Kingdom

B: Belgium, Luxembourg and the Netherlands

C: Germany, Belgium, France, and India

D: Denmark, Spain, Finland, Greece, Italy, Baltic countries, Portugal, Sweden, Switzerland, Bulgaria, Croatia, Hungaria, Poland, Czech Republic, Romania, Russia, Serbia, Slovakia, Austria and Turkey

E: Argentina, Brazil, Canada, Chile, Colombia, USA, Mexico, South Africa, Australia, China, UAE, Indonesia, India Japan, Hong-Kong, Malaysia, Morocco, Philipines, Singapour, Taiwan and Thailand



## **C THIRD PART: DESCRIPTION OF THE CONTRIBUTION**

### **C.1 GENERAL INFORMATION**

#### **C.1.1 NAME, HEADQUARTERS**

Siemens IT Solutions and Services GmbH ("**SIS Holding**"), whose headquarters are located at Otto-Hahn-Ring 6, 81739 Munich, Germany.

#### **C.1.2 DATE OF INCORPORATION AND TERM OF THE COMPANY**

SIS Holding was incorporated on 31 March 2010 for an unlimited duration.

#### **C.1.3 LEGISLATION GOVERNING THE CONTRIBUTED ENTITY AND LEGAL FORM**

SIS Holding is a limited liability company governed by German law.

#### **C.1.4 CORPORATE PURPOSE**

SIS Holding has the following purpose: organization and technology-backed information processing and provision of services in the field of electronic data processing and information technology; planning, distribution and operation of software technology, equipment and systems as well as provision of communication and data center services.

#### **C.1.5 TRADE REGISTER NUMBER**

SIS Holding is registered with the Commercial Register of the local court of Munich under Number HRB 184933.

#### **C.1.6 MANAGEMENT**

SIS Holding is managed by the following managing directors, whose respective positions within the company are indicated below:

Mr. Christian Oecking, Head of SIS Group;  
Dr. Martin Bentler, Chief Financial Officer;  
Mr. Thomas Zimmermann, Head of Solutions Business; and  
Mr. Rainer Christian Koppitz, Head of Sales.

Since the announcement of the Transaction, no change has occurred within the management board (*Geschäftsführung*) of SIS Holding, it being specified that changes may occur after the Closing Date as part of integration operations.

For information on the compensation received by the managing directors of SIS Holding, please refer to Note 35 "Related Party Transaction – key management remuneration" to the Combined Financial Statements of SIS Holding as of September 30, 2010.

#### **C.1.7 COMPENSATION AND BENEFIT**

A description of the Siemens share award plans which are granted to the employees and the management of the combined SIS Group and whose rights shall be refunded as of the Closing Date is included in Note 13 "Share Based Payments" to the Combined Financial Statements of SIS Holding for the 6 months ended March 31, 2011 and Note 33 "Share Based Payments" to the Combined Financial Statements of SIS Holding as of September 30, 2010. It is specified that the estimated amount for a refunding in cash of the plans with effect as of the Closing Date has been assessed as of March 31, 2011 on the basis of the market price of the Siemens share (XETRA at March 31, 2011), *i.e.*, an amount of 18.9 million euros accounted in shareholders' equity. The setting of the final amount which shall be allocated to the beneficiaries of the plan will be effectuated on the basis of the market price of the Siemens share at the Closing Date. The consideration of the beneficiaries of the plan will occur within approximately two to three months following the Closing Date depending on the relevant entities.

### **C.1.8 INDEPENDANT AUDITOR**

Names, addresses: Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Date of appointment and last renewal of appointment: shareholders' decision dated as of November 8, 2010.

Name of the partner responsible for the audit: Ralf Bostedt

### **C.1.9 RELATED-PARTY TRANSACTIONS**

For information on the transactions entered into between entities of the SIS Group and Siemens AG and its subsidiaries, please refer to Note 14 "Related party transactions" to the Combined Financial Statements of SIS Holding for the 6 months ended March 31, 2011 and Note 35 "Related party transactions" to the Combined Financial Statements of SIS Holding for the 12 months ended September 30, 2010.

### **C.1.10 LOCATIONS WHERE DOCUMENTS AND INFORMATION ON THE CONTRIBUTED COMPANY MAY BE CONSULTED**

The documents and information on SIS Holding may be consulted at the Commercial Register of the Local Court (*Amtsgericht*) of Munich.

## **C.2 GENERAL INFORMATION ON THE SHARE CAPITAL**

### **C.2.1 AMOUNT OF SUBSCRIBED SHARE CAPITAL, NUMBER AND CLASS OF SHARES**

As of March 31, 2011, the share capital of SIS Holding amounted to one share with a nominal of EUR 25,000,000.

### **C.2.2 FEATURES OF THE SECURITIES GIVING RIGHTS TO SHARE CAPITAL**

Not applicable.

### **C.2.3 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AS OF MARCH 31, 2011**

As of March 31, 2011, the breakdown of SIS Holding's share ownership was as follows:

	Number of shares	% of capital and voting rights
Siemens Beteiligungen Inland GmbH	1	100

Siemens Beteiligungen Inland GmbH is a direct wholly-owned subsidiary of Siemens AG.

## **C.3 BUSINESS INFORMATION**

### **C.3.1 DESCRIPTION OF THE PRINCIPAL OPERATIONS OF THE CONTRIBUTED COMPANY**

SIS Holding has been operating as a legally independent company since October 2010.

The operations of SIS Holding and its subsidiaries (the "**SIS Group**") were carved out of Siemens AG's worldwide cross-sector SIS pursuant to a global process launched by Siemens AG in autumn 2009 and implemented in 2010 and 2011 in the different countries in which the SIS business operations are located (the "**SIS Business**"). Pursuant to this carve-out process, Siemens AG transferred, among other things, related assets, liabilities, contracts, equity interests, intangibles, employees as well as other rights and obligations pertaining to the SIS Business to the SIS Group. Prior to the Closing Date, the Carve-Out will have been implemented in most countries in which the SIS Business operates.

In a limited number of countries, namely Bulgaria (partially) and Romania (partially) (the businesses deferred in these countries are referred to as the "**Deferred Assets**"), the Carve-Out will not be fully implemented prior to the Closing

Date for various reasons. Moreover, the parties are currently considering whether it is in the best interest of the SIS Business to include the participation of SIS Holding in e-utile S.p.A, Milan within the scope of the Transaction and may treat such participation initially as a Deferred Asset. In these cases, Atos Origin and Siemens have agreed to complete the transfer of the SIS business to Atos Origin in these countries following the Closing Date. Moreover, the Framework Agreement sets forth the direct transfer by Siemens to Atos Origin's subsidiaries of the SIS businesses located in China, Turkey, United Arab Emirates, as well as the Austrian entity TSG EDV Terminal Services Ges.m.b.h. for a price of 26.4 million euros, as further described in section A.2.1.1.1 (b).

Furthermore, a number of SIS activities of the SIS Group described in paragraph A.2.1.1.1 and defined as the Excluded Activities have been expressly excluded from the Contribution scope and retained by Siemens.

In this respect, although the SIS Business does not include the Excluded Activities, one should note that financial data included in this Prospectus and relating to the SIS Business however include those relating to HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH (see Schedule 1 for further details on these transactions).

The SIS Business is a European-based leading IT service provider, which offers IT expertise and delivers industry-focused end-to-end IT solutions for each sector concerned.

The business's portfolio ranges from consulting, software development and deployment to systems integration and the comprehensive management of IT infrastructures and applications. These services are made available to Siemens and to external customers.

The SIS Business's solutions and services are designed to support its customers in the following core areas:

- **Trusted Cloud:** the SIS Business enables innovation and flexibility in customers' systems through on-demand IT technology, using an innovative approach for cloud computing that simplifies customers' value chains in a secure and reliable manner.
- **Civil & National Security:** the SIS Business offers integrated solutions to complex challenges and provides intelligence necessary to all types of security organizations in executing decisions using a wide range of IT services in the fields of border control, e-ID and professional mobile radio solutions.
- **Seamless Government:** based on the implementation of e-government strategies, the SIS Business provides solutions to support customer-centric workflow applications, to support cross-border collaboration processes of authorities, and to support the IT consolidation of administrative processes.
- **Future Work Environment:** the SIS Business assists customers in creating a flexible, secure and productive worklife ecosystem that fully supports mobile workforce and device management. Its offering maximizes security throughout the workplace value chain and environment.
- **Smart Energy:** the SIS Business offerings support the processes from energy creation and distribution to metering and retail. These solutions enable energy producers to improve their processes, support strategic grid management and provide innovative meter-to-bill processes.
- **Secured Enterprise:** the SIS Business global security package provides solutions to protect customer's business information across physical and virtual dimensions. It provides secure identification of people and machines. It secures the operations of traditional IT environments, embedded systems, and it enables secure collaboration within the enterprise and with associated partners.
- **IT Transformation:** the consolidation and harmonization of IT services indicate a growing evolution in the IT landscape. The SIS Business matches customers' business needs with responsive technology in the context of a global and dynamic market. Further services offered include overseeing the convergence of information technology (IT) and operational technology (OT).
- **Integrated Manufacturing:** the SIS Business creates flexibility and transparency for its customers in its development and production processes, due to solutions and services that support integrated product designing, manufacturing, production ramp-up and after-sales services.

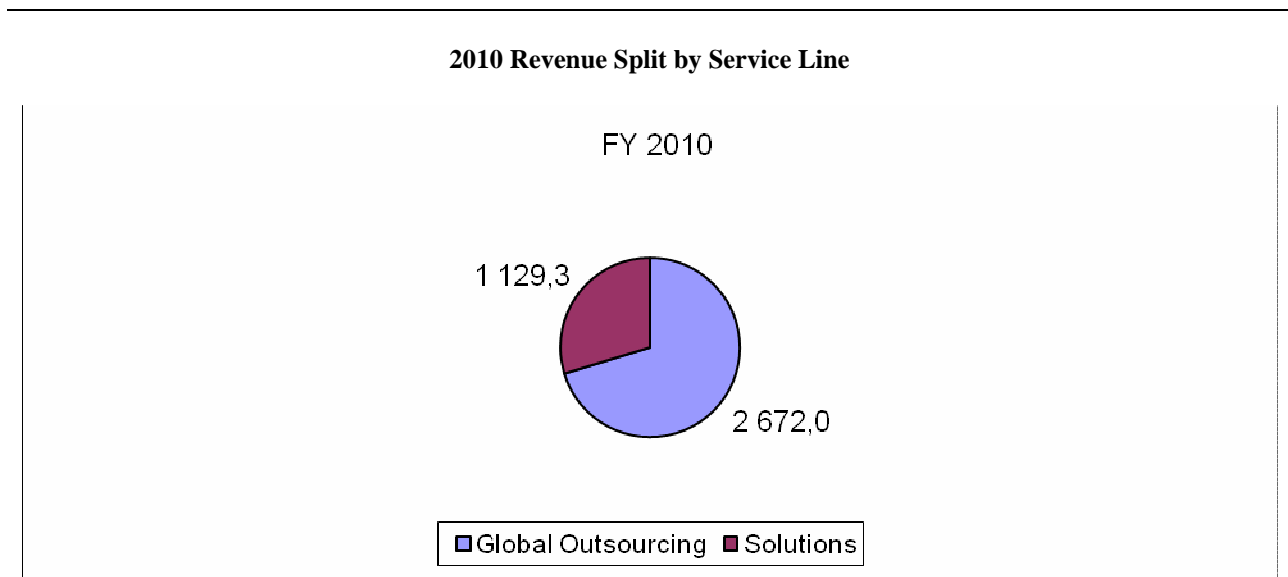
- Applied Knowledge: the SIS Business allows customers to unlock the potential value of stored data and information records, through its solutions and services in the area of business intelligence, data and information management, and enterprise content management.

#### C.3.1.1 KEY SERVICE LINES

The SIS Business offers its services to customers through its two Business Units: GO and SOL, each established on 1 October 2010.

- Global Outsourcing (GO) is one of the leading global IT Outsourcing providers worldwide with a focus on Europe. Its portfolio ranges from Application Outsourcing (Application Management and Application Operation) and IT Outsourcing (End-User Computing, Data Center, Networking & Communication) to selected Transactional Services.
- Solutions (SOL) acts as a multi-niche provider of consulting, systems integration and solutions. It enhances its competitive position by providing services, especially in the following areas: Smart Energy Solutions, Product Lifecycle Management, Civil & National Security, Consolidation & Harmonization, IT Security and Business Intelligence.

The following chart sets forth a breakdown of the SIS Business combined revenue by service line (based on the assumption that these existed during the relevant fiscal year ) as provided by each business unit for the fiscal year ended September 30, 2010.



#### C.3.1.2 KEY INDUSTRIES TARGETED

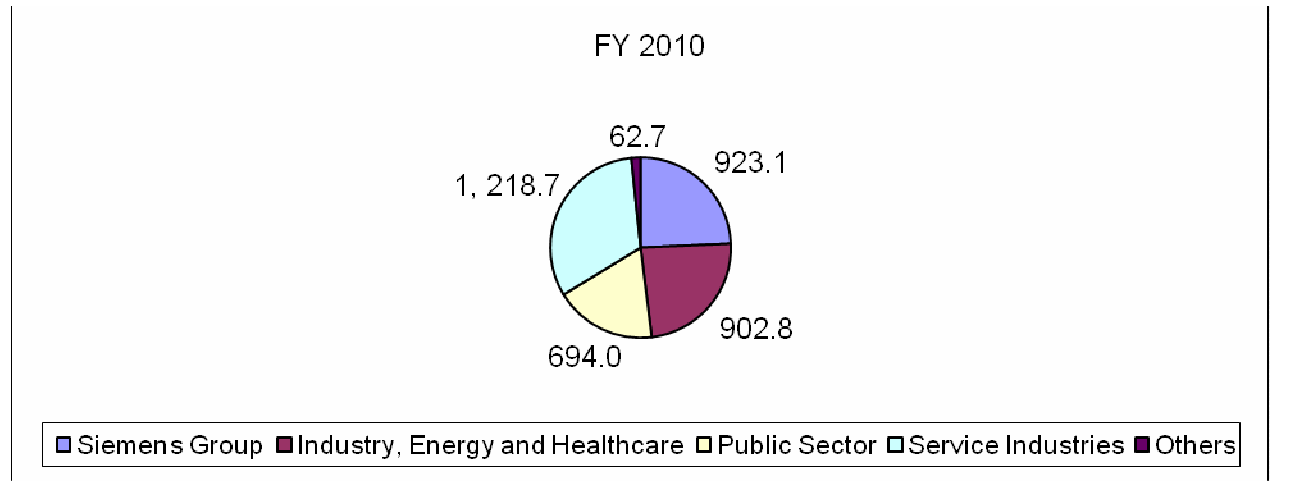
The SIS Business offers its solutions and services to external customers in the following industry sectors:

- *Industry-Energy-Healthcare*, which includes the automotive, discrete manufacturing, process industries, mobility as well as the energy and healthcare markets;
- *Public sector*, comprising defense & intelligence, public security, employment and pensions services and public administration; and
- *Service industries*, which includes customers in telecommunications, media, financial services and other service providers.

The following chart shows a breakdown of the SIS Business combined revenue by sector for the fiscal year ended September 30, 2010.

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### 2010 Revenue Split by Sector



#### C.3.1.3 KEY GEOGRAPHIES

The SIS Business has its own sales force and operates worldwide in more than 35 countries. While 85% of the SIS Business's revenue is attributable to Europe, the SIS Business is also physically present in selected markets outside Europe, such as the United States, which generates approximately 10% of its revenue. The SIS Business serves international customers in more than 100 countries.

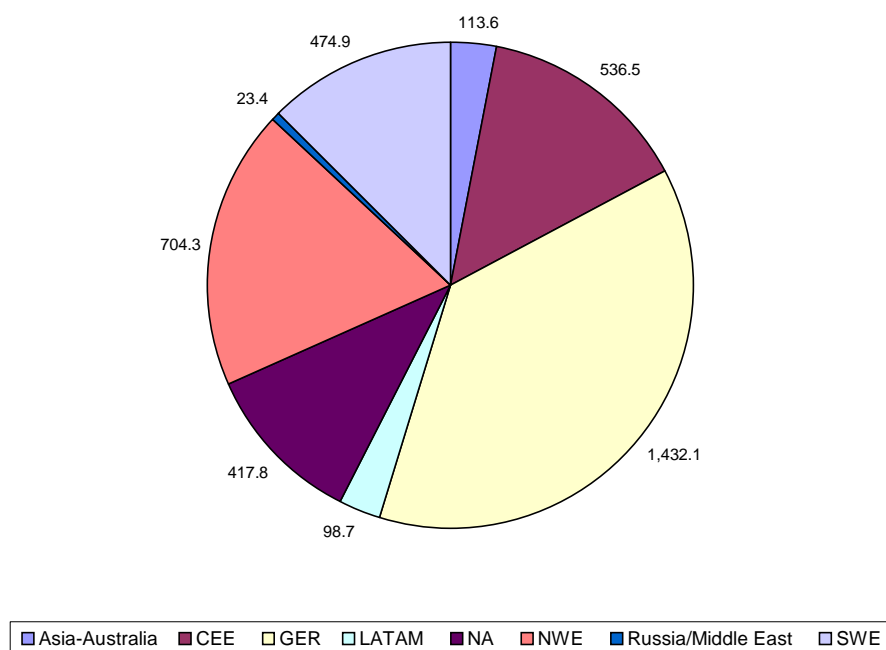
The following chart sets forth a geographical breakdown of the SIS Business combined revenue for the fiscal year ended September 30, 2010.

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## 2010 Revenue Split by Geography

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FY10 revenues by region (€ in millions)



### C.3.2 COMBINED REVENUE EARNED IN FISCAL YEAR ENDED SEPTEMBER 30, 2010 AND THE FIRST HALF OF 2011 BY OPERATION AND GEOGRAPHIC MARKET

The total SIS Business combined revenue for the fiscal year ended September 30, 2010 was 3,801.3 million euros. For the six months ended March 31, 2011, the total SIS Business combined revenue was 1,774.5 million euros.

### C.3.2.1 SIS BUSINESS COMBINED REVENUE BY GEOGRAPHIC REGION

The table below shows a regional breakdown of the SIS Business combined revenue for the six months ended March 31, 2011 and the 12 months ended September 30, 2010.

(in millions of euros)	6 months ended March 31, 2011	% of total	12 months ended September 30, 2010	% of total
Germany	633.4	35.7	1,432.1	37.7
Central and Eastern Europe <sup>1</sup>	238.8	13.5	536.5	14.1
North-West Europe	352.1	19.8	704.3	18.5
South-West Europe	229.3	12.9	474.9	12.5
Russia and Middle-East	10.2	0.6	23.4	0.6
North America	194.3	10.9	417.8	11.0
Latin America	51.3	2.9	98.7	2.6
Asia - Australia	65.1	3.7	113.6	3.0
<b>Total</b>	<b>1,774.5</b>	<b>100.0</b>	<b>3,801.3</b>	<b>100.0</b>

<sup>1</sup> Includes Turkey.

### C.3.2.2 SIS BUSINESS COMBINED REVENUE BY SERVICE LINE

The table below provides a breakdown of the SIS Business combined revenue by service line for the six months ended March 31, 2011 and the 12 months ended September 30, 2010.

(in millions of euros)	6 months ended March 31, 2011	% of total	12 months ended September 30, 2010	% of total
Global Outsourcing	1,254.1	70.7	2,672.0	70.3
Solutions	520.4	29.3	1,129.3	29.7
<b>Total</b>	<b>1,774.5</b>	<b>100.0</b>	<b>3,801.3</b>	<b>100.0</b>

### C.3.2.3 SIS BUSINESS COMBINED REVENUE BY SECTOR

The table below provides a breakdown of the SIS Business combined revenue by sector for the six months ended March 31, 2011 and the 12 months ended September 30, 2010.

(in millions of euros)	6 months ended March 31, 2011	% of total	12 months ended September 30, 2010	% of total
Siemens Group	427.3	24.1	923.1	24.3
Industry, Energy and Healthcare	417.8	23.5	902.8	23.7
Public Sector	345.4	19.5	694.0	18.3
Service Industries	577.8	32.6	1,218.7	32.1
Others	6.2	0.3	62.7	1.6
<b>Total</b>	<b>1,774.5</b>	<b>100.0</b>	<b>3,801.3</b>	<b>100.0</b>

### C.3.3 TYPE OF CLIENTS

The SIS Business's customers range from large, medium-sized companies to large multinational corporations. It is specified that Siemens has discussed with the relevant customers about the new set-up resulting from the Transaction

without Siemens being able to assess, or qualify, the impact that the announcement of the Transaction has had or may have on the future relationships with these customers.

For a description of the SIS Business's clients by market, please refer to section C.3.1. above.

### **C.3.4 COMBINED INCOME FROM OPERATIONS EARNED IN FISCAL YEAR 2010 AND THE FIRST HALF OF 2011 BY REGION**

Total combined income from operations of the SIS Business for the year ended September 30, 2010 was -309.3 million euros. For the six months ended March 31, 2011, total combined income from operations of SIS Business was 51.1 million euros.

The table below shows a regional breakdown of the SIS Business combined income from operations for the six months ended March 31, 2011 and the 12 months ended September 30, 2010.

<b>(in millions of euros)</b>	<b>6 months ended March 31, 2011</b>	<b>% of total</b>	<b>12 months ended September 30, 2010</b>	<b>% of total<sup>1</sup></b>
Germany	-30.0	n/a	-426.1	n/a
Central and Eastern Europe <sup>2</sup>	25.7	n/a	21.8	n/a
North-West Europe	45.2	n/a	42.9	n/a
South-West Europe	0.8	n/a	25.1	n/a
Russia and Middle-East	0.1	n/a	-4.8	n/a
North America	1.2	n/a	13.0	n/a
Latin America	0.1	n/a	2.3	n/a
Asia - Australia	8.0	n/a	16.5	n/a
<b>Total</b>	<b>51.1</b>	<b>n/a</b>	<b>-309.3</b>	<b>n/a</b>

<sup>1</sup> n/a: not applicable

<sup>2</sup> Includes Turkey

### **C.3.5 CHANGES IN NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES DURING FISCAL YEAR 2010 AND FIRST HALF 2011**

<b>Date</b>	<b>Number of FTE<sup>1</sup></b>
September 30, 2010	29,725.29
March 31, 2011	27,311.75

<sup>1</sup> Full-time equivalent employees.



The table below shows a breakdown of full-time equivalent employees of the SIS Business by geographic region as of September 30, 2010 and March 31, 2011.

<b>FTE<sup>1</sup></b>	<b>September 30, 2010</b>	<b>% of total</b>	<b>March 31, 2011</b>	<b>% of total</b>
Germany	9,341.23	31.4	7,228.39	26.5
North-West Europe	4,481.64	15.1	4,323.93	15.8
South-West Europe	1,785.15	6.0	1,733.31	6.3
Central Eastern Europe	3,580.99	12.0	3,504.87	12.8
North America	3,660.00	12.3	3,575.00	13.1
RMA <sup>2</sup>	700.68	2.4	721.45	2.6
Latin America	1,040.00	3.5	1,112.00	4.1
Asia Pacific	2,195.60	7.4	2,189.80	8.0
India	2,940.00	9.9	2,923.00	10.7
<b>Total</b>	<b>29,725.29</b>	<b>100.0</b>	<b>27,311.75</b>	<b>100.0</b>

<sup>1</sup> Full-time equivalent employees.

<sup>2</sup> Includes Russia and the United Arab Emirates.

The SIS Business is in the process of implementing a restructuring plan for the purpose of further reducing its headcount (see sections A.1.2.1.2 and A.1.2.1.9.).

### C.3.6 UTILIZATION RATES

The average utilization rate for the Solution Business (SOL) as of 30 September 2010 and 31 March 2011 was respectively 84% and 83%.

The utilization rate is defined as the sum of all productive hours charged to external (customers) and internal (own and other units) projects, including efforts for project realization, pre-sales support and bidding (*e.g.*, transformation and benchmark projects), but excluding any time spent for training, administration or team meetings, divided by the total working time (contracted). The utilization rate is measured only for productive employees.

### C.3.7 POLICY REGARDING PARTNERSHIPS

The SIS Business has entered into vertical partnership agreements with software and hardware vendors like SAP, Microsoft, Oracle, vmware, Siemens, Cisco and Siemens Enterprise Networks. Pursuant to these agreements, the parties agree to provide their best efforts to jointly promote the concerned hardware and software, as well as integrate and operate it.

There is a number of customer contracts in which the SIS Business is cooperating with different partners in the form of consortia (*e.g.*, certain agencies and institutions of the European Union). Similarly, the SIS Business acts as subcontractor of competitors or as a general contractor with competitors acting as subcontractors. However, there is no general or systematic cooperation. Moreover, the total volume of the affected customer contracts is not significant. Usually, such cooperation is formed if the customer requests services which are not part of SIS Business's portfolio or which exceed its own capacities.

It is not expected that the acquisition of the SIS Business by Atos Origin will have any negative impact on these partnerships as existing relationships will potentially be strengthened by the enhanced market reach provided by the transaction.

### **C.3.8 EXCEPTIONAL EVENTS AND LITIGATION**

Information on major litigation by or against entities of the SIS Business is included in Note 12 "Commitments and Contingencies" to the Condensed Interim Combined Financial Statements for the first six months of fiscal year 2011 ended March 31, 2011.

There are no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which SIS Holding is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the SIS Holding's financial position or profitability.

### **C.3.9 PRESENTATION OF THE ACTIVITIES OF SUBSIDIARIES AND SUB-SUBSIDIARIES**

The table below is a description of the major subsidiaries of SIS Holding (*i.e.*, entities which contribute more than 10% of the total revenue, and/or represent more than 10% of total shareholders' equity, and/or represent more than 10% of the SIS Holding net income during the fiscal year ended 30 September 2010).

Name/ Registration Number	Country of incorporation	% of ownership	Issued share capital and par value per share	Number of shares	Shareholder s at the day of completion of the Transaction	Activity	Board Members	Statutory auditors – dates of the beginning and end of their appointment
Siemens IT Solutions and Services, Inc./ Federal Tax Id (FEIN) 13- 3715291	USA	100	USD0,01  Par value: USD0.0001	100	SIS Holding	Providing distributed computing management solutions to meet the support requirements of Fortune 1000 corporations	<ul style="list-style-type: none"> <li>• <b>Board of Directors:</b> Oecking, Christian Kupila, Kari Stegemann, Klaus Stelter, Uwe Mayer, Joerg Evers, John Spiegel, Eric Allan Bentler, Martin</li> <li>• <b>Audit Committee:</b> Stegemann, Klaus Bentler, Martin</li> <li>• <b>Compensation Committee:</b> Oecking, Christian Spiegel, Eric Allan</li> <li>• <b>US Officers:</b> Przybisiki, Eric Gotliffe, Alan Stelter, Uwe Dorfman, Debra Evers, John Mehta, Shirley</li> </ul>	Ernst & Young LLP, Stamford [No statutory audit, but E&Y performs audit of local accounts for Siemens Group Audit], 01.10.2010-30.09.2011
Siemens IT Dienstleistung und Beratung GmbH / HRB 9635	Germany	100	€6,000,000  Par value: €6,000,000	1	SIS Holding	Provision of IT services	<ul style="list-style-type: none"> <li>• <b>Supervisory Board:</b> Oecking, Christian Meyer, Herbert Dresen, Patrik Trawny, Martin Olivier, Harald Goegele, Robert</li> <li>• <b>Executive Board:</b> Bleß, Martin Schleuss, Michael Todeskino, Achim</li> </ul>	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart (FY 01.10.2010-30.06.2011)
Siemens IT Solutions and Services Management GmbH / HRB 113241	Germany	100	€504,000  Par value: 1 share with a par value of €502,000 1 share with a par value of 2,000	2	SIS Holding	General management consultancy with main focus on organization and technical supporting data processing	<ul style="list-style-type: none"> <li>• <b>Supervisory Board:</b> Dresen, Patrik Rohringer, Christian Otto, Joerg Koehler, Uwe Wirtz, Petra Goegele, Robert</li> <li>• <b>Executive Board:</b> Eimannsberger, Christian Kaiser , Christian</li> </ul>	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart (FY 01.10.2010-30.09.2011)
energy4u GmbH / 708133	Germany	• 60.00	€25,000  Par value:  • 5 shares with a par value per share of €1,250	11  8	  SIS Holding	IT Consulting for the Utilities Sector	<ul style="list-style-type: none"> <li>• <b>Advisory Board:</b> Goegele, Robert Fischenich, Robert Huy, Hans- Dieter</li> <li>• <b>Executive Board:</b></li> </ul>	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart (FY 01.10.2010-30.09.2011)

Name/ Registration Number	Country of incorporation	% of ownership	Issued share capital and par value per share	Number of shares	Shareholder s at the day of completion of the Transaction	Activity	Board Members	Statutory auditors – dates of the beginning and end of their appointment
		<ul style="list-style-type: none"> <li>• 13.33</li> <li>• 13.33</li> <li>• 13.33</li> </ul>	<ul style="list-style-type: none"> <li>• 3 shares with a par value per share of €2,917</li> <li>• 1 share with a par value of € 3,333</li> <li>• 1 share with a par value of €3,333</li> <li>• 1 share with a par value of €3,333</li> </ul>	<ul style="list-style-type: none"> <li>1</li> <li>1</li> <li>1</li> </ul>	<ul style="list-style-type: none"> <li>• Fischenich, Robert</li> <li>• Kusatz, Thomas</li> <li>• Lehnert, Michael</li> </ul>		Fischenich, Robert Kusatz, Thomas Lehnert, Michael Bornemann, Thomas Köhl, Ulrike	
Siemens IT Solutions and Services S.p.A. / 139608/3494 /8	Italy	100	€1,500,000  Par value: €1	1,500,000	SIS Holding	IT solution business	<ul style="list-style-type: none"> <li>• <b>Supervisory Board:</b> Gerla, Cesare Cavalluzzo, Nicolino Palasciano, Giorgio Maugeri, Claudio Brignola, Domenico</li> <li>• <b>Advisory Board:</b> Kupila, Kari Gandini, Marco Dehio, Jan-Erik Lannetti, Emanuele</li> <li>• <b>Executive Board:</b> Gandini, Marco</li> </ul>	Reconta Ernst & Young S.p.A., Milano 01.10.2010-30.09.2011
Siemens IT Solutions and Services S.A. / 0459540270	Belgium	• 100%	€16,440,000  Par value: 0	• 24,14	<ul style="list-style-type: none"> <li>• SIS Verwaltungs-GmbH (24140 shares)</li> <li>• Siemens IT Solutions and Services GmbH (1 share)</li> </ul>	General management consultancy	<b>Board:</b> Kupila, Kari Gandini, Marco Bouffioux, Andre Penzkofer, Ulrich	Ernst & Young Bedrijfsrevisoren BCVBA, Diegem 01.10.2010-30.09.2011

Name/ Registration Number	Country of incorporat ion	% of ownership	Issued share and par value	Number of shares	Current Shareholders	Activity	Board Members	Statutory auditors – dates of the beginning and end of their appointment
Siemens IT Solutions and Services Ltd. / 1203466	Great Britain	100	GBP396,955,0 00  Par value: GBP1	396,955,00 0	Siemens Holdings plc, Frimley	IT services	<b>Board of Directors:</b> Gent, Gerard Oecking, Christian Macfarlane, Clark Goss, Andreas Scholl, Jeffrey Bentler, Martin	Ernst & Young LLP 1 More London Place SE1 2AF 01.10.2010-30.09.2011
Siemens IT Solutions and Services GmbH, Wien / FN 357865 y	Austria	100	€35,000  Par value: € 35,000	1	Siemens IT Solutions and Services Verwaltungs- GmbH	IT services	<b>Executive Board:</b> Kopf, Hanns- Thomas Schulz, Edwin	Ernst & Young Wirtschaftsprüfungsgesells chaft m.b.H., Wien [No statutory audit, but E&Y performs audit of local accounts for Siemens Group Audit], 01.10.2010-30.09.2011

## C.4 FINANCIAL INFORMATION

### C.4.1 COMBINED FINANCIAL STATEMENTS OF SIEMENS IT SOLUTIONS AND SERVICES GMBH

#### C.4.1.1 SIS HOLDING COMBINED FINANCIAL STATEMENTS AT MARCH 31, 2011

*The French translation of the condensed interim combined financial statements of Siemens IT Solutions and Services GmbH which is provided in the French version of the Prospectus is only a free translation of the financial statements initially drawn up in English set forth below.*

#### C.4.1.1.1 COMBINED STATEMENTS OF INCOME FOR THE FIRST SIX MONTHS OF FISCAL YEAR 2011 ENDED MARCH 31, 2011 (IN MILLIONS OF EURO)

	Note	Six months ended March 31, 2011
Revenue		1 774,5
Cost of goods sold and services rendered		(1 556,7)
Gross profit		217,8
Research and development expenses		(9,7)
Marketing and selling expenses		(200,2)
General administrative expenses		(54,3)
Other operating income	4	0,7
Other operating expense	5	(1,7)
Impairment of goodwill	8	(135,8)
Income from investments accounted for using the equity method, net		2,9
Interest income	6	33,2
Interest expense	6	(44,4)
Other financial income (expense), net	6	(0,5)
Income from operations before income taxes		(192,0)
Income taxes	7	18,8
<b>Net loss</b>		<b>(173,2)</b>
Attributable to:		
Non-controlling interests		1,6
Siemens Group		(174,8)

Combined statements of comprehensive income for the first six months of fiscal year 2011 ended March 31, 2011 (in millions of euro) :

	Six months ended March 31, 2011
Net loss	(173,2)
Currency translation adjustments	4,5
Available-for-sale financial assets	(0,1)
Actuarial gains and losses on pension plans and similar commitments, net	77,2
Other comprehensive income (loss), net of tax	81,6
<b>Total comprehensive income (loss)</b>	<b>(91,6)</b>
Attributable to:	
Non-controlling interest	<b>1,6</b>
Siemens Group	<b>(93,2)</b>

**C.4.1.1.2** *COMBINED STATEMENTS OF FINANCIAL POSITION AS OF MARCH 31, 2011 AND SEPTEMBER 30, 2010 (IN MILLIONS OF EURO)*

	Note	3/31/2011	9/30/2010
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		51,1	21,6
Available-for-sale financial assets		2,8	2,7
Receivables from Siemens Group	14	855,4	575,9
Trade receivables		331,6	416,0
Other current financial assets		13,1	19,1
Inventories		223,2	255,1
Income tax receivables		50,9	51,2
Other current assets		100,7	85,2
Total current assets		1 628,8	1 426,8
Goodwill	8	-	131,7
Other intangible assets	9	125,0	132,9
Property, plant and equipment		306,5	318,6
Investments accounted for using the equity method		14,3	16,5
Other financial assets		34,5	21,8
Deferred tax assets		129,1	197,1
Other assets		30,8	30,7
<b>Total assets</b>		<b>2 269,0</b>	<b>2 276,1</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Short-term debt		82,4	78,0
Trade payables		370,1	339,0
Other current financial liabilities		18,8	17,5
Payables to Siemens Group	14	237,2	464,2
Current provisions		82,1	76,3
Income tax payables		12,7	7,4
Other current liabilities and accruals		450,2	896,1
Total current liabilities		1 253,5	1 878,5
Long-term debt		25,2	43,0
Pension plans and similar commitments	10	496,8	752,9
Deferred tax liabilities		230,3	15,4
Provisions		32,6	41,3
Other financial liabilities		28,1	28,8
Other liabilities and accruals		77,2	126,6
Payables to Siemens Group	14	52,7	-
Total liabilities		2 196,4	2 886,5
<b>Equity</b>	11		
Net assets attributable to Siemens Group		53,6	(624,8)
Other components of equity		13,2	8,3
Equity attributable to Siemens Group		66,8	(616,5)
Non-controlling interests		5,8	6,1
Total equity		72,6	(610,4)
<b>Total equity and liabilities</b>		<b>2 269,0</b>	<b>2 276,1</b>

**C.4.1.1.3 COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST SIX MONTHS OF FISCAL YEAR 2011 ENDED MARCH 31, 2011 (IN MILLIONS OF EURO)**

	Total equity attributable to Siemens Group	Non controlling interests	Total equity
<b>Balance at October 1, 2010</b>	<b>(616,5)</b>	<b>6,1</b>	<b>(610,4)</b>
Net loss of the period	(174,8)	1,6	(173,2)
Other comprehensive income (loss)			
Available-for-sale financial assets	(0,1)	-	(0,1)
Actuarial gains and losses on pension plans and similar commitments, net	77,2	-	77,2
Change in currency translation adjustment	4,5	-	4,5
<b>Total comprehensive income (loss), net of tax</b>	<b>(93,2)</b>	<b>1,6</b>	<b>(91,6)</b>
Dividends paid to non-controlling interests	-	(1,8)	(1,8)
Capital contribution by shareholders of the SIS Combination Group in equity	899,3		899,3
Deemed contributions / withdrawals by shareholders of the SIS Combination Group	(122,8)	(0,1)	(122,9)
<b>Balance at March 31, 2011</b>	<b>66,8</b>	<b>5,8</b>	<b>72,6</b>

**C.4.1.1.4 COMBINED STATEMENTS OF CASH FLOW FOR THE FIRST SIX MONTHS OF FISCAL YEAR 2011 ENDED MARCH 31, 2011 (IN MILLIONS OF EURO)**

	Note	Six months ended March 31, 2011
Cash flows from operating activities		
Net loss		(173,2)
Adjustments to reconcile net loss to cash provided		
Amortization, depreciation and impairments		234,2
Income taxes	7	(18,8)
Interest (income) expenses	6	4,2
(Gains) losses on sales and disposals of investments, intangibles and property, plant and equipment		0,7
(Gains) losses on sales of investments		(0,7)
(Income) loss from investments		(2,3)
Other non-cash (income) expenses		4,8
Change in current assets and liabilities		
(Increase) decrease in inventories		24,3
(Increase) decrease in trade and other receivables		10,4
(Increase) decrease in other current assets		(27,4)
Increase (decrease) in trade payables		35,9
Increase (decrease) in current provisions		(2,0)
Increase (decrease) in other current liabilities		(76,8)
Change in other assets and liabilities		(11,8)
Income taxes paid		(12,7)
Dividends received		3,9
Interest received		0,8
<b>Net cash provided by (used in) operating activities</b>		<b>(6,5)</b>
Cash flows from investing activities		
Additions to intangible assets and property, plant & equipment		(77,6)
Acquisitions, net of cash acquired		-
Purchases of investments		(2,3)
Purchases of current available-for-sale financial assets		-
Proceeds from sales of investments, intangibles and property, plant and equipment		0,7
Proceeds from sales of current available-for-sale financial assets		0,5
<b>Net cash provided by (used in) investing activities</b>		<b>(78,7)</b>
Cash flows from financing activities		
Change in short-term debt and other financing activities		(12,7)
Interest paid		(5,0)
Dividends paid to non-controlling interest		(1,8)
Capital contributions by shareholders of the SIS Combination Group	11	899,3
Other internal financing by shareholders of the SIS Combination Group		(765,0)
<b>Net cash provided by (used in) financing activities</b>		<b>114,8</b>
Effect of exchange rates on cash and cash equivalents		(0,1)
Net increase (decrease) in cash and cash equivalents		29,5
Cash and cash equivalents at beginning of period		21,6
Cash and cash equivalents at end of period		51,1



## 1. **BASIS OF PREPARATION**

### **Background**

On December 14, 2010 Siemens AG (“Siemens”) signed an option agreement (“framework agreement”) with Atos Origin S.A. (“Atos”) to sell Atos its IT Solutions and Services business, as defined below (hereafter referred to as the “SIS Combination Group”). On February 1, 2011 Atos exercised the option and as a result Siemens AG and Atos have a final binding agreement, subject to necessary approvals (inter alia antitrust clearance, approvals from regulatory authorities and governing bodies of Atos).

In connection with this transaction, the SIS Combination Group prepared the accompanying Combined Statement of Financial Position as of March 31, 2011 and the Combined Statement of Income for the six months ended March 31, 2011, the Combined Statement of Comprehensive Income, the Combined Statement of Cash Flow and the Combined Statement of Changes in Equity and the explanatory notes (collectively, “Condensed Interim Combined Financial Statements”). The Condensed Interim Combined Financial Statements apply the same accounting principles and practices as those used in the 2010 Combined Financial Statements. In the opinion of management, these unaudited Condensed Interim Combined Financial Statements include all adjustments of a normal and recurring nature necessary for a presentation in accordance with the Basis of Preparation of results for the interim period. Results for the six months ended March 31, 2011, are not necessarily indicative of future results. The Condensed Interim Combined Financial Statements were authorized for issue by the management of the SIS Combination Group on May 12, 2011.

The Interim Combined Financial Statements are condensed and prepared in accordance with this basis of preparation and shall be read in connection with the SIS Combined Financial Statements for the year ended September 30, 2010. This basis of preparation is based on the recognition, measurement and disclosure principles as defined in International Financial Reporting Standards (“IFRS”) as adopted by the European Union as of March 31, 2011, including International Accounting Standard (IAS) 34, *Interim Financial Reporting*, and the principles as described below.

### **Structure and scope of the SIS Combination Group**

The SIS Combination Group is not a legal group for consolidated financial statements reporting purposes in accordance with IAS 27 and is presented on the basis of a notional group structure combining the SIS Combination Group businesses and the SIS Combination Group entities respectively, which will be transferred to Atos. The SIS Combination Group operates under a common management, which reports to the managing board of Siemens AG. The net assets of the SIS Combination Group are represented by the cumulative investment of Siemens Group in the SIS Combination Group (shown as *Net assets attributable to Siemens Group*).

Before the carve-out procedures as mentioned below, most of the SIS Combination Group operated in multidivisional entities (Siemens AG and Siemens Regional Companies), while few legal entities exclusively performed the SIS Combination Group business. Beginning fiscal 2010, Siemens started a reorganization of the SIS Combination Group, i.e. a new group has been set up, comprising legal entities already in existence, as well as the operating business and assets and liabilities currently included within other legal entities of the Siemens AG and its subsidiaries which are directly or indirectly controlled excluding the SIS Combination Group (“Siemens Group”). The SIS Combination Group business from the multidivisional entities was carved-out as of different dates (July 1, 2010, October 1, 2010, and various dates until February 1, 2011). Despite different legal carve-out dates the SIS Combination Group business has been included in the Condensed Interim Combined Financial Statements throughout the interim period six months ended March 31, 2011 in all affected countries to present the notional group.

As of March 31, 2011, the SIS Combination Group consists of 59 legal entities and SIS Combination Group businesses as part of a Siemens Regional Company (see Appendix 1). These entities are legally wholly owned either by Siemens AG, the Siemens Regional Companies or Siemens IT Solutions and Services GmbH (“SIS GmbH”).

The SIS Combination Group includes all assets, liabilities, revenues and expenses directly attributable to the SIS Combination Group legal entities, from the SIS Combination Group operations of Siemens AG as well as from

certain Siemens Regional Companies before the carve-out date, which will be transferred to Atos (as defined in Appendix 1) and therefore are included in the notional group.

In the course of the legal carve-out as of October 1, 2010, 1,891 employees disagreed to the transfer to SIS GmbH. These employees stayed with Siemens AG. As a result all HR related liabilities (including pensions) relating to these employees remained within Siemens AG. Additionally two loans from Siemens AG to two SIS Combination Group entities remained with Siemens AG and have not been transferred to SIS GmbH as of October 1, 2010. The impacts of the aforementioned issues, including the respective tax effects, are presented in the SIS Condensed Interim Combined Financial Statements as capital contributions and withdrawals by Siemens AG.

In addition Siemens AG has established a reimbursement right towards SIS GmbH in respect of the pension liabilities of the transferred employees. This reimbursement right does not qualify as plan asset and has therefore not been netted against the pension liabilities. It is recognized separately as other receivables from legal relationship between parent and subsidiary and between dependent entities in fiscal 2011. At the effective date of the transfer to Atos Siemens AG will execute the reimbursement right to the SIS Combination Group. The respective reimbursement amount is fixed and will only be adjusted for changes in the discount rate between October 1, 2010 and October 1, 2011, in case the payment is made on or after September 30, 2011.

For the purposes of the Condensed Interim Combined Financial Statements as at March 31, 2011, the reimbursement right recognized under "receivables from Siemens Group" of €240.3 million is based on the actuarial assumptions as of September 30, 2010.

Although the pension plans in USA, Canada and Ireland as well as pension obligations for inactive plan members in UK are not included in the transaction scope, for the purposes of the Condensed Interim Combined Financial Statements as at March 31, 2011, on an "as is accounting basis", the pension obligations, the respective pension assets and related income and expenses have been included in order to present a comprehensive financial position of the SIS Combination Group. According to the framework agreement the aforementioned pension plans will remain with Siemens Group following the change of control to Atos.

### **Presentation of the Condensed Interim Combined Financial Statements**

The principal accounting policies are as follows:

The Condensed Interim Combined Financial Statements present the operations of the SIS Combination Group as if it had been a discrete sub-group within the Siemens Group. Transactions with the non-SIS Combination Group part of the Siemens Group are disclosed as related party transactions in the Condensed Interim Combined Financial Statements.

IFRSs as adopted by the European Union (EU) do not provide for the preparation of Combined Financial Statements, and accordingly, in preparing the Condensed Interim Combined Financial Statements certain accounting conventions commonly used for have been applied (e.g. Exposure Draft 2010/2 "Conceptual Framework for Financial Reporting"). The application of these conventions results in the following basis of accounting of the Condensed Interim Combined Financial Statements. The SIS Combination Group reporting entity comprises mainly SIS legal entities as well as SIS business not managed in a separate legal entity. This notional group is under control of the SIS management. The Condensed Interim Combined Financial Statements have been prepared by aggregating the applicable financial information that was prepared for the purposes of the Siemens Consolidated Financial Statements. Only consolidation adjustments to present the SIS Combination Group have been considered. Internal transactions within the SIS Combination Group have been eliminated in preparing the Condensed Interim Combined Financial Statements.

The Condensed Interim Combined Financial Statements have been prepared on a going concern and a historical cost basis.

The Condensed Interim Combined Financial Statements have been prepared and reported in euro (€).

### **Basis of accounting**

The Condensed Interim Combined Financial Statements have been prepared for the six months ended March 31, 2011 and include no comparative information in respect of prior year comparative interim period as agreed with Atos. The prior period financial information within these Condensed Interim Combined Financial Statements present the fiscal year ended September 30, 2010 ("fiscal 2010").

The SIS Combination Group has entered into several contracts with the Siemens Group with respect to providing IT services. The main contract, Global Agreement IT Infrastructure (GAIN) (see note

14) has been signed in December 2008 with economic effect from October 2008 and a contract term until September 2014. The SIS Combination Group is the service provider for all IT services in scope of the GAIN contract. These internal IT contracts have been accounted for in accordance with IFRS.

Siemens Group has reimbursed €20.1 million for the six months ended March 31, 2011 which were not in the normal course of business from the notional group's perspective (see Note 14). These expenses are presented net of the related reimbursements in the Interim Combined Statement of Income. In the Combined Statement of Cash Flow the respective effects have been presented as deemed contributions from Siemens AG to the SIS Combination Group.

The business decisions for carve-out related issues (€47.6 million for the six month ended March 31, 2011) have not been initiated by the SIS Combination Group management and are therefore centrally funded by Siemens Group and not pushed down with the related reimbursements to the SIS Combination Group.

The Combined Financial Statements as of September 30, 2010 have been prepared using transitional exemptions as granted by IFRS 1, First-Time Application of IFRS. October 1, 2009 serves as date of the opening combined statement of financial position in accordance with the basis of presentation based on IFRS. The carrying amounts of the assets and liabilities in the SIS Condensed Interim Combined Financial Statements are measured based on the date of transition of the Siemens Group to IFRSs (IFRS 1.D16). As of October 1, 2009, the SIS Combination Group sets its reserve for currency translation differences under IAS 21 to zero within *Other components of equity in Equity*. The SIS Combination Group sets the cumulative gains and losses on pension plans and similar commitments within *Net assets attributable to Siemens Group in Equity* to zero at October 1, 2009.

Employees allocated to the SIS Combination Group may participate in the share-based payment programs of the Siemens Group. The share-based payments awards have been granted by the legal entities in which the SIS Combination Group employees have been employed and the SIS Combination Group recognizes the expenses over the term of the vesting period equal to the fair value of the compensation for the charges received or to be received by Siemens Group (see Note 13). The SIS Condensed Interim Combined Financial Statements are presented as a discrete sub-group of the Siemens Group and therefore the share-based payments are continued to be accounted for using the equity-settled method to avoid a hindsight problem in retrospectively applying a fair-value based cash-settlement accounting. In addition, the awards in the share-based payment programs shall be redeemed as of closing of the transaction with Atos.

Goodwill allocated to the SIS Combination Group in the Siemens Consolidated Financial Statements is presented in the Condensed Interim Combined Financial Statements. The entire goodwill of the SIS Combination Group which has been presented as of September 30, 2010 has been impaired in the first quarter of fiscal 2011 (see Note 8).

For purposes of these Condensed Interim Combined Financial Statements, pensions and other post-employment benefits liabilities, assets and pension costs have been included based on a roll-forward from the year end 2010 valuations. Furthermore, actuarial gains and losses arising from changes in discount rate assumptions as well as from the actual return on plan assets compared to the expected return have been recognized in Other Comprehensive Income based on best estimates as at March 31, 2011. Significant changes in plan population between September 30, 2010 and March 31, 2011 have been taken into account (see Note 10). The Condensed Interim Combined Financial Statements are prepared on the basis of the pension liabilities and related assets that are allocated to the SIS Combination Group within the Siemens Group as of September 30, 2010 and March 31, 2011. In fiscal 2010, the liabilities and assets in respect of the non-active former employees of the SIS Combination Group within Siemens were not included in the Condensed Interim Combined Financial Statements, because these employees will not be transferred to Atos. As a result of the legal carve-out as of October 1, 2010, only active employees transferred to SIS GmbH.

The SIS Combination Group's financing requirements are primarily met by cash injections from Siemens AG (see Note 14) as well as the cash settlement of the balances with Siemens Financial Services GmbH (hereafter referred to as "SFS") outstanding as of September 30, 2010 and in the six month ended March 31, 2011 via internal clearing accounts. The net cash flow from related transactions in relation to the clearing account system is reflected in the financing activities of the Combined Statement of Cash Flow. The respective movements are aggregated in the position *Other internal financing by shareholders of the SIS Combination Group* within the Combined Statement of Cash Flow.

As the SIS Combination Group is part of the Siemens Group, it obtains mandatory services from Siemens Group. Before the carve-out of the multidivisional entities, these services have been directly charged based on allocation keys like e.g. annual revenues. In fiscal 2010, the SIS Combination Group entered into transitional service agreements (TSAs) with Siemens AG and the Siemens Regional Companies. According to these agreements, Siemens Group continues to provide administrative services to the SIS Combination Group, mainly including

accounting support, HR services, logistics services, legal, tax, marketing and advertising services. The need for such services will remain after the legal separation of the SIS Combination Group entities from Siemens AG and its Regional Companies. The SIS Combination Group entities will either have to perform these services internally or receive these services from Siemens Group, Atos or other third parties, the cost of which may not be comparable to that historically recorded.

Income taxes are determined under the assumption of the SIS Combination Group entities being separate taxable entities. This separate taxable entities assumption implies that current and deferred taxes of all SIS Combination Group entities are calculated separately and any resulting deferred tax assets are evaluated for utilization following this assumption. Due to the fact that certain entities of the notional group do not file separate tax returns, the respective current tax assets and liabilities as well as the deferred tax assets on net operating losses are deemed either contributed or distributed to the respective tax group member filing the tax return with a corresponding effect in equity of the SIS Combination Group as of the end of the reporting period for these entities. Deferred tax assets not meeting the utilization criteria following the separate taxable entities assumption are not capitalized irrespective of a potential utilization within the tax group but outside the SIS Combination Group.

Management considers the separate tax return approach to be reasonable, but not necessarily indicative of the tax income and expense and the related tax in-flows or out-flows that would have been incurred if the SIS Combination Group entities were indeed separate taxable entities. No deferred tax liabilities have been recorded with respect to taxable temporary differences associated with investments in subsidiaries and associates assuming that the SIS Combination Group will not receive dividends from such subsidiaries and associates in the foreseeable future.

### **Group combination principles**

All intra-group balances within the notional group, income and expenses, unrealized gains and losses resulting from transactions between the SIS Combination Group entities are eliminated in full. All investments and the respective parent's portion of equity of each subsidiary within the SIS Combination Group are eliminated. All transactions with non-SIS Combination Group entities of the Siemens Group are disclosed as transactions with related parties.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the period presented in the Condensed Interim Combined Financial Statements.

*Key accounting estimates and judgments* – The preparation of the Condensed Interim Combined Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of income, expenses, assets and liabilities. Actual results may differ from management's estimates. Estimates and assumptions are reviewed on an ongoing basis, and changes in estimates and assumptions are recognized in the period in which the changes occur and in future periods impacted by the changes. The estimates in accordance with the basis of preparation at the date of transition for fiscal 2010 are consistent with estimates made for the same date in accordance with the reporting requirements under IFRS as part of the consolidation group of Siemens AG. Information received after the date of transition about estimates made under the reporting to be included in the Consolidated Financial Statements of Siemens AG are treated consistent with the principles described in IFRS 1 in the same way as non-adjusting events after the reporting period in accordance with IAS 10 *Events after the Reporting Period*.

In addition to the carve-out assumptions which impacted the presentation of these Condensed Interim Combined Financial Statements, the areas involving a high degree of judgment or where estimates and assumptions are significant to the Condensed Interim Combined Financial Statements are disclosed in Note 1 and Note 3.

*Business combinations* – Business combinations are accounted for under the acquisition method. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed in the period incurred. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Uniform accounting policies are applied. Changes to contingent consideration classified as a liability at the acquisition date are recognized in profit and loss. Non-controlling interests may be measured at their fair value (full-goodwill-methodology) or the proportional fair value of assets acquired and liabilities assumed. After initial recognition non-controlling interests may show a deficit balance since both profits and losses are allocated to the shareholders based on their equity interests. In business combinations achieved in stages, any previously held

equity interest in the acquiree is re-measured to its acquisition date fair value. If there is no loss of control, transactions with non-controlling interests are accounted for as equity transactions not affecting profit and loss. At the date control is lost any retained equity interests are re-measured to fair value.

*Associated companies* – Companies in which the SIS Combination Group has the ability to exercise significant influence over their operating and financial policies (generally through direct or indirect ownership of 20% to 50% of the voting rights) are recorded in the Condensed Interim Combined Financial Statements using the equity method of accounting and are initially recognized at cost. Where necessary, adjustments are made to bring the accounting policies in line with those of the SIS Combination Group. The excess of the SIS Combination Group's initial investment in associated companies over the SIS Combination Group's ownership percentage in the underlying net assets of those companies is attributed to certain fair value adjustments with the remaining portion recognized as goodwill. Goodwill relating to the acquisition of associated companies is included in the carrying amount of the investment and is not amortized but is tested for impairment as part of the overall investment in the associated company. The SIS Combination Group's share of its associated companies' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in equity that have not been recognized in the associates' profit or loss is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in the associated company. When the SIS Combination Group's share of losses in an associated company equals or exceeds its interest in the associate, the SIS Combination Group does not recognize further losses, unless it incurs obligations or makes payments on behalf of the associate. The interest in an associate is the carrying amount of the investment in the associate together with any long-term interests that, in substance, form part of the SIS Combination Group's net investment in the associate. Intercompany results arising from transactions between the SIS Combination Group and its associated companies are eliminated to the extent of the SIS Combination Group's interest in the associated company. The SIS Combination Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the SIS Combination Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. Upon loss of significant influence over the associate, the SIS Combination Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

*Foreign currency translation* – The assets, including goodwill, and liabilities of the SIS Combination Group entities, where the functional currency is other than the euro, are translated using the exchange rate at the end of the reporting period, while the statements of income are translated using average exchange rates during the period. Differences arising from such translations are recognized within equity and reclassified to net income when the gain or loss on disposal of the foreign subsidiary is recognized.

The exchange rates of the significant currencies of non-euro countries used in the preparation of the Condensed Interim Combined Financial Statements were as follows:

Currency	ISO Code	Exchange rate €1 quoted into currencies specified below as of		Average rate €1 quoted into currencies specified below Six months ended March 31, 2011
		March 31, 2011	September 30, 2010	
U.S. Dollar	USD	1.421	1.365	1.366
British pound	GBP	0.884	0.860	0.861
Swiss Franc	CHF	1.301	1.329	1.299

*Revenue recognition* – Revenue is recognized for product sales when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably, and collection of the related receivable is reasonably assured. If product sales are subject to customer acceptance, revenue is not recognized until customer acceptance occurs.

Revenue from construction-type projects is recognized under the percentage-of-completion method, based on the percentage of costs to date compared to the total estimated contract costs. Revenues from service transactions are recognized as the services are performed.

For long-term service contracts, revenue is recognized on a straight-line basis over the term of the contract or, if the performance pattern is other than straight-line, as the services are performed. Some contracts involving both development of customer specific solutions and directly related subsequent managed services are accounted for

using the percentage-of-completion method. Operating lease income for equipment rentals is recognized on a straight-line basis over the lease term. Arrangements that are not in the legal form of a lease are accounted for as a lease if, based on the substance of the arrangement, it is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Sales of goods and services as well as software arrangements sometimes involve the provision of multiple elements. In these cases, the SIS Combination Group determines whether the contract or arrangement contains more than one unit of accounting. An arrangement is separated if (1) the delivered element(s) has (have) value to the customer on a stand-alone basis, (2) there is reliable evidence of the fair value of the undelivered element(s) and (3), if the arrangement includes a general right of return relative to the delivered element(s), delivery or performance of the undelivered element(s) is (are) considered probable and substantially in the control of the SIS Combination Group. If all three criteria are fulfilled, the appropriate revenue recognition convention is then applied to each separate unit of accounting. Generally, the total arrangement consideration is allocated to the separate units of accounting based on their relative fair values. The hierarchy of fair value evidence is as follows: (a) sales prices for the component when it is regularly sold on a stand-alone basis, (b) third-party prices for similar components or, (c) under certain circumstances, cost plus an adequate business-specific profit margin related to the relevant element. By this means, reliable fair values are generally available. However, there might be cases when fair value evidence according to (a) and (b) is not available and the application of the cost-plus method (c) does not create reasonable results because the costs incurred are not an appropriate base for the determination of the fair value of an element. In such cases the residual method is used, if fair value evidence is available for the undelivered but not for one or more of the delivered elements, i.e. the amount allocated to the delivered elements equals the total arrangement consideration less the aggregate fair value of the undelivered elements. If the three separation criteria (1) to (3) are not met, revenue is deferred until such criteria are met or until the period in which the last undelivered element is delivered. The amount allocable to the delivered elements is limited to the amount that is not contingent upon delivery of additional elements or meeting other specified performance obligations.

Dividends are recognized when the right to receive payment is established. Interests are recognized using the effective interest method.

*Functional Costs* – In general, operating expenses by type are assigned to the functions following the functional area of the corresponding profit and cost centers. Expenses relating to cross-functional initiatives or projects are assigned to the respective functional costs based on an appropriate allocation principle.

*Product-related expenses* – Provisions for estimated costs related to product warranties are recorded in Cost of goods sold and services rendered at the time the related sale is recognized, and are determined on an individual basis. The estimates reflect historic trends of warranty costs, as well as information regarding product failure experienced during construction, installation or testing of IT services or solutions.

*Research and development costs* – Costs of research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed as incurred.

Costs for development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the SIS Combination Group intends, and has sufficient resources, to complete development and to use or sell the asset. The costs capitalized include the cost of materials, direct labour and other directly attributable expenditure that serves to prepare the asset for use. Such capitalized costs are included in Other intangible assets as software and other internally generated intangible assets, see Note 9. Other development costs are expensed as incurred. Capitalized development costs are stated at cost less accumulated amortization and impairment losses with an amortization period of generally three to five years.

Government grants for research and development activities are offset against research and development costs. They are recognized as income over the periods in which the research and development costs incur that are to be compensated. Government grants for future research and development costs are recorded as deferred income.

*Goodwill* – Goodwill is not amortized, but instead tested for impairment annually, as well as whenever there are events or changes in circumstances (triggering events) which suggest that the carrying amount may not be recoverable. Goodwill is carried at cost less accumulated impairment losses. The goodwill impairment test is performed at the level of the SIS Combination Group, which represents the cash-generating unit and is the lowest level at which goodwill is monitored for internal management purposes. If the carrying amount of the SIS Combination Group to which the goodwill is allocated exceeds its recoverable amount, an impairment loss on goodwill is recognized. The recoverable amount is the higher of the SIS Combination Group's fair value less costs to sell and its value in use. If either of these amounts exceeds the carrying amount, it is not always necessary to determine both amounts. The SIS Combination Group determines its recoverable amount based on its fair value less costs to sell. This value is generally determined based on discounted cash flow calculations.

Impairment losses on goodwill are not reversed in future periods if the recoverable amount exceeds the carrying amount of the SIS Combination Group to which the goodwill is fully allocated (see Note 8 for further information).

*Other intangible assets* – Other intangible assets consist of software and other internally generated intangibles assets, patents, licenses and similar rights. The SIS Combination Group amortizes these intangible assets on a straight-line basis over their respective estimated useful lives to their estimated residual values. The amortization method and useful lives are reviewed annually and, if expectations differ from previous estimates, adjusted accordingly. The estimated useful lives for software, patents, licenses, and other similar rights range from three to five years. Please refer to Note 9 for further information. The SIS Combination Group has no intangible assets with an indefinite useful life.

*Property, plant and equipment* – Property, plant and equipment is valued at cost less accumulated depreciation and impairment losses. If the costs of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is recognized using the straight-line method. Residual values and useful lives are reviewed annually and, if expectations differ from previous estimates, adjusted accordingly.

The following useful lives are assumed:

Buildings	20 to 50 years
Technical machinery & equipment	5 to 10 years
Furniture & office equipment	generally 5 years
Equipment leased to others	generally 3 to 5 years

*Impairment* – Property, plant and equipment and other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by the comparison of the carrying amount of the asset to the recoverable amount, which is the higher of the asset's value in use and its fair value less costs to sell. If assets do not generate cash inflows that are largely independent of those from other assets or groups of assets, the impairment test is not performed at an individual asset level, but instead performed at the level of the SIS Combination Group. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset or cash-generating unit exceeds their recoverable amount. If the fair value cannot be determined, the assets' value in use is used as the recoverable amount. The assets' value in use is measured by discounting their estimated future cash flows. If there is an indication that the reasons which caused the impairment no longer exist, the SIS Combination Group assesses the need to reverse all or a portion of the impairment.

*Income taxes* – In interim periods, tax expense is based on the current estimated annual effective tax rate of SIS Combination Group. Current and deferred income tax are recognized in accordance with applicable tax laws that result from the German and international SIS Combination Group business. Some of the entities within the SIS Combination Group did not file separate tax returns as they were included in a group for tax purposes together with other Siemens entities or because they were part of the Siemens Regional Companies. The income tax included in these Condensed Interim Combined Financial Statements was calculated using a method consistent with a separate return basis, as if these entities were either separate, stand-alone taxpayers in the respective jurisdictions or within a SIS Combination Group national tax group. The usage of a national tax group, e.g. for Germany, is dependent on the local tax legislation and the assumptions of the legal structure of the SIS Combination Group.

Estimated changes in deferred tax assets and liabilities are recorded in the Income taxes line of the Combined Statement of Income unless these changes are recognized directly in equity. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted at the Statement of Financial Position date in the respective jurisdiction.

*Inventories* – Inventory is valued at the lower of acquisition or production cost and net realizable value with cost being generally determined on the basis of the average method. Production costs comprise direct material and labor and applicable manufacturing overheads, including depreciation charges. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

*Defined benefit plans and other post-employment benefits* – The entitlements of the defined benefit plans are measured by applying the projected unit credit method. The approach reflects an actuarially calculated net present value of the future benefit entitlement for services already rendered. In determining the net present value of the future benefit entitlement for service already rendered (Defined Benefit Obligation (DBO)), the SIS Combination Group considers future compensation and benefit increases, because the employee's final benefit entitlement at regular retirement age depends on future compensation or benefit increases. For post-employment healthcare benefits, the SIS Combination Group considers healthcare trends in the actuarial valuations.

For unfunded plans, a pension liability equal to the DBO adjusted by unrecognized past service cost is recognized. For funded plans, the SIS Combination Group offsets the fair value of the plan assets against the benefit obligations. The SIS Combination Group recognizes the net amount, after adjustments for effects relating to unrecognized past service cost and any asset ceiling, under pension liability or pension asset.

Actuarial gains and losses, resulting for example from an adjustment of the discount rate or from a difference between actual and expected return on plan assets, are recognized in the Combined Statement of Comprehensive Income in the year in which they occur. Those effects are recorded in full directly in equity, net of tax.

Countries with principal pension plans include Austria, Germany, Switzerland and UK.

For the SIS Combination Group business in Germany, as of March 31, 2011, only the pension obligations related to the deferred compensation plan are funded. Although the pension obligations with respect to the pension scheme "Beitragsorientierte Siemens Altersversorgung" (BSAV) and other retirement benefits are funded by Siemens AG, for the purposes of the Condensed Interim Combined Financial Statements, they are recognized as unfunded due to the fact that the corresponding pension assets have not been transferred to SIS Combination Group as of March 31, 2011. Please refer to Note 10 for further information.

*Provisions* – A provision is recognized in the Combined Statement of Financial Position when the SIS Combination Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognized at present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognized as a provision and measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract as far as they exceed the expected economic benefits of the contract. Before a provision for onerous contracts is recognized assets directly and exclusively assigned to the contract are tested for impairment losses and valuation allowances. Additions to provisions and reversals are generally recognized in the income statement. The present value of legal obligations associated with the retirement of property, plant and equipment (asset retirement obligations) that result from the acquisition, construction, development or normal use of an asset is added to the carrying amount of the related asset. The additional carrying amount is depreciated over the useful life of the related asset. Additions to and reductions from the present value of asset retirement obligations (including provisions for dilapidation towards Siemens Real Estate) that result from changes in estimates are generally recognized by adjusting the carrying amount of the related asset and provision. If the asset retirement obligation is settled for other than the carrying amount of the liability the SIS Combination Group recognizes a gain or loss on settlement.

*Termination benefits* – Termination benefits are recognized in the period incurred and when the amount is reasonably estimable. Termination benefits in accordance with IAS 19 are recognized as a liability and an expense when the entity is demonstrably committed, through a formal termination plan or otherwise creating a valid expectation, to either provide termination benefits as a result of an offer made in order to encourage voluntary redundancy or terminate employment before the normal retirement date.

The measurement of liabilities for employee termination benefits is based on the estimated number of employees who are expected to sign the voluntary termination agreement and the estimated related costs.

*Leasing* – The determination, of whether an arrangement is or contains a lease, is based on the substance of the arrangement at the inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item to the SIS Combination Group, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the Combined Statement of Income. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the SIS Combination Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and



the lease term. (See also Note 3). Leases of assets under which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Combined Statement of Income on a straight-line basis over the term of the lease.

When a lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

*Financial instruments* – A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The SIS Combination Group's financial assets mainly include cash and cash equivalents, available-for-sale financial assets, trade receivables, loans receivables, finance lease receivables and derivative financial instruments with a positive fair value. Cash and cash equivalents are not included in the category available-for-sale financial assets as these financial instruments are not subject to fluctuations in value. The SIS Combination Group does not make use of the category held to maturity. The SIS Combination Group's financial liabilities mainly comprise short-term debt, trade payables, finance lease payables and derivative financial instruments with a negative fair value. The SIS Combination Group does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception. Based on their nature, financial instruments are classified as financial assets and financial liabilities measured at cost or amortized cost and financial assets and financial liabilities measured at fair value and as financial receivables from finance leases.

Financial instruments are recognized on the Combined Statement of Financial Position when the SIS Combination Group becomes a party to the contractual obligations of the instrument. Regular way purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are accounted for at the trade date.

Initially, financial instruments are recognized at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognized in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. Finance lease receivables are recognized at an amount equal to the net investment in the lease. Subsequently, financial assets and liabilities are measured according to the category - cash and cash equivalents, available-for-sale financial assets, loans and receivables, financial liabilities measured at amortized cost or financial assets and liabilities classified as held for trading - to which they are assigned.

*Cash and cash equivalents* – All highly liquid investments with less than three months maturity from the date of acquisition are considered to be cash equivalents. Cash and cash equivalents are measured at cost.

*Available-for-sale financial assets* – Investments in equity instruments, debt instruments and fund shares are all classified as available-for-sale financial assets and are measured at fair value, if reliably measurable. Unrealized gains and losses, net of applicable deferred income taxes, are recognized in Other comprehensive income. Provided that fair value cannot be reliably determined, the SIS Combination Group measures available-for-sale financial instruments at cost. This applies to equity instruments that do not have a quoted market price in an active market, and decisive parameters cannot be reliably estimated for use in valuations models for the determination of fair value.

When available-for-sale financial assets incur a decline in fair value below acquisition cost and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized in equity is removed from equity and recognized in the Combined Statements of Income. The SIS Combination Group considers all available evidence such as market conditions and prices, investee-specific factors and the duration and the extent to which fair value is less than acquisition cost in evaluating potential impairment of its available-for-sale financial assets. The SIS Combination Group considers a decline in fair value as objective evidence of impairment, if the decline exceeds 20% of costs or continues for more than six months. An impairment loss is reversed in subsequent periods for debt instruments, if the reasons for the impairment no longer exist.

*Loans and receivables* – Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method less any impairment losses. Impairment losses on trade receivables are recognized using separate allowance accounts. See Note 3 for further information regarding the determination of impairment. Loans and receivables bearing no or lower interest rates compared to market rates with a maturity of more than one year, are discounted.

*Financial liabilities* – The SIS Combination Group measures financial liabilities, except for derivative financial instruments, at amortized cost using the effective interest method.

*Derivative financial instruments* – Derivative financial instruments, represented by foreign currency exchange contracts, are measured at fair value. Derivative instruments are classified as held for trading. The SIS Combination Group does not designate derivative financial instruments as hedging instruments and accordingly does not apply hedge accounting. Changes in the fair value of derivative financial instruments are recognized in net income.

*Share-based payment* – IFRS 2 distinguishes between cash-settled and equity-settled share-based payment transactions. For both types, the fair value is measured at grant date and compensation expense is recognized over the vesting period during which the employees become unconditionally entitled to the awards granted. Cash-settled awards are re-measured at fair value at the end of each reporting period and upon settlement. The SIS Combination Group uses an option pricing model to determine the fair value of stock options. The fair value of other share-based awards, such as stock awards, matching shares, and shares granted under the Jubilee Share Program, is determined as the market price of Siemens shares, considering dividends during the vesting period the grantees are not entitled to, and certain non-vesting conditions if applicable. See Note 13 for further information on share-based awards.

### **3. CRITICAL ACCOUNTING ESTIMATES**

The Condensed Interim Combined Financial Statements are prepared in accordance with the basis of preparation. The SIS Combination Group's significant accounting policies (see Note 2) as well as the group combination principles (see Note 1) are essential to understand the SIS Combination Group's results of operations, financial positions and cash flows for the fiscal year presented. Certain of the SIS Combination Group's accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the SIS Combination Group's results of operations, financial position and cash flows. Critical accounting estimates could also involve estimates where management reasonably could have used a different estimate in the current accounting period. Management cautions that future events often vary from forecasts and that estimates routinely require adjustment.

*Revenue recognition on construction type contracts* – The SIS Combination Group conduct a portion of its business under construction-type contracts with customers. The SIS Combination Group generally accounts for long-term construction-type projects using the percentage-of-completion method, recognizing revenue as performance on the contract progresses. Certain long-term service contracts are accounted for under the percentage-of-completion method as well. This method places considerable importance on accurate estimates of the extent of progress towards completion. Depending on the methodology to determine contract progress, the significant estimates include total contract costs, remaining costs to completion, total contract revenues, contract risks and other judgments. Management continuously reviews all estimates involved in such construction-type contracts and adjusts them as necessary within usual project reviews as well as in case of unexpected developments (triggering events).

*Trade receivables* – The allowance for doubtful accounts involves significant management judgment and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical bad debts on a portfolio basis. For the determination of the country-specific component of the individual allowance, country credit ratings are also considered, which are determined by SFS based on information from external rating agencies. As of March 31, 2011 and September 30, 2010, the SIS Combination Group recorded a total valuation allowance for accounts receivables of €20.5 million and €23.9 million respectively.

*Inventories* – Management judgment is required for identification of inventory where net realizable value is lower than its carrying amount. Further, determination of net realizable value involves management estimates. The SIS Combination Group recognized an income of €6.7 million and an expense of €1.1 million from the change in the valuation allowance in the six months ended March 31, 2011 and fiscal 2010, respectively.

*Leased equipment* – The SIS Combination Group leases equipment from Siemens Financial Services. For Siemens Group consolidation purposes leasing contracts between Siemens Group and the SIS Combination Group are treated as operating leases. Leasing contracts which do qualify as finance leases have been reclassified for this Condensed Interim Combined Financial Statements in accordance with IAS 17. For these leasing contracts the initial purchase price has been assumed to be the fair value of the respective asset. The economic life of the assets is assumed to equal the lease term. Acquisition costs have not been considered as they are not material (see Note 2).

*Impairment of property, plant and equipment, goodwill and other intangible assets* – Property, plant and equipment, goodwill and other intangible assets have been tested for impairment as per the accounting policies described earlier. The determination of the recoverable amount involves the use of estimates by management with respect to the discount rate and cash flows used in the discounted cash flow model. The estimates included, and the methodology used, can have a material impact on the respective values and ultimately the amount of any impairment. In the six months ended March 31, 2011, the SIS Combination Group has impaired the entire goodwill of the SIS Combination Group (see Note 8).

*Pension plans and similar commitments* – Obligations for pension and other post-employment benefits and related net periodic pension costs are determined in accordance with actuarial valuations. These valuations rely on key assumptions including discount rates, expected return on plan assets, expected salary increases, mortality rates and health care trend rates. The discount rate assumptions are determined by reference to yields on high-quality corporate bonds of appropriate duration and currency at the end of the reporting period. In case such yields are not available, discount rates are based on government bonds yields. The assumptions regarding the expected return on plan assets are based on a uniform methodology, considering long-term historical returns and asset allocations. Due to changing market and economic conditions, the underlying key assumptions may differ from actual developments and may lead to significant changes in pension and other post-employment benefit obligations. Such differences are recognized in full directly in equity in the period in which they occur without affecting profit or loss. See Note 10 for further details on pensions and other post-employment benefits.

*Provisions* – Significant estimates are involved in the determination of provisions related to onerous contracts, dilapidations, warranty costs and legal proceedings. A significant portion of the business is performed pursuant to long-term contracts, often for large projects awarded on a competitive bidding basis. The SIS Combination Group records a provision for onerous sales contracts when current estimates of total contract costs exceed expected contract revenue. Such estimates are subject to changes based on new information as projects progress toward completion. Onerous sales contracts are identified by monitoring the progress of the project and updating the estimate of total contract costs which also requires significant judgment relating to achieving certain performance standards as well as estimates involving warranty costs.

The SIS Combination Group is subject to legal and regulatory proceedings in various jurisdictions. Such proceedings may result in criminal or civil sanctions, penalties or disgorgements against the SIS Combination Group. If it is more likely than not that an obligation of the SIS Combination Group exists and will result in an outflow of resources, a provision is recorded if the amount of the obligation can be reliably estimated. Regulatory and legal proceedings as well as government investigations often involve complex legal issues and are subject to substantial uncertainties. Accordingly, management exercises considerable judgment in determining whether there is a present obligation as a result of a past event at the end of the reporting period, whether it is more likely than not that such a proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. The SIS Combination Group periodically reviews the status of these proceedings with both inside and outside counsel. These judgments are subject to changes as new information becomes available. The required amount of a provision may change in the future due to new developments in the particular matter. Revisions to estimates may significantly impact future net income. Upon resolution, the SIS Combination Group may incur charges in excess of the recorded provisions for such matters. It cannot be excluded, that the financial position or results of SIS Combination Group's operations will be materially affected by an unfavorable outcome of legal or regulatory proceedings or government investigations. See Note 12 for further information on legal proceedings.

*Income taxes* – The SIS Combination Group operates in various tax jurisdictions and therefore has to determine tax positions under respective local tax laws and tax authorities' views, which can be complex and subject to different interpretations of taxpayers and local tax authorities. Deferred tax assets are recognized if sufficient future taxable profit is available, including income from forecasted operating earnings, the reversal of existing taxable temporary differences and established tax planning opportunities. As of each period-end, management evaluates the recoverability of deferred tax assets, based on projected future taxable profits. As future developments are uncertain and partly beyond management's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will recover. Estimates are revised in the period in which there is sufficient evidence to revise the assumption. If management considers it probable that all or a portion of a deferred tax asset cannot be realized, a deferred tax asset is only recognized to the extent considered realizable.

4. **OTHER OPERATING INCOME**

€m	Six months ended March 31, 2011
Gains on sales of property, plant and equipment and intangibles	0.3
Other	0.4
<b>Other operating income</b>	<b>0.7</b>

5. **OTHER OPERATING EXPENSES**

€m	Six months ended March 31, 2011
Losses on sales of property, plant and equipment and intangibles	(1.0)
Other	(0.7)
<b>Other operating expenses</b>	<b>(1.7)</b>

6. **INTEREST INCOME, INTEREST EXPENSE AND OTHER FINANCIAL INCOME (EXPENSE),  
NET**

€m	Six months ended March 31, 2011
Pension related interest income	31.0
Interest income, other than pension	2.2
<b>Interest income</b>	<b>33.2</b>
Pension related interest expense	(38.0)
Interest expense, other than pension	(6.4)
<b>Interest expense</b>	<b>(44.4)</b>
Miscellaneous financial income (expense), net	(0.5)
<b>Other financial income (expense), net</b>	<b>(0.5)</b>

The components of *Income (expense) from pension plans and similar commitments, net* were as follows:

€m	Six months ended March 31, 2011
Expected return on plan assets and reimbursement rights	31.0
Interest cost	(38.0)
<b>Income (expense) from pension plans and similar commitments, net</b>	<b>(7.0)</b>

See Note 10 for further details on *Expense from pension plans and similar commitments, net*.

The total amount of *Interest income and (expense)*, other than pension, were as follows:

€m	Six months ended March 31, 2011
Interest income, other than pension	2.2
Interest expense, other than pension	(6.4)
<b>Interest income (expense), net, other than pension</b>	<b>(4.2)</b>
Thereof: Interest income (expense) of operations, net	(0.2)
Thereof: Other interest income (expense), net	(4.0)

*Interest income (expense) of Operations, net* includes interest income and expense primarily related to receivables from customers and payables to suppliers, interest on advances from customers and advanced financing of customer contracts. *Other interest income (expense), net* includes all other interest amounts, primarily consisting of interest relating to transactions with Siemens Financial Services GmbH (see Note 14).

*Interest income (expense)* other than pension includes the following with respect to financial assets (financial liabilities) not at fair value through profit or loss:

€m	Six months ended March 31, 2011
Total interest income on financial assets	2.2
Total interest expenses on financial liabilities	(6.2)

## 7. INCOME TAXES

In interim periods, tax expense is accrued using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. SIS Combination Group expects an average annual effective income tax rate of 9.8%. The income tax rate is mainly influenced by the effect of goodwill impairment of €135.8million which is not deductible for tax purposes.

On October 1, 2010 Siemens AG legally sold its German SIS business to SIS GmbH. The transaction was accounted for at book values for IFRS as a common control transaction whereas for tax purposes the transfer was done at fair market values causing a tax loss and corresponding step-down of tax bases as well as the recognition of a tax badwill for which deferred tax assets and liabilities have been recognized. The deferred tax asset was eliminated through equity as a deemed withdrawal because after the sale Siemens AG is no longer in the transaction scope but the shareholder of SIS GmbH.

## 8. GOODWILL

€m	March 31, 2011	September 30, 2010
<b>Cost</b>		
Balance at beginning of period	297.4	270.8
Translation differences and other	(7.6)	14.0
Acquisitions and purchase accounting adjustments	3.7	13.8
Dispositions and reclassifications to assets held for disposal	-	(1.2)
Balance at end of period	293.5	297.4
<b>Accumulated impairment losses and other changes</b>		
Balance at beginning of period	(165.7)	(155.4)
Translation differences and other	8.0	(10.3)
Impairment of goodwill	(135.8)	-
Balance at end of period	(293.5)	(165.7)
<b>Net book value</b>		
Balance at beginning of period	131.7	115.4
Balance at end of period	-	131.7

In December 2010 Siemens AG and Atos signed an option agreement which grants Atos the right to acquire the SIS Combination Group. The option was exercised by Atos in February 2011. Based on revised expectations regarding the recoverable amount, the entering into the option agreement represented a triggering event for an impairment test. The SIS Combination Group impairment test in December 2010 has been based on a comparison of the fair value less costs to sell with the carrying amount of the SIS Combination Group. The fair market value is assumed to be represented by the consideration that Atos committed itself to pay for the transfer of the SIS Combination Group. The consideration comprises 12.5 million newly issued shares in Atos with a five-year lock-up commitment, a five-year convertible bond of €250 million (nominal value) and a cashpayment of €186 million less commitments entered into by Siemens AG including, among others, up to €250 million for the integration and training costs as well as further protections and guarantees. As a result, the entire goodwill of the SIS Combination Group as of December 31, 2010 has been impaired in the first quarter of fiscal 2011.

## 9. OTHER INTANGIBLE ASSETS

€m	March 31, 2011	September 30, 2010
Software and other internally generated intangible assets	215.5	209.4
Less: accumulated amortization	(143.3)	(132.5)
Software and other internally generated intangible assets, net	72.2	76.9
Patents, licenses and similar rights	213.6	209.5
Less: accumulated amortization	(160.8)	(153.5)
Patents, licenses and similar rights, net	52.8	56.0
<b>Other intangible assets</b>	<b>125.0</b>	<b>132.9</b>

Amortization expense on intangible assets is included in *Cost of goods sold and services rendered*, *Research and development expenses*, *Marketing and selling expenses* or *General administrative expenses*, depending on the use of the asset.

*Software and other internally generated intangible assets* include €23.1 million and €26.6 million as of March 31, 2011 and September 30, 2010, respectively, that are used inter alia to fulfill a contract with a customer in the UK. The capitalized costs are amortized over the expected useful life.

As of March 31, 2011 and September 30, 2010, contractual commitments for purchases of other intangible assets amounted to €26.1 million and €27.3 million.

## 10. PENSION PLANS AND SIMILAR COMMITMENTS

The figures for pension plans, other post-employment benefits and similar commitments stated in the following refer to the countries with principal pension obligations (principal pension plans) allocated to the SIS Combination Group (Germany, Austria, Switzerland and UK) as these countries represent 94% of the total unfunded pension obligations assigned to the SIS Combination Group as of September 30, 2010.

Pension obligations have been recognized on an “as is” basis of the employees allocated to the SIS Combination Group as of September 30, 2010 and 31 March 2011, respectively. Deviant from this principle but corresponding to the basis of preparation of the Condensed Interim Combined Financial Statements as of March 31, 2011 the scope of the Atos transaction has been reflected by excluding inactive plan participants of SIS business in Germany (inactive employees of Siemens AG only).

Furthermore, as a result of restructuring measures 1,891 active employees allocated to the SIS Combination Group in Germany as of September 30, 2010, have remained within Siemens AG and are therefore not allocated to the SIS Combination Group anymore since October 1, 2010. As these obligations remain with Siemens AG, the pension liability (net of assets) allocated to the SIS Combination Group is reduced by €180.7 million (liabilities of €198.7 million and assets of €18.0million).

These pension obligations have been treated as a divestment in the six months ended March 31, 2011 by presenting the reduction of pension liabilities within the development of the roll forward of the Defined Benefit Obligation (DBO). The pension expense (Net Periodic Benefit Cost – NPBC) for the period ending March 31, 2011 is based on the reduced plan population as at October 1, 2010.

Service cost for pension plans and similar commitments are allocated among functional costs (Cost of goods sold and services rendered, Research and development expenses, Marketing, Selling and general administrative expenses) following the functional area of the corresponding profit and cost centers.

€m	Six months ended March 31, 2011		
	Total	Domestic	Foreign
Service cost	(19.6)	(10.3)	(9.3)
Interest cost	(34.6)	(8.3)	(26.3)
Expected return on plan assets	27.5	0.6	26.9
Amortization of past service (cost) / benefits	0.5	-	0.5
(Loss) / gain due to settlements and curtailments	-	-	-
<b>Net periodic benefit cost</b>	<b>(26.2)</b>	<b>(18.0)</b>	<b>(8.2)</b>
<i>Germany</i>	<i>(18.0)</i>	<i>(18.0)</i>	
<i>Austria</i>	<i>(1.3)</i>		<i>(1.3)</i>
<i>Switzerland</i>	<i>(0.3)</i>		<i>(0.3)</i>
<i>UK</i>	<i>(6.6)</i>		<i>(6.6)</i>

### Pension obligations and funded status

The pension plans of the SIS Combination Group's state an underfunding for March 31, 2011 of €458.8 million, compared to an underfunding of €701.9 million as at September 30, 2011. The improvement relates to €180.7 million for the aforementioned pension liability which remains with Siemens AG and to €74.2 million to actuarial gains.

With respect to the unfunded pension obligations of SIS GmbH a reimbursement right has been established as at 1 October 2010 amounting to €240.3 million (see Note 1).

The weighted-average discount rate used to estimate the DBO of the SIS Combination Group's pension plans as of March 31, 2011 and September 30, 2010 is 5.4 percent and 4.7 percent, respectively.

Contributions made by the SIS Combination Group to its pension plans during the six months ended March 31, 2011 were €11.4 million.

### Events after March 31, 2011 affecting pension benefits

As a result of the transfer to Atos, the pension obligations for inactive plan members of the SIS Combination Group UK and the pension obligations for the US, Canada and Ireland will remain with Siemens Group.

The pension liabilities with respect to inactive plan members of Sinius GmbH have been recognized in the SIS Condensed Interim Combined Financial Statements as these liabilities will be transferred to SIS GmbH in the third quarter of fiscal 2011.

## **11. EQUITY**

As stated in Note 1, certain SIS Combination Group entities are still legally owned by either Siemens AG or SIS GmbH or the Siemens Regional Companies. Therefore, currently there is no single controlling SIS entity. The financial information of the SIS Combination Group entities included in the Condensed Interim Combined Financial Statements has therefore been combined based on a notional group structure.

In connection with the carve out of the German SIS business Siemens made a cash contribution of €813.3 million. Additionally Siemens AG increased the capital of SIS GmbH by €86.0 million by way of a contribution in kind.

The other comprehensive income includes mainly €1207 million actuarial gains, offset by the respective tax effect of €43.5 million. Therein included is a gain of 37.5 million due to the fact that actuarial losses from employees who disagreed to the transfer to SIS GmbH were reversed, offset by the respective tax effect of €11.5 million.

Deemed contributions/withdrawals by the shareholders of the SIS Combination Group as presented in the Combined Statement of Changes in equity are related to the carve out, as described in Note 1, of several countries (see Appendix 1). As 1.891 employees disagreed to the transfer to SIS GmbH the related personnel liabilities which amount to 395.8 million (including €337.2 million restructuring related liabilities) remained with Siemens AG. Additionally pension obligations (net of actuarial losses) amounting to €143.2 million were not transferred for the same reason. The reimbursement right of SIS GmbH for the transferred pension obligation against Siemens AG amounts to €240.3 million. The purchase prices for acquisitions of the SIS legal entities by SIS GmbH and Siemens IT Solutions and Services Verwaltungs-GmbH amounts to €758.1 million. Additionally, the newly founded SIS entities purchased the SIS business, by way of asset deals, from the Siemens Group in the amount to €58.6 million. The remaining amount of the deemed contributions/withdrawals by the shareholders of the SIS Combination Group results mainly from assets and liabilities, which were excluded from the local carve outs according to the Local Asset Transfer Agreements. These excluded assets and liabilities relate mainly to cash, real estate, financial debt, tax issues and finance receivables and liabilities with the Siemens Group. The respective equity effect of excluded assets and liabilities of SIS GmbH amounts to a withdrawal of €889 million including tax effects. This amount is comprised of contributions and withdrawals resulting from the carve out at October 1, 2010 and includes the related deferred tax effects.

### *Additional capital disclosures*

All SIS Combination Group entities are fully-owned by the Siemens Group entities except for non-controlling interests (see Appendix 1). The SIS Combination Group capital management strategy is accordingly derived from the strategy of Siemens AG and focuses on working capital management. None of the SIS Combination Group entities are subject to material externally imposed capital requirements.

## **12. COMMITMENTS AND CONTINGENCIES**

### *Legal proceedings*

In 2009 Siemens EOOD (Bulgaria) entered into a contract with the Ministry of the Interior of Bulgaria for the delivery and implementation of the Bulgarian Biometric Passport System. Due to a delay related to the acceptance of the project by the Ministry it claimed substantial penalties in September 2010. However, in December 2010 the project acceptance was finally reached and the claims were settled.

In September 2009, Siemens Canada Limited (Siemens Canada), carrying on business as Siemens IT Solutions & Services filed a lawsuit against Sapient Canada Inc. ("Sapient") in the Ontario Superior Court of Justice, Canada, seeking damages of Canadian Dollar (CAD) 21.5 million in respect of services rendered, breach of contract and interference with economic relations. In June 2010, Sapient counterclaimed against Siemens Canada in the amount of CAD10.25 million alleging negligence and breach of contract. The litigation arises out of Sapient's termination of contract with Siemens Canada to provide Application Support Services and Data Conversion Services in the context of an SAP solution implementation.



### *Guarantees and other commitments*

The following table presents the undiscounted amount of maximum potential future payments for each major group of guarantee:

€m	March 31, 2011	September 30, 2010
Credit guarantees	7.7	8.7
Guarantees of third party performance	4.4	16.2
<b>Commitments and contingencies</b>	<b>12.1</b>	<b>24.9</b>

*Credit guarantees* cover the financial obligations of third parties in cases where the SIS Combination Group is the vendor and/or contractual partner. These guarantees generally provide that in the event of default or non-payment by the primary debtor, the SIS Combination Group will be required to settle such financial obligations. The maximum amount of these guarantees is subject to the outstanding balance of the credit or, in case where a credit line is subject to variable utilization, the nominal amount of the credit line. These guarantees usually have terms of between one and five years. Except for statutory recourse provisions against the primary debtor, credit guarantees are generally not subject to additional contractual recourse provisions.

Furthermore, the SIS Combination Group issues Guarantees of third-party performance, which include performance bonds and guarantees of advanced payments in cases where the SIS Combination Group is the general or subsidiary partner in a consortium. In the event of non-fulfilment of contractual obligations by the consortium partner(s), the SIS Combination Group will be required to pay up to an agreed-upon maximum amount. These agreements span the term of the contract, typically ranging from three months to seven years.

As of March 31, 2011 and September 30, 2010 future payment obligations under non-cancelable operating leases were as follows:

€m	March 31, 2011	September 30, 2010
Within 1 year	168.2	167.1
Between 1 and 5 years	185.6	183.5
After 5 years	6.5	8.3
<b>Future payment obligations under non-cancellable operating leases</b>	<b>360.3</b>	<b>358.9</b>

The total operating rental expense for the period ended March 31, 2011 was €85.5 million.

As of March 31, 2011 and September 30, 2010, contractual commitments for purchases of property, plant and equipment amounted to €16.6 million and €20.8 million.

### **13. SHARE-BASED PAYMENTS**

The employees and management of the SIS Combination Group participate in the share-based payment plans of Siemens AG. Share-based payment awards at Siemens, including Stock Awards, Stock Options, the Share Matching Program and its underlying plans, the Monthly Investment Plan as well as the Jubilee Share Program are predominately designed as equity-settled plans and to a certain extent as cash-settled plans. The total pre-tax expense for share-based payment plans recognized in net income for the six months ended March 31, 2011 amounted to €3.7 million, and refers primarily to equity-settled awards, including the SIS Combination Group's employee share purchase program.

Since October 1, 2010, 1,891 employees in Germany objected to the transfer to SIS Combination Group, which resulted in a minor reclassification within equity accounts but remains in the same equity-position.

According to the Framework Agreement, it is intended that claims under the equity based instruments, such as *Stock awards* and *Share Matching Program and its underlying plans* shall be redeemed as of the closing of the transaction.

## Equity-settled awards

### 2001 Siemens Stock Option Plans

Six months ended March 31,  
2011

	Options	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate intrinsic value in millions of €
<b>Outstanding, beginning of period</b>	<b>13,715</b>	<b>€74.59</b>		
Granted	-	-		
Options exercised	(12,105)	€74.59		
Options expired	-	-		
Options forfeited*	(1,610)	€74.59		
Options settled	-	-		
<b>Outstanding, end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Exercisable, end of period	-	-		
* thereof 1,610 stock options due one employee who did oppose the transfer of undertakings				

### Stock awards

In 2005 Siemens AG introduced stock awards as another means for providing share-based compensation to eligible employees of Siemens AG and Siemens companies including the SIS Combination Group. Stock awards are subject to a four year vesting period for awards granted up to fiscal 2007 and a three year vesting period for awards granted thereafter. Upon expiration of the vesting period, the recipient receives Siemens shares without payment of consideration. Stock awards are forfeited if the grantee's employment within Siemens AG and its subsidiaries, including the SIS Combination Group, terminates prior to the expiration of the vesting period. During the vesting period, grantees are not entitled to dividends. Stock awards may not be transferred, sold, pledged or otherwise encumbered. Stock awards may be settled in newly issued shares of common stock of Siemens AG, treasury stock or in cash. The settlement method will be determined by the Siemens Managing Board and the Siemens Supervisory Board.

Each fiscal year, Siemens AG decides whether or not to grant Siemens AG stock awards. Siemens AG stock awards may be granted only once a year within thirty days following the date of publication of the business results for the previous fiscal year. After the end of each fiscal year, the Managing Board decides how many stock awards to grant to members of the top management of domestic and foreign subsidiaries and other eligible employees on an annual basis.

Details on stock award activity and weighted average grant-date fair value are summarized in the table below:

	Six months ended March 31, 2011	
	Awards	Weighted average Grant- Date Fair Value
<b>Non-vested, beginning of period</b>	<b>188,063</b>	<b>57.27</b>
Granted	48,378	77.76
Vested	(48,330)	80.49
Forfeited / settled*	(40,786)	52.65
<b>Non-vested, end of period</b>	<b>147,325</b>	<b>57.66</b>
* thereof 23,620 stock awards due 44 employees who did oppose the transfer of undertakings		

The fair value was determined as the market price of the Siemens AG shares less the present value of expected dividends as stock awards do not carry dividend rights during the vesting period, which resulted in a fair value of €77.76 per stock award granted in fiscal 2011. The total fair value of stock awards granted in the first six month

of fiscal 2011 amounted to €3.8 million.

### ***Share Matching Program and its underlying plans***

#### ***a) Base Share Program***

Under the Base Share Program, employees of the SIS Combination Group could purchase Siemens shares under favorable conditions once a year. The Base Share Program is measured at fair value at grant-date. Shares purchased under the Base Share Program grant the right to receive matching shares under the same conditions described below at *Share Matching Plan*. In the six months ended March 31, 2011, Siemens issued a new tranche of the Base Share Program (Base Share Program 2011) under the same terms as the Base Share Program 2010.

In fiscal 2011, the Base Share Program allowed employees of the SIS Combination Group to make an investment of a fixed amount of their compensation into Siemens shares, which is sponsored by the SIS Combination Group with a tax beneficial allowance per plan participant. Shares were bought at market price at a predetermined date in the second quarter. In the six months ended March 31, 2011, the SIS Combination Group incurred pre-tax expense of €1.4 million.

#### ***b) Share Matching Plan***

In the first quarter of fiscal 2011, Siemens issued a new tranche under the Share Matching Plan (Share Matching Plan 2011) under the same terms as the Share Matching Plan 2010. For the Share Matching Plan 2011 and 2010, senior managers of Siemens AG and participating Siemens companies (including SIS combination Group) may invest a certain amount of their compensation in Siemens shares. The shares are purchased at the market price at a predetermined date in the second quarter. Up to the stipulated grant-dates in the first quarter of each fiscal year, plan participants have to decide on their investment amount for which investment shares are purchased. The investment shares are then issued in the second quarter of the fiscal year. In exchange, plan participants receive the right to one free share (matching share) for every three investment shares continuously held over a period of three years (vesting period) provided the plan participant has been continuously employed by Siemens AG or another Siemens company until the end of the vesting period. During the vesting period, matching shares are not entitled to dividends. The right to receive matching shares forfeits if the underlying investment shares are transferred, sold, pledged or otherwise encumbered. The Managing Board will decide, each fiscal year, whether a new Share Matching Plan will be issued. In fiscal 2011 and 2010, the fair value at grant date of investment shares resulting from the Share Matching Plan 2011 and 2010 is € nil as the investment shares are offered at market price.

#### ***c) Monthly Investment Plan***

In the first quarter of fiscal 2010, Siemens introduced the Monthly Investment Plan as a further component of the Share Matching Plan. The Monthly Investment Plan is available for employees - other than senior managers - of Siemens AG and participating Siemens companies (including the SIS Combination Group). Plan participants may invest a certain percentage of their compensation in Siemens shares on a monthly basis. The Managing Board of Siemens AG will decide annually, whether shares acquired under the Monthly Investment Plan (investment shares) may be transferred to the Share Matching Plan the following year. If management decides that shares acquired under the Monthly Investment Plan may be transferred to the Share Matching Plan, plan participants will receive the right to one free share (matching share) for every three investment shares continuously held over a period of three years (vesting period) provided the plan participant had been continuously employed by Siemens AG or another Siemens company until the end of the vesting period. Up to the stipulated grant-dates in the first quarter of each fiscal year, employees may decide their participation in the Monthly Investment Plan and consequently the Share Matching Plan. The Managing Board will decide, each fiscal year, whether a new Monthly Investment Plan will be issued.

In October 2010, the Managing Board decided that shares acquired under the Monthly Investment Plan 2010 will be transferred to the Share Matching Plan as of February 2011. Accordingly, participants will receive the right to one free share (matching share) for every three investment shares continuously held over a period of three years (vesting period) provided the plan participant had been continuously employed by Siemens AG or another Siemens company.

In the six months ended March 31, 2011, the Managing Board decided to issue a new Monthly Investment Plan (Monthly Investment Plan 2011) under the same terms as the 2010 Monthly Investment Plan.

d) *Resulting Matching Shares*

Details on resulting matching shares are summarized in the table below:

	Six months ended March 31, 2011
	Matching Shares
<b>Outstanding, beginning of period</b>	<b>94,793</b>
Granted	24,196
Forfeited*	(32,976)
<b>Outstanding, end of period</b>	<b>86,013</b>

\* thereof 6,593 matching shares due 1,891 employees who did oppose the transfer of undertakings

The fair value was determined as the market price of Siemens shares less the present value of expected dividends during the vesting period as matching shares do not carry dividend rights during the vesting period. Non-vesting conditions, i.e. the condition neither to transfer, sell, pledge nor otherwise encumber the underlying shares, were considered in determining the fair values. The fair values of matching shares granted amounted to €5815 and €71.09, per share, respectively, depending on the respective grant dates in the first quarter of fiscal 2011. The fair value of matching shares granted in the first quarter of fiscal 2010, amounts to €47.18 per share. In fiscal 2011 and 2010, the weighted average grant-date fair value of the resulting matching shares is €66.13 and €47.18 per share respectively, based on the number of instruments granted. Total fair value of matching shares granted in fiscal 2011 and 2010 amounted to €1.6 million and €1.1 million.

#### **14. RELATED PARTY TRANSACTIONS**

These Condensed Interim Combined Financial Statements include transactions with Siemens AG and its subsidiaries which are outside of the SIS Combination Group. The Siemens Group is a related party as it controls the SIS Combination Group. Besides transactions within the SIS Combination Group (see 'Subsidiaries' in Appendix 1 for the composition of the SIS Combination Group) the SIS Combination Group enters into transactions with Siemens Group as follows:

##### **IT services provided to Siemens Group**

The SIS Combination Group provides the full range of IT services to the Siemens Group. These services are mainly governed by the GAIN contract described earlier. The geographical scope of GAIN includes Europe, North America and Latin America (only Data Center Services). The business of SIS in Asia/Pacific is regulated via local agreements. These services are generally provided on an arm's length basis and are presented as revenues in the Condensed Interim Combined Financial Statements. In the first half year of fiscal 2011 revenues amounted to €531.7 million. There were no outstanding balances as of September 30, 2010 and March 31, 2011. Receivables with the Siemens Group are settled immediately via the Siemens internal cash-pooling in which the SIS Combination Group participates.

Provisions for onerous IT Services contracts with the Siemens Group amount to €0.7 million and €1.0 million as of March 31, 2011 and September 30, 2010, respectively.

##### **Leasing contracts with SFS**

The SIS Combination Group has entered into leasing transactions with SFS generally on an arm's length basis. Interest expenses in financial leases charges amounting to €4.1 million for the six month ended March 31, 2011. As of March 31, 2011 and September 30, 2010 the outstanding minimum lease payments were €94.1 million and €128.4 million, respectively.

##### **Other transactions**

Other transactions between the SIS Combination Group and the Siemens Group relate to expenses for corporate (e.g. accounting services, human resources etc.), treasury and infrastructure services (e.g. rental of premises) provided by the Siemens Group generally on an arm's length basis. Expenses with respect to these services amounted to €193.0 million in the six month ended March 31, 2011. Payment for the services is made immediately via the cash pooling.

### Reimbursement by the Siemens Group

Siemens Group has reimbursed €20.1 million for the six months ended March 31, 2011 which were not in the normal course of business from the notional group's perspective. These expenses are presented net of the related reimbursements in the Combined Statement of Income. In the Combined Statement of Cash Flow the respective effects have been presented as deemed contributions from Siemens AG to the SIS Combination Group.

Expenses relating to carve-out related issues (€476 million) have been centrally funded by Siemens Group in the six months ended March 31, 2011 and have not been pushed down with the related reimbursements to the SIS Combination Group. For further information see Note 1.

### Capitalization

In the first six months of fiscal 2011 Siemens Group has provided funding to the new SIS Combination Group entities. Total capital injections in fiscal 2011 amounted to €86.0 million. No outstanding balance exists as of March 31, 2011.

### Financing

Loans from the Siemens Group amounted to €65.7 million and €38.8 million as of March 31, 2011 and September 30, 2010, respectively. No interest expense has been recognized in respect of these loans in fiscal 2011.

€m	March 31, 2011	September 30, 2010
Receivables from Siemens group	855.4	575,9
<i>Thereof:</i>		
<i>from financing activities</i>	767.4	556,5
<i>from operating activities</i>	88.0	19,4
Payables to Siemens group	289.9	464,2
<i>Thereof:</i>		
<i>from financing activities</i>	283.1	457,4
<i>from operating activities</i>	6.8	6,8

Financing activities relate to transactions with SFS as well as to a loan given to Siemens IT Solutions and Services Ltd. by its shareholder Siemens Holdings plc.

Interest income and expenses on financing balances from financing activities are included in *Interest income* and *Interest expense* respectively.

All related party receivables and payables are regularly settled and are thus presented within accounts receivables and accounts payables, respectively, in the Combined Statement of Financial Position.

The total income and expenses in the six months ended March 31, 2011 from transactions with the Siemens Group are presented in the following table:

€m	Six months ended March 31, 2011
Revenue	531.7
Interest income	1.4
Functional cost	193.0
Interest expense	(4.6)

## 15. SUBSEQUENT EVENTS

The legal and beneficial ownership of all assets previously leased from SFS under finance lease contracts have been transferred to the SIS Combination Group for an amount of € 83.0 million and transaction fees in the amount of €18.4 million effective April 1, 2011.

Munich, May 12, 2011

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Mr. Christian Oecking

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Dr. Martin Bentler

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Mr. Rainer-Christian Koppitz

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Mr. Thomas Zimmermann

## Appendix 1

### A. List of subsidiaries, associated companies and other investments of the notional SIS Combination Group as of March 31, 2011

ARE	Country	Interest in <sup>1</sup>	Company name
<b>SIS Combination Group business</b>			
525k	Germany	100.00%	Siemens IT Solutions and Services GmbH, Munich
5084	Germany	100.00%	Kyros 5 Beteiligungsgesellschaft mbH, Munich
458C	Germany	100.00%	applied international informatics GmbH, Berlin
517k	Germany	60.00%	energy4u GmbH, Karlsruhe
4079	Germany	74.00%	HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, Hamburg
5839	Germany	100.00%	Siemens IT Solutions and Services Management GmbH, Munich
4871	Germany	100.00%	Siemens IT Solutions and Services Verwaltungs-GmbH, Munich
564C	Germany	100.00%	Siemens IT-Dienstleistung und Beratung GmbH, Gelsenkirchen
466c	Germany	100.00%	Sinius GmbH, Munich (only pension obligations of the inactive employees)
559C	Germany	50.10%	WIVERTIS Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, Wiesbaden
4491	Argentina	100.00%	Siemens IT Solutions and Services S.A., Buenos Aires
471n	Australia	100.00%	Siemens IT Solutions and Services Pty. Ltd., Bayswater
487n	Austria	100.00%	Siemens IT Solutions and Services GmbH, Vienna
5926	Austria	100.00%	addIT Dienstleistungen GmbH & Co. KG, Klagenfurt
431D / 622G	Austria	60.00%	Arbeitsmarktservice Betriebs-GmbH, Vienna
432D / 623G	Austria	60.00%	Arbeitsmarktservice Betriebs-GmbH & Co. KG, Vienna
4206	Austria	74.90%	unit-IT Dienstleistungs GmbH & Co. KG, Linz
546A	Austria	99.04%	TSG EDV-Terminal-Service Ges.m.b.H., Vienna
5316	Austria	100.00%	FSG Financial Services GmbH, Vienna (SIS business)
5145	Belgium	100.00%	Siemens IT Solutions and Services SA, Anderlecht
5101	Belgium	100.00%	Siemens S.A., Brussels (SIS business)
480n	Brazil	100.00%	Siemens Soluções e Serviços de Tecnologia da Informação Ltda., São Paulo

Note:

<sup>1</sup> The interest relate to the SIS business of the transaction scope only, as described in Note 1.

ARE	Country	Interest in <sup>1</sup>	Company name
<b>SIS Combination Group business</b>			
4187	Bulgaria	100.00%	Siemens EOOD, Sofia (SIS business)
485n	Bulgaria	100.00%	Siemens IT Solutions and Services EOOD, Sofia
467n	Canada	100.00%	Siemens IT Solutions and Services Inc., Burlington
494n	Chile	100.00%	Siemens IT Solutions and Services S.A. (Agencia en Chile), Santiago de Chile
5547	China	100.00%	Siemens Ltd., China, Beijing (SIS business)
498n	Colombia	100.00%	Siemens IT Solutions and Services S.A. (Agencia en Colombia), Santafé de Bogotá D.C.
486n	Croatia	100.00%	Siemens IT Solutions and Services d.o.o., Zagreb
5986	Czech Republic	100.00%	Siemens IT Solutions and Services, s.r.o., Prague
461n	Denmark	100.00%	Siemens IT Solutions and Services A/S, Taastrup
464n	Finland	100.00%	Siemens IT Services and Solutions Oy, Espoo
469n	France	100.00%	Siemens IT Solutions and Services S.A.S., Bobigny
5911	Great Britain	100.00%	Siemens IT Solutions and Services Limited, Camberley
476n	India	100.00%	Siemens IT Solutions and Services Pvt. Ltd., Mumbai
474n	Ireland	100.00%	Siemens IT Solutions and Services Ltd, Dublin
5188	Italy	100.00%	Siemens IT Solutions and Services S.p.A., Milan
481F	Luxembourg	100.00%	Siemens IT Solutions and Services Finance S.A., Luxembourg
478n	Mexico	100.00%	Siemens IT Business Services S de RL de CV, Mexico DF
479n	Mexico	100.00%	Siemens IT Solutions and Services S de RL de CV, Mexico DF
470n	Netherlands	100.00%	Siemens IT Solution and Services B.V., The Hauge
460n	Philippines	99.91%	Siemens IT Solutions and Services Inc., Manila
459n	Poland	100.00%	Siemens IT Solutions and Services Sp. Z o.o., Warsaw
466n	Portugal	100.00%	Siemens IT Solutions and Services, Unipessoal, Lda, Amadora
5157	Romania	100.00%	Siemens Program and System Engineering S.R.L., Brasov (SIS business)
482n	Romania	100.00%	Siemens IT Solutions and Services s.r.l., Bucharest
481n	Russia	100.00%	OOO Siemens IT Solutions & Services, Moscow
484n	Serbia	100.00%	Siemens IT Solutions and Services d.o.o., Belgrade
463n	Singapore	100.00%	Siemens IT Solutions and Services Operations Pte. Ltd, Singapore
483n	Slovakia	100.00%	Siemens IT Solutions and Services s.r.o., Bratislava

Note:

<sup>1</sup> The interest relate to the SIS business of the transaction scope only, as described in Note 1.



ARE	Country	Interest in <sup>1</sup>	Company name
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**SIS Combination Group business**

468n	Spain	99.91%	Siemens IT Solutions and Services, S.L., Madrid
473n	Spain	100.00%	Siemens IT Solutions and Services Holding, S.L., Madrid
465n	Sweden	100.00%	Siemens IT Solutions and Services AB, Upplands Väsby
475n	Switzerland	100.00%	Siemens IT Solutions and Services AG, Zurich
462n	Thailand	100.00%	Siemens IT Solutions and Services Ltd., Bangkok
5300	Turkey	100.00%	Siemens Sanayi ve Ticaret A.S., Istanbul
4678	United Arab Emirates	49.00% <sup>2</sup>	Siemens LLC, Abu Dhabi
4499	USA	100.00%	Siemens IT Solutions and Services, Inc., Norwalk
5580	USA	100.00%	Siemens Corp. Wilmington (only plan assets in respect of the deferred compensation plan of the SIS employees in the US)

Note:

1 The interest relate to the SIS business of the transaction scope only, as described in Note 1.

2 Subsidiary pursuant to § 290 (2) No. 3, HGB

ARE	Country	Interest in	Company name
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#### Associated companies and joint ventures

6823	Argentina	50.00% <sup>1</sup>	Sistemas Catastrales S.A., Buenos Aires
622b	Argentina	50.00%	Ute SALTA, Salta
619g	Argentina	65.25%	Ute Tránsito, Buenos Aires
610k	Argentina	24.00%	Metronec S.A. – Siemens IT solutions & Services S.A. Indra SI S.A. Union transitoria de empresa, Buenos Aires (Ute Sube 4)
611k	Argentina	30.00%	Metronec S.A. – Siemens IT solutions & Services S.A. Union transitoria de empresa, Buenos Aires (Ute Sube 5)
680f	Austria	50.00%	Archivium Dokumentenarchiv Gesellschaft m.b.H., Vienna
612H	Austria	49.97%	CYBERDOC Gesellschaft für Digitale Kommunikation im Notariat GmbH & Co. KG, Vienna
613k	Austria	26.00%	"smart technologies" Management-Beratungs- und Beteiligungsgesellschaft m.b.H., Vienna
612k	Colombia	20.00%	Union Temporal Recaido y Tecnologia, Cali
660b	Italy	51.00% <sup>2</sup>	E-Utile S.p.A., Milan
6554	Spain	39.33%	Desarrollo de Aplicaciones Especiales S.A., Madrid

#### Other investments

641k	Germany	2.50%	ÖPP Deutschland Beteiligungsgesellschaft mbH, Berlin
6128	Germany	0.22%	TECCOM GmbH, Munich
604C	Austria	12.42%	TOGETHER Internet Services GmbH, Vienna
5370	Austria	100.00%	addIT Dienstleistungen GmbH, Klagenfurt
4204	Austria	74.90%	unit-IT Dienstleistungs GmbH, Linz
611E	Austria	49.97%	CYBERDOC Gesellschaft für Digitale Kommunikation im Notariat GmbH, Vienna
472n	Australia	100.00% <sup>3</sup>	Eden Technology Pty. Ltd, Bayswater

Note:

1 The interest relate to the SIS business of the transaction scope only, as described in Note 1

2 No control due to contractual arrangements

3 Acquisition as of September 30, 2010

**B. List of subsidiaries, associated companies and other investments of the notional SIS Combination Group as of September 30, 2010**

ARE	Country	Interest in <sup>1</sup>	Company name
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**SIS Combination Group business**

525k	Germany	100.00%	Siemens IT Solutions and Services GmbH, Munich
7927	Germany	100.00%	Siemens AG, Munich (IT Solutions and Services business)
4011	Germany	100.00% <sup>2</sup>	Siemens Programm- und Systementwicklung GmbH & Co. KG, Hamburg
5084	Germany	100.00%	Kyros 5 Beteiligungsgesellschaft mbH, Munich
458C	Germany	100.00%	applied international informatics GmbH, Berlin
517k	Germany	60.00%	energy4u GmbH, Karlsruhe
4079	Germany	74.00%	HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, Hamburg
5839	Germany	100.00%	Siemens IT Solutions and Services Management GmbH, Munich
4871	Germany	100.00%	Siemens IT Solutions and Services Verwaltungs-GmbH, Munich
564C	Germany	100.00%	Siemens IT-Dienstleistung und Beratung GmbH, Gelsenkirchen
466c	Germany	100.00%	Sinius GmbH, Munich (only pension obligations of the inactive employees)
559C	Germany	50.10%	WIVERTIS Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, Wiesbaden
4491	Argentina	100.00%	Siemens IT Solutions and Services S.A., Buenos Aires
5695	Australia	100.00%	Siemens Ltd., Bayswater
471n	Australia	100.00%	Siemens IT Solutions and Services Pty. Ltd., Bayswater
5220	Austria	100.00% <sup>2</sup>	Siemens Aktiengesellschaft Österreich, Vienna (SIS business)
5926	Austria	100.00%	addIT Dienstleistungen GmbH & Co. KG, Klagenfurt
431D	Austria	60.00%	Arbeitsmarktservice Betriebs-GmbH, Vienna
432D	Austria	60.00%	Arbeitsmarktservice Betriebs-GmbH & Co. KG, Vienna
4206	Austria	74.90%	unit-IT Dienstleistungs GmbH & Co. KG, Linz
546A	Austria	99.04%	TSG EDV-Terminal-Service Ges.m.b.H., Vienna
5316	Austria	100.00%	FSG Financial Services GmbH, Vienna (SIS business)

Note:

1 The interest relate to the SIS business of the transaction scope only, as described in Note 1

2. In the Condensed Interim Combined Financial Statements the assets, liabilities, revenues and expenses related to Communication Media and Technology business (former System Development and Engineering/Telco business) are not included.

ARE	Country	Interest in <sup>1</sup>	Company name
<b>SIS Combination Group business</b>			
5145	Belgium	100.00%	Siemens IT Solutions and Services SA, Anderlecht
5101	Belgium	100.00%	Siemens S.A., Brussels (SIS business)
480n	Brazil	100.00%	Siemens Soluções e Serviços de Tecnologia da Informação Ltda., São Paulo
5510	Brazil	100,00%	Siemens Ltda., São Paulo (SIS business)
4187	Bulgaria	100.00%	Siemens EOOD, Sofia (SIS business)
485n	Bulgaria	100.00%	Siemens IT Solutions and Services EOOD, Sofia
467n	Canada	100.00%	Siemens IT Solutions and Services Inc., Burlington
5545	Canada	100,00%	Siemens Canada Ltd., Burlington (SIS business)
5461	Chile	100.00%	Siemens S.A., Santiago de Chile (SIS business)
526a	China	100,00%	Siemens Program and System Engineering (Nanjing) Co. Ltd., Nanjing (SIS business)
5547	China	100.00% <sup>2</sup>	Siemens Ltd., China, Beijing (SIS business)
5550	Colombia	100.00%	Siemens S.A., Bogotá (SIS business)
5286	Croatia	100.00% <sup>2</sup>	Siemens d.d., Zagreb (SIS business)
486n	Croatia	100.00%	Siemens IT Solutions and Services d.o.o., Zagreb
5986	Czech Republic	100.00%	Siemens IT Solutions and Services, s.r.o., Prague
5992	Czech Republic	100.00% <sup>2</sup>	ANF DATA spol. s r.o., Prague (SIS business)
5120	Denmark	100.00%	Siemens A/S, Ballerup (SIS business)
461n	Denmark	100.00%	Siemens IT Solutions and Services A/S, Taastrup
5130	Finland	100.00%	Siemens Osakeyhtiö, Espoo (SIS business)
464n	Finland	100.00%	Siemens IT Services and Solutions Oy, Espoo
5140	France	100.00%	Siemens S.A.S., Saint-Denis (SIS business)
469n	France	100.00%	Siemens IT Solutions and Services S.A.S., Bobigny
5911	Great Britain	100.00%	Siemens IT Solutions and Services Limited, Camberley
5663	India	100.00% <sup>2</sup>	Siemens Information Systems Ltd., Mumbai (SIS business)
418h	India	100.00%	Siemens Information Processing Services Pvt. Ltd., Bengaluru (SIS business)
476n	India	100.00%	Siemens IT Solutions and Services Pvt. Ltd., Mumbai
474n	Ireland	100.00%	Siemens IT Solutions and Services Ltd, Dublin
5188	Italy	100.00%	Siemens IT Solutions and Services S.p.A., Milan
481F	Luxembourg	100.00%	Siemens IT Solutions and Services Finance S.A., Luxembourg
5567	Mexico	100.00%	Siemens, S.A. de C.V., Mexico D.F. (SIS business)

Note:

1 The interest relate to the SIS business of the transaction scope only, as described in Note 1

2. In the Condensed Interim Combined Financial Statements the assets, liabilities, revenues and expenses related to Communication Media and Technology business (former System Development and Engineering/Telco business) are not included.

ARE	Country	Interest in	<sup>1</sup> Company name
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#### SIS Combination Group business

4482	Mexico	100.00%	Siemens Servicios S.A. de C.V., Mexico D.F. (SIS business)
478n	Mexico	100.00%	Siemens IT Business Services S de RL de CV, Mexico DF
479n	Mexico	100.00%	Siemens IT Solutions and Services S de RL de CV, Mexico DF
470n	Netherlands	100.00%	Siemens IT Solution and Services B.V., The Hauge
5351	Philippines	100.00%	Siemens, Inc., Manila (SIS business)
460n	Philippines	99.91%	Siemens IT Solutions and Services Inc., Manila
459n	Poland	100.00%	Siemens IT Solutions and Services Sp. z o.o., Warsaw
5985	Poland	100.00%	Siemens Sp. z o.o., Warsaw (SIS business)
466n	Portugal	100.00%	Siemens IT Solutions and Services, Unipessoal, Lda, Amadora
5706	Romania	100.00%	Siemens S.R.L., Bucharest (SIS business)
5157	Romania	100.00% <sup>2</sup>	Siemens Program and System Engineering S.R.L., Brasov (SIS business)
5355	Russia	100.00%	OOO Siemens, Moscow (SIS business)
484n	Serbia	100.00%	Siemens IT Solutions and Services d.o.o., Belgrade
5356	Slovakia	100.00%	Siemens s.r.o., Bratislava (SIS business)
5978	Slovakia	100.00% <sup>2</sup>	Siemens Program and System Engineering s.r.o., Bratislava (SIS business)
5730	Singapore	100.00%	Siemens Pte. Ltd., Singapore (SIS business)
463n	Singapore	100.00%	Siemens IT Solutions and Services Operations Pte. Ltd, Singapore
468n	Spain	99.91%	Siemens IT Solutions and Services, S.L., Madrid
473n	Spain	100.00%	Siemens IT Solutions and Services Holding, S.L., Madrid
5290	Spain	99.91%	Siemens S.A., Madrid (SIS business)
465n	Sweden	100.00%	Siemens IT Solutions and Services AB, Upplands Väsby
5251	Sweden	100.00%	Siemens AB, Upplands Väsby (SIS business)
475n	Switzerland	100.00%	Siemens IT Solutions and Services AG, Zurich
5280	Switzerland	100.00%	Siemens Schweiz AG, Zurich (SIS business)
5539	Thailand	99.99%	Siemens IT Solutions and Services Ltd., Bangkok
462n	Thailand	100.00%	Siemens IT Solutions and Services Ltd., Bangkok
5300	Turkey	100.00%	Siemens Sanayi ve Ticaret A.S., Istanbul
4678	United Arab Emirates	49.00% <sup>3</sup>	Siemens LLC, Abu Dhabi
4499	USA	100.00%	Siemens IT Solutions and Services, Inc., Norwalk
5580	USA	100.00%	Siemens Corp. Willmington (only plan assets in respect of the deferred compensation plan of the SIS employees in the US)

Note:

<sup>1</sup> The interest relate to the SIS business of the transaction scope only, as described in Note 1

<sup>2</sup> In the Condensed Interim Combined Financial Statements the assets, liabilities, revenues and expenses related to Communication Media and Technology business (former System Development and Engineering/Telco business) are not included.

ARE	Country	Interest in	Company name
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#### Associated companies and joint ventures

6823	Argentina	50.00% <sup>1</sup>	Sistemas Catastrales S.A., Buenos Aires
622b	Argentina	50.00%	Ute SALTA, Salta
619g	Argentina	65.25%	Ute Tránsito, Buenos Aires
610k	Argentina	24.00%	Metronec S.A. – Siemens IT solutions & Services S.A. Indra SI S.A. Union transitoria de empresa, Buenos Aires (Ute Sube 4)
611k	Argentina	30.00%	Metronec S.A. – Siemens IT solutions & Services S.A. Union transitoria de empresa, Buenos Aires (Ute Sube 5)
680f	Austria	50.00%	Archivium Dokumentenarchiv Gesellschaft m.b.H., Vienna
612H	Austria	49.97%	CYBERDOC Gesellschaft für Digitale Kommunikation im Notariat GmbH & Co. KG, Vienna
613k	Austria	26.00% <sup>2</sup>	"smart technologies" Management-Beratungs- und Beteiligungsgesellschaft m.b.H., Vienna
612k	Colombia	20.00% <sup>3</sup>	Union Temporal Recaido y Tecnologia, Cali
660b	Italy	51.00% <sup>2</sup>	E-Utile S.p.A., Milan
6554	Spain	39.33%	Desarrollo de Aplicaciones Especiales S.A., Madrid

#### Other investments

641k	Germany	2.50%	ÖPP Deutschland Beteiligungsgesellschaft mbH, Berlin
6128	Germany	0.22%	TECCOM GmbH, Munich
604C	Austria	12.42%	TOGETHER Internet Services GmbH, Vienna
5370	Austria	100.00%	addIT Dienstleistungen GmbH, Klagenfurt
4204	Austria	74.90%	unit-IT Dienstleistungs GmbH, Linz
611E	Austria	49.97%	CYBERDOC Gesellschaft für Digitale Kommunikation im Notariat GmbH, Vienna
472n	Australia	100.00% <sup>4</sup>	Eden Technology Pty. Ltd, Bayswater
482n	Romania	100.00%	Siemens IT Solutions and Services s.r.l., Bucharest
483n	Slovakia	100.00%	Siemens IT Solutions and Services s.r.o., Bratislava

Note:

1 The interest relate to the SIS business of the transaction scope only, as described in Note 1

2. In the Condensed Interim Combined Financial Statements the assets, liabilities, revenues and expenses related to Communication Media and Technology business (former System Development and Engineering/Telco business) are not included. 3 Subsidiary pursuant to § 290 (2) No. 3, HGB.

4 Acquisition as of September 30, 2010

**C. Overview of the legal entity structure before and after carve out**

<b>ARE old</b>	<b>Company name old</b>	<b>Country</b>	<b>Carve out Date</b>
<b>Share deals</b>			
458C	applied international informatics GmbH, Berlin	Germany	October 1, 2010
517k	energy4u GmbH, Karlsruhe	Germany	October 1, 2010
4079	HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, Hamburg	Germany	October 1, 2010
5839	Siemens IT Solutions and Services Management GmbH, Munich	Germany	October 1, 2010
4871	Siemens IT Solutions and Services Verwaltungs-GmbH, Munich	Germany	October 1, 2010
564C	Siemens IT-Dienstleistung und Beratung GmbH, Gelsenkirchen	Germany	October 1, 2010
559C	WIVERTIS Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, Wiesbaden	Germany	October 1, 2010
4491	Siemens IT Solutions and Services S.A., Buenos Aires	Argentina	planned for 2011
5926	addIT Dienstleistungen GmbH & Co. KG, Klagenfurt	Austria	part of asset deal ARE 5220
622G /431D	Arbeitsmarktservice Betriebs-GmbH, Vienna	Austria	planned for June 2011
623G / 432D	Arbeitsmarktservice Betriebs-GmbH & Co. KG, Vienna	Austria	planned for June 2011
4206	unit-IT Dienstleistungs GmbH & Co. KG, Linz	Austria	part of asset deal ARE 5220
546A	TSG EDV-Terminal-Service Ges.m.b.H., Vienna	Austria	planned for June 2011
5145	Siemens IT Solutions and Services SA, Anderlecht	Belgium	July 1, 2010
5986	Siemens IT Solutions and Services, s.r.o., Prague	Czech Republic	October 1, 2010
5188	Siemens IT Solutions and Services S.p.A., Milan	Italy	October 1, 2010
481F	Siemens IT Solutions and Services Finance S.A., Luxembourg	Luxembourg	July 1, 2010
5911	Siemens IT Solutions and Services Limited , Camberley	Great Britain	planned for June 2011
4499	Siemens IT Solutions and Services, Inc., Norwalk	USA	October 1, 2010

ARE old	Company name old	Country	Carve out Date	Company name new	ARE new
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#### Asset deals

7927	Siemens AG, Munich (SIS business)	Germany	October 1, 2010	Siemens IT Solutions and Services GmbH, Munich	525k
4011	Siemens Programm- und Systementwicklung GmbH & Co. KG, Hamburg	Germany	January 1, 2011	Siemens IT Solutions and Services GmbH, Munich	525k
5084	Kyros 5 Beteiligungsgesellschaft mbH, Munich	Germany	October 1, 2010	Siemens IT Solutions and Services GmbH, Munich	525k
5021	RESTART Gesellschaft für back up-Systeme mbH, Hanover	Germany	October 1, 2009	Siemens IT Solutions and Services Management GmbH, Munich	5839
5076	bibis Information Technology and Services GmbH, Munich	Germany	October 1, 2009	Siemens IT Solutions and Services Verwaltungs-GmbH, Munich	4871
5695	Siemens Ltd., Bayswater	Australia	October 1, 2010	Siemens IT Solutions and Services Pty. Ltd., Bayswater	471n
5220	Siemens Aktiengesellschaft Österreich, Vienna (SIS business)	Austria	October 1, 2010	Siemens IT Solutions and Services GmbH, Vienna	487n
5510	Siemens Ltda., São Paulo	Brazil	July 1, 2010	Siemens Soluções e Serviços de Tecnologia da Informação Ltda., São Paulo	480n
4187	Siemens EOOD, Sofia	Bulgaria	planned for June 2011	Siemens IT Solutions and Services EOOD, Sofia	485n
5545	Siemens Canada Ltd., Burlington,	Canada	July 1, 2010	Siemens IT Solutions and Services Inc., Burlington	467n
5461	Siemens S.A., Santiago de Chile	Chile	December 1, 2010	Siemens IT Solutions and Services S.A. (Agencia en Chile), Santiago de Chile	494n
5547	Siemens Ltd., China, Beijing	China	planned for June, 2011		



ARE old	Company name old	Country	Carve out Date	Company name new	ARE new
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**Asset deals**

526a	Siemens Program and System Engineering (Nanjing) Co. Ltd., Nanjing	China	Asset deal to 5547 January 2010		
5550	Siemens S.A., Bogotá	Colombia	January 1, 2011	Siemens IT Solutions and Services S.A. (Agencia en Colombia), Santafé de Bogotá D.C.	498n
5286	Siemens d.d., Zagreb	Croatia	October 1, 2010	Siemens IT Solutions and Services d.o.o., Zagreb	486n
5992	ANF DATA spol. s r.o., Prague	Czech Republic	October 1, 2010	Siemens IT Solutions and Services, s.r.o., Prague	5986
5120	Siemens A/S, Ballerup	Denmark	July 1, 2010	Siemens IT Solutions and Services A/S, Taastrup	461n
5130	Siemens Osakeyhtiö, Espoo	Finland	July 1, 2010	Siemens IT Services and Solutions Oy, Espoo	464n
5140	Siemens S.A.S., Saint-Denis	France	October 1, 2010	Siemens IT Solutions and Services S.A.S., Bobigny	469n
5663	Siemens Information Systems Ltd., Mumbai	India	October 1, 2010	Siemens IT Solutions and Services Pvt. Ltd., Mumbai	476n
418h	Siemens Information Processing Services Pvt. Ltd., Bengaluru	India	October 1, 2010	Siemens IT Solutions and Services Pvt. Ltd., Mumbai	476n
5170	Siemens Ltd., Dublin	Ireland	July 1, 2010	Siemens IT Solutions and Services Ltd, Dublin	474n
5567	Siemens, S.A. de C.V., Mexico D.F.	Mexico	October 1, 2010	Siemens IT Solutions and Services S de RL de CV, Mexico DF	479n
4482	Siemens Servicios S.A. de C.V., Mexico D.F.	Mexico	October 1, 2010	Siemens IT Business Services S de RL de CV, Mexico DF	478n
5201	Siemens Nederland N.V., The Hauge	Netherlands	July 1, 2010	Siemens IT Solution and Services B.V., The Hauge	470n

ARE old	Company name old	Country	Carve out Date	Company name new	ARE new
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#### Asset deals

5351	Siemens, Inc., Manila	Philippines	January 1, 2011	Siemens IT Solutions and Services Inc., Manila	460n
5985	Siemens Sp. z o.o., Warsaw	Poland	July 1, 2010	Siemens IT Solutions and Services Sp. z o.o., Warsaw	459n
5240	Siemens S.A., Amadora	Portugal	July 1, 2010	Siemens IT Solutions and Services, Unipessoal, Lda, Amadora	466n
5706	Siemens S.R.L., Bukarest	Romania	October 1, 2010	Siemens IT Solutions and Services s.r.l., Bucharest	482n
5157	Siemens Program and System Engineering S.R.L., Brasov	Romania	planned for June, 2011	Siemens IT Solutions and Services s.r.l., Bucharest	482n
5355	OOO Siemens, Moscow	Russia	November 1, 2010	OOO Siemens IT Solutions & Services, Moscow	481n
5644	OOO Siemens IT Solutions and Services, Moscow	Russia	Liquidation November 2009		
5255	Siemens d.o.o. Beograd, Belgrade	Serbia	August 1, 2010	Siemens IT Solutions and Services d.o.o., Belgrade	484n
5356	Siemens s.r.o., Bratislava	Slovakia	October 1, 2010	Siemens IT Solutions and Services s.r.o., Bratislava	483n
5978	Siemens Program and System Engineering s.r.o., Bratislava	Slovakia	October 1, 2010	Siemens PSE s.r.o., Bratislava	483n
5730	Siemens Pte. Ltd., Singapore	Singapore	January 1, 2011	Siemens IT Solutions and Services Operations Pte. Ltd, Singapore	463n
5290	Siemens S.A., Madrid	Spain	July 1, 2010	Siemens IT Solutions and Services, S.L., Madrid	468n
461d	Siemens Holding S.L., Madrid	Spain	July 1, 2010	Siemens IT Solutions and Services Holding, S.L., Madrid	473n
5251	Siemens AB, Upplands Väsby	Sweden	July 1, 2010	Siemens IT Solutions and Services AB, Upplands Väsby	465n

ARE old	Company name old	Country	Carve out Date	Company name new	ARE new
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**Asset deals**

5280	Siemens Schweiz AG, Zurich	Switzerland	July 1, 2010	Siemens IT Solutions and Services AG, Zurich	475n
5539	Siemens Limited, Bangkok	Thailand	January 1, 2011	Siemens IT Solutions and Services Ltd., Bangkok	462n
5300	Siemens Sanayi ve Ticaret A.S., Istanbul	Turkey	planned October 1, 2011		
4678	Siemens LLC, Abu Dhabi	United Arab Emirates	planned for June, 2011		

***The French translation of the auditor's limited report which is provided in the French version of the Prospectus is only a free translation of the auditor's limited report initially drawn up in English set forth below.***



#### REVIEW REPORT

To Siemens IT Solutions and Services GmbH

We have reviewed the accompanying condensed interim combined financial statements of business of Siemens IT Solutions and Services GmbH (SIS GmbH), Munich, and its subsidiaries and entities and operations as prepared for the transaction scope of the acquisition by Atos Origin S.A. ("SIS transaction scope"), which comprise the combined statement of financial position, the combined statement of income, the combined statement of comprehensive income, the combined statement of cash flows, the combined statement of changes in equity and selected explanatory notes for the period from October 1, 2010 to March 31, 2011 (collectively "the condensed interim combined financial statements"). The condensed interim combined financial statements have been prepared by management of SIS GmbH based on the transaction scope for the acquisition by Atos Origin S.A. and the Basis of Preparation as outlined in Note 1 of the condensed interim combined financial statements.

#### Management's Responsibility for the condensed interim combined financial statements

Management is responsible for the preparation and fair presentation of these condensed interim combined financial statements based on the transaction scope for the acquisition by Atos Origin S.A. and in accordance with the Basis of Preparation as outlined in Note 1 of the condensed interim combined financial statements.

#### Auditor's Responsibility

Our responsibility is to issue a report on these condensed interim combined financial statements based on our review. We conducted our review of the condensed interim combined financial statements in accordance with the International Standards on Review Engagements 2410, "Review on Interim Financial Information Performed by the Independent Auditor of the Entity". Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim combined financial statements have not been prepared, in all material respects, based on the transaction scope for the acquisition by Atos Origin S.A. and in accordance with the Basis of Preparation as outlined in Note 1 of the condensed interim combined financial statements.

A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed a financial statement audit and, accordingly, we do not express an audit opinion.

#### Opinion

Based on our review nothing has come to our attention that causes us to believe that the condensed interim combined financial statements have not been prepared, in all material respects, based on the transaction scope for the acquisition by Atos Origin S.A. and in accordance with the Basis of Preparation as outlined in Note 1 of the condensed interim combined financial statements.

Munich, May 13, 2011

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft



Bostedt  
Wirtschaftsprüfer  
(German Public Auditor)



Sauer  
Wirtschaftsprüfer  
(German Public Auditor)

#### C.4.1.2 SIS HOLDING COMBINED FINANCIAL STATEMENTS AT SEPTEMBER 30, 2010

*The French translation of Siemens IT Solutions and Services' combined financial statements as of fiscal year ended as of September 30, 2010 which is provided in the French version of the Prospectus is only a free translation of the financial statements initially drawn up in English set forth below.*

##### C.4.1.2.1 COMBINED STATEMENT OF INCOME AT SEPTEMBER 30, 2010 (IN MILLIONS OF EURO)

	Note	2010
Revenue		3 801,3
Cost of goods sold and services rendered		(3 648,7)
Gross profit		152,6
Research and development expenses		(26,5)
Marketing and selling expenses		(539,2)
General administrative expenses		(100,6)
Other operating income	6	12,4
Other operating expense	7	(9,3)
Gain from investments accounted for using the equity method, net	8	7,0
Interest income	9	55,1
Interest expense	9	(99,1)
Other financial income (expense), net	9	(1,0)
Income from operations before income taxes		(548,6)
Income taxes	10	3,6
<b>Net loss</b>		<b>(545,0)</b>
Attributable to:		
Non-controlling interests		1,7
Siemens Group		(546,7)

##### C.4.1.2.2 COMBINED STATEMENT OF COMPREHENSIVE INCOME AT SEPTEMBER 30, 2010 (IN MILLIONS OF EURO)

	2010
Net loss	(545,0)
Currency translation adjustments	8,3
Available-for sale financial assets	0,1
Actuarial gains and losses on pension plans and similar commitments, net	(129,4)
Other comprehensive income (loss), net of tax	(121,0)
<b>Total comprehensive income (loss)</b>	<b>(666,0)</b>
Attributable to:	
Non-controlling interest	1,5
Siemens Group	(667,5)

**C.4.1.2.3** COMBINED BALANCE SHEET AT SEPTEMBER 30, 2010 (IN MILLIONS OF EURO)

	Note	9/30/2010	10/01/2009
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	31	21,6	10,0
Available-for-sale financial assets	11	2,7	2,3
Receivables from Siemens Group	35	575,9	573,9
Trade receivables	12	416,0	367,5
Other current financial assets	13	19,1	12,8
Inventories	14	255,1	265,0
Income tax receivables		51,2	18,7
Other current assets	15	85,2	89,2
Total current assets		1 426,8	1 339,4
Goodwill	16	131,7	115,4
Intangible assets	17	132,9	126,0
Property, plant and equipment	18	318,6	325,0
Investments accounted for using the equity method		16,5	4,5
Other financial assets	20	21,8	14,5
Deferred tax assets	10	197,1	151,1
Other assets	21	30,7	28,4
<b>Total assets</b>		<b>2 276,1</b>	<b>2 104,3</b>
<b>Liabilities and equity</b>			
Current liabilities			
Short-term debt	24	78,0	67,9
Trade payables	31	339,0	392,4
Other current financial liabilities	22	17,5	15,5
Payables to Siemens Group	35	464,2	455,9
Current provisions	26	76,3	69,3
Income tax payables		7,4	9,3
Other current liabilities and accruals	23	896,1	535,6
Total current liabilities		1 878,5	1 545,9
Long-term debt	24	43,0	66,7
Pension plans and similar commitments	25	752,9	623,9
Deferred tax liabilities	10	15,4	32,4
Provisions	26	41,3	17,3
Other financial liabilities	28	28,8	18,3
Other liabilities and accruals	27	126,6	89,9
Total liabilities		2 886,5	2 394,4
Equity			
Net assets attributable to Siemens Group		(624,8)	(298,9)
Other components of equity		8,3	-
Equity attributable to Siemens Group		(616,5)	(298,9)
Non-controlling interests		6,1	8,8
Total equity		(610,4)	(290,1)
<b>Total equity and liabilities</b>		<b>2 276,1</b>	<b>2 104,3</b>

**C.4.1.2.4** *COMBINED STATEMENT OF CHANGES IN EQUITY AT SEPTEMBER 30, 2010 (IN MILLIONS OF EURO)*

	<b>Total equity attributable to Siemens Group</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
<b>Balance at October 1, 2009</b>	<b>(298,9)</b>	<b>8,8</b>	<b>(290,1)</b>
Net loss of the period	(546,7)	1,7	(545,0)
Other comprehensive income (loss)			
Available-for sale financial assets	0,1	-	0,1
Actuarial gains and losses on pension plans and similar commitments, net	(129,2)	(0,2)	(129,4)
Change in currency translation adjustment	8,3	-	8,3
<b>Total comprehensive income (loss), net of tax</b>	<b>(667,5)</b>	<b>1,5</b>	<b>(666,0)</b>
Dividends paid to non-controlling interests	-	(1,9)	(1,9)
Capital contribution by shareholders of the SIS Combination Group in equity	449,5	-	449,5
Deemed contributions / withdrawals by the shareholders of the SIS Combination Group	(99,6)	(2,3)	(101,9)
<b>Balance at September 30, 2010</b>	<b>(616,5)</b>	<b>6,1</b>	<b>(610,4)</b>



*C.4.1.2.5 COMBINED STATEMENT OF CASH FLOW AT SEPTEMBER 30, 2010 (IN MILLIONS OF EURO)*

	Note	2010
Cash flows from operating activities		
Net loss		(545,0)
Adjustments to reconcile net loss to cash provided		
Amortization, depreciation and impairments		201,3
Income taxes	10	(3,6)
Interest (income) expenses	9	14,0
(Gains) losses on sales and disposals of businesses and property, plant and equipment		(3,7)
(Gains) losses on sales of investments		(0,4)
(Income) loss from investments		(6,8)
Other non-cash (income) expenses		1,2
Change in current assets and liabilities		
(Increase) decrease in inventories		11,0
(Increase) decrease in trade and other receivables		17,6
(Increase) decrease in other current assets		1,3
Increase (decrease) in trade payables		(37,8)
Increase (decrease) in current provisions		26,6
Increase (decrease) in other current liabilities		409,8
Change in other assets and liabilities		14,6
Income taxes paid		(31,4)
Dividends received		4,6
Interest received		1,2
<b>Net cash provided by (used in) operating activities</b>		<b>74,5</b>
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment		(146,3)
Acquisitions, net of cash acquired		(13,5)
Purchases of investments		(9,7)
Purchases of current available for sale financial assets		(0,6)
Proceeds from sales of investments, intangibles and property, plant and equipment		2,2
Proceeds from sales of current available for sale financial assets		0,3
<b>Net cash provided by (used in) investing activities</b>		<b>(167,6)</b>
Cash flows from financing activities		
Change in short-term debt and other financing activities		(59,6)
Interest paid		(15,2)
Dividends paid to non-controlling interest		(1,9)
Capital contributions by shareholders of the SIS Combination Group	1	449,5
Other internal financing by shareholders of the SIS Combination Group		(268,2)
<b>Net cash provided by (used in) financing activities</b>		<b>104,6</b>
Effect of exchange rates on cash and cash equivalents		0,1
Net increase (decrease) in cash and cash equivalents		11,6
Cash and cash equivalents at beginning of period		10,0
Cash and cash equivalents at end of period		21,6

## **1. BASIS OF PREPARATION**

### **Background**

On December 14, 2010 Siemens AG ("Siemens") signed an option agreement ("framework agreement") with Atos Origin S.A. ("Atos") to sell Atos its IT Solutions and Services business, as defined below (hereafter referred to as the "SIS Combination Group"). On February 1, 2011 Atos exercised the option and as a result Siemens AG and Atos have a final binding agreement, subject to necessary approvals (inter alia antitrust clearance, approvals from regulatory authorities and governing bodies of Atos).

In connection with this transaction, the SIS Combination Group prepared the Combined Statement of Financial Position, the Combined Statement of Income, the Combined Statement of Comprehensive Income, the Combined Statement of Cash Flow and the Combined Statement of Changes in Equity and the summary of significant accounting policies and other explanatory notes for the year ended September 30, 2010 (collectively, "Combined Financial Statements"), authorized for issue by the management of the SIS Combination Group on March 17, 2011.

### **Description of the SIS Combination Group business**

The SIS Combination Group designs, builds and operates both discrete and large-scale information and communication systems. It offers comprehensive information technology and communication solutions both to third parties and to Siemens AG and its subsidiaries, which are directly or indirectly controlled excluding the SIS Combination Group ("Siemens Group"), and their customers. While mainly performing operational related services, it also creates solutions for customers by drawing on its management consulting resources to redesign customer processes. The SIS Combination Group operates worldwide in more than 35 countries.

The SIS Combination Group offers its solutions and services to customers (both Siemens Group entities and external) in the following areas:

- Industry-Energy-Healthcare, which includes the sectors automotive, discrete manufacturing, process industries, energy and healthcare markets;
- Public sector, which includes defense & intelligence, public security, employment services and public administration;
- Service industries, which include customers in the sectors telecommunications, internet services, media, financial and consulting.

The SIS Combination Group provides two types of services:

- Outsourcing services (full-scale IT operations including hosting, call center, network and desktop services) as well as operation of selected business processes (e.g. financial services back-office operations);
- Project oriented consulting, design and implementation services, such as selecting, adapting and introducing new solutions to support business processes as well as integration of systems and enterprise applications.

### **Structure and scope of the SIS Combination Group**

The SIS Combination Group is not a legal group for consolidated financial statements reporting purposes in accordance with IAS 27 and is presented on the basis of a notional group structure combining the SIS Combination Group businesses respectively the SIS Combination Group entities, which will be transferred to Atos. The SIS Combination Group operates under a common management, which reports to the managing board of Siemens AG. The net assets of the SIS Combination Group are represented by the cumulative investment of Siemens Group in the SIS Combination Group (shown as *Net assets attributable to Siemens Group*).

Before the carve-out procedures as mentioned below, most of the SIS Combination Group operated in multidivisional entities (Siemens AG and Siemens Regional Companies), while few legal entities exclusively performed the SIS Combination Group business. Beginning fiscal 2010, Siemens started a reorganization of the SIS Combination Group, i.e. a new group has been set up, comprising legal entities already in existence, as well as the operating business and assets and liabilities currently included within other legal entities of the Siemens Group. The SIS Combination Group business from the multidivisional entities was carved-out as of different dates (July 1, 2010, October 1, 2010, and various dates until February 1, 2011). Despite different legal carve-out

dates the SIS Combination Group business has been included in the Combined Financial Statements throughout fiscal 2010 in all affected countries to present the notional group.

As of September 30, 2010, the SIS Combination Group consists of 82 legal entities and SIS Combination Group businesses as part of a Siemens Regional Company (see Appendix 1). These entities are legally wholly owned by Siemens AG, the Siemens Regional Companies or Siemens IT Solutions and Services GmbH ("SIS GmbH").

The SIS Combination Group includes all assets, liabilities, revenues and expenses directly attributable to the SIS Combination Group legal entities, from the SIS Combination Group operations of Siemens AG as well as from certain Siemens Regional Companies before the carve-out date, which will be transferred to Atos (as defined in Appendix 1) and therefore are included in the notional group. The following operational activities have been presented as Siemens SIS Combination Group business in the past, but will not be transferred to Atos and are therefore excluded from the Combined Financial Statements for the respective periods:

- The Communications Media and Technology (former System Development and Engineering/Telco) related business is a business, which has been presented in the SIS Combination Group business unit System Development and Engineering up to fiscal 2010, and provides Software/System Solutions, Software Development, Software R&D and System Integration Services in the industry segments Communications, Media and Technology. These activities were previously reported as part of the Siemens Regional Companies in Austria, China, Croatia, Czech Republic, Germany, Romania and Slovakia as well as in SIS Combination Group legal entities in India.
- The business relating to the IT outsourcing contract with the German Federal Armed Forces (project "Herkules"). The business includes all transactions between the SIS Combination Group and the project Herkules related entities including the guarantees, which were issued by Siemens AG.

During fiscal 2010 the assets, liabilities and related income and expenses listed below contributed to the performance of the SIS Combination Group, but will not be transferred to Atos. For a comprehensive presentation of the financial position, performance and cash flows of the SIS Combination Group in fiscal 2010 they are included in the SIS Combined Financial Statements:

- The pension obligations and the respective assets for non-active employees in the UK as well as the defined benefit plans in Canada, Ireland and the USA;
- All HR related liabilities (including pensions and restructuring liabilities) of approximately 1.900 employees which will remain with the Siemens Group;
- Two loans from Siemens AG to two SIS Combination Group entities which have not been transferred to SIS GmbH as of October 1, 2010.

### **Presentation of the Combined Financial Statements**

The principal accounting policies are as follows:

The Combined Financial Statements present the operations of the SIS Combination Group as if it had been a discrete sub-group within the Siemens Group. The (non SIS Combination Group) Siemens part is disclosed as related party in the Combined Financial Statements.

IFRSs as adopted by the European Union (EU) do not provide for the preparation of Combined Financial Statements, and accordingly, in preparing the Combined Financial Statements certain accounting conventions commonly used for have been applied (e.g. Exposure Draft 2010/2 "Conceptual Framework for Financial Reporting"). The application of these conventions results in the following basis of accounting of the Combined Financial Statements. The SIS Combination Group reporting entity comprises SIS legal entities as well as SIS business not managed in a separate legal entity. This notional group is under control of the SIS management. No separate Financial Statements for the notional group have been presented previously. The Combined Financial Statements have been prepared by aggregating the applicable financial information that was prepared for the purposes of the Siemens Consolidated Financial Statements. Only consolidation adjustments to present the SIS Combination Group have been considered. Internal transactions within the SIS Combination Group have been eliminated in preparing the Combined Financial Statements.

The Combined Financial Statements have been prepared on a going concern and a historical cost basis as included in the Siemens' Consolidated Financial Statements, based on the Siemens' date of transition to IFRSs, except as stated in Note 2.

The Combined Financial Statements have been prepared and reported in euro (€).

The Combined Financial Statements have been prepared in accordance with this basis of preparation. This basis of preparation is based on the recognition, measurement and disclosure principles as defined in International Financial Reporting Standards ("IFRS") as adopted by the European Union as of September 30, 2010 and the principles as described below.

### **Basis of accounting**

The Combined Financial Statements have been prepared for the year ended September 30, 2010 and include no comparative information in respect of prior periods as agreed with Atos.

The SIS Combination Group has entered into several contracts with the Siemens Group with respect to providing IT services. The main contract, Global Agreement IT Infrastructure (GAIN) (see Note 35) has been signed in December 2008 with economic effect from October 2008 and a contract term until September 2014. The SIS Combination Group is the service provider for all IT services in scope of the GAIN contract. These internal IT contracts have been accounted for in accordance with IFRS. Independent of the GAIN contract and in addition to the contract consideration Siemens AG reimbursed €75.0 million expenses incurred by the SIS Combination Group during the transformation phase of GAIN in fiscal 2010. These expenses have been reimbursed when recognized, and have been netted against the associated expenses incurred in the Combined Statement of Income to disclose the SIS Combination Group performance from the notional group's perspective. In the Combined Statement of Cash Flow the respective effects have been presented as deemed contributions from Siemens AG to the SIS Combination Group.

Siemens Group has reimbursed €4.5 million expenses, which were not in the normal course of business from the notional group's perspective (see Note 35). These expenses are presented net of the related reimbursements in the Combined Statement of Income. In the Combined Statement of Cash Flow the respective effects have been presented as deemed contributions from Siemens AG to the SIS Combination Group.

The business decisions for the one-time special bonus (€20.2 million) and for carve-out related issues (€57.6 million) have not been initiated by the SIS Combination Group management and are therefore centrally funded by Siemens Group and not pushed down with the related reimbursements to the SIS Combination Group.

The SIS Combination Group made use of transitional exemptions as granted by IFRS 1, First-Time Application of IFRS. October 1, 2009 serves as date of the opening combined statement of financial position in accordance with the basis of presentation based on IFRS. The carrying amounts of the assets and liabilities in the SIS Combined Financial Statements are measured based on the date of transition of the Siemens Group to IFRSs (IFRS 1.D16). As of October 1, 2009, the SIS Combination Group sets its reserve for currency translation differences under IAS 21 to zero within *Other components of equity in Equity*. The SIS Combination Group sets the cumulative gains and losses on pension plans and similar commitments within *Net assets attributable to Siemens Group in Equity* to zero at October 1, 2009.

Employees allocated to the SIS Combination Group may participate in the share-based payment programs of the Siemens Group. The share-based payments awards have been granted by the legal entities in which the SIS employees have been employed and the SIS Combination Group recognizes the expenses over the term of the vesting period equal to the fair value of the compensation for the charges received or to be received by Siemens Group (see Note 33). The SIS Combined Financial Statements are presented as a discrete sub-group of the Siemens Group and therefore the share-based payments are continued to be accounted for using the equity-settled method to avoid a hindsight problem in retrospectively applying a fair-value based cash-settlement accounting. In addition, the awards in the share-based payment programs shall be redeemed as of closing of the transaction with Atos.

Goodwill allocated to the SIS Combination Group in the Siemens Consolidated Financial Statements is presented in the Combined Financial Statements.

For purposes of these Combined Financial Statements, pensions and other post-employment benefit plans and their respective portion including the plan liabilities, assets and pension costs have been included or allocated to the SIS Combination Group using valuations performed by independent actuaries. The Combined Financial Statements are prepared on the basis of the pension liabilities and related assets that are allocated to the SIS Combination Group within the Siemens Group as of October 1, 2009 and September 30, 2010. The liabilities and assets in respect of the non-active former employees of the SIS Combination Group within Siemens AG in fiscal 2010 are not included in the Combined Financial Statements, because these employees will not be transferred to Atos.

The SIS Combination Group's financing requirements are primarily met by cash injections from Siemens AG (see Note 35) as well as the cash settlement of the balances with Siemens Financial Services GmbH (hereafter referred to as "SFS") outstanding as of October 1, 2009 and in fiscal 2010 via internal clearing accounts. Due to the clearing account system, the net cash flow of the related transactions is reflected in the financing activities of the Combined Statement of Cash Flow. The movements of the latter are aggregated in the position *Other internal financing by shareholders of the SIS Combination Group* within the Combined Statement of Cash Flow.

As the SIS Combination Group is part of the Siemens Group, it obtains mandatory services from Siemens Group. Before the carve-out of the multidivisional entities, these services have been directly charged based on allocation keys like e.g. annual revenues. In fiscal 2010, the SIS Combination Group entered into transitional service agreements (TSAs) with Siemens AG and the Siemens Regional Companies. According to these agreements, Siemens Group continues to provide administrative services to the SIS Combination Group, mainly including accounting support, HR services, logistics services, legal, tax, marketing and advertising services. The need for such services will remain after the legal separation of the SIS Combination Group entities from Siemens AG and its Regional Companies. The SIS Combination Group entities will either have to perform these services internally or receive these services from Siemens Group, Atos or other third parties, the cost of which may not be comparable to that historically recorded.

Income taxes are determined under the assumption of the SIS Combination Group entities being separate taxable entities. This separate taxable entities assumption implies that current and deferred taxes of all SIS Combination Group entities are calculated separately and any resulting deferred tax assets are evaluated for utilization following this assumption. Due to the fact that certain entities of the notional group do not file separate tax returns, the respective current tax assets and liabilities as well as the deferred tax assets on net operating losses are deemed either contributed or distributed to the respective tax group member filing the tax return with a corresponding effect in equity of the SIS Combination Group as of the end of the reporting period for these entities. Deferred tax assets not meeting the utilization criteria following the separate taxable entities assumption are not capitalized irrespective of a potential utilization within the tax group but outside the SIS Combination Group; the respective impact is described as part of the tax rate reconciliation.

Management considers the separate tax return approach to be reasonable, but not necessarily indicative of the tax income and expense and the related tax in-flows or out-flows that would have been incurred if the SIS Combination Group entities were indeed separate taxable entities. No deferred tax liabilities have been recorded with respect to taxable temporary differences associated with investments in subsidiaries and associates assuming that the SIS Combination Group will not receive dividends from such subsidiaries and associates in the foreseeable future.

### **Group combination principles**

All intra-group balances within the notional group, income and expenses, unrealized gains and losses resulting from transactions between the SIS Combination Group entities are eliminated in full. All investments and the respective parent's portion of equity of each subsidiary within the SIS Combination Group are eliminated. All transactions with non-SIS Combination Group entities of the Siemens Group are disclosed as transactions with related parties.

### **Going concern**

The business plan for fiscal years 2011 to 2014 for the SIS Combination Group assumes an improvement on its operational results.

The SIS Combination Group has received capital injections of approximately €449.5 million since October 1, 2009 and in addition has been reorganized and been given a new set up starting October 1, 2010. Consistent with the business plan for fiscal years 2011 to 2014 for the SIS Combination Group and based on the capital injections made, the Combined Financial Statements have been prepared based on the going concern principle.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the period presented in the Combined Financial Statements.

*Key accounting estimates and judgments* – The preparation of the Combined Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of income, expenses, assets and liabilities. Actual results may differ from management's

estimates. Estimates and assumptions are reviewed on an ongoing basis, and changes in estimates and assumptions are recognized in the period in which the changes occur and in future periods impacted by the changes. The estimates in accordance with the basis of preparation at the date of transition are consistent with estimates made for the same date in accordance with the reporting requirements under IFRS as part of the consolidation group of Siemens AG, unless there is objective evidence that those estimates were in error. Information received after the date of transition about estimates made under the reporting to be included in the Consolidated Financial Statements of Siemens AG are treated consistent with the principles described in IFRS 1 in the same way as non-adjusting events after the reporting period in accordance with IAS 10 *Events after the Reporting Period*.

In addition to the carve-out assumptions which impacted the presentation of these Combined Financial Statements, the areas involving a high degree of judgment or where estimates and assumptions are significant to the Combined Financial Statements are disclosed in Note 1 and Note 3.

*Business combinations* – Business combinations are accounted for under the acquisition method. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed in the period incurred. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Uniform accounting policies are applied. Changes to contingent consideration classified as a liability at the acquisition date are recognized in profit and loss. Non-controlling interests may be measured at their fair value (full-goodwill-methodology) or the proportional fair value of assets acquired and liabilities assumed. After initial recognition non-controlling interests may show a deficit balance since both profits and losses are allocated to the shareholders based on their equity interests. In business combinations achieved in stages, any previously held equity interest in the acquiree is re-measured to its acquisition date fair value. If there is no loss of control, transactions with non-controlling interests are accounted for as equity transactions not affecting profit and loss. At the date control is lost any retained equity interests are re-measured to fair value.

*Associated companies* – Companies in which the SIS Combination Group has the ability to exercise significant influence over their operating and financial policies (generally through direct or indirect ownership of 20% to 50% of the voting rights) are recorded in the Combined Financial Statements using the equity method of accounting and are initially recognized at cost. Where necessary, adjustments are made to bring the accounting policies in line with those of the SIS Combination Group. The excess of the SIS Combination Group's initial investment in associated companies over the SIS Combination Group's ownership percentage in the underlying net assets of those companies is attributed to certain fair value adjustments with the remaining portion recognized as goodwill. Goodwill relating to the acquisition of associated companies is included in the carrying amount of the investment and is not amortized but is tested for impairment as part of the overall investment in the associated company. The SIS Combination Group's share of its associated companies' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in equity that have not been recognized in the associates' profit or loss is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in the associated company. When the SIS Combination Group's share of losses in an associated company equals or exceeds its interest in the associate, the SIS Combination Group does not recognize further losses, unless it incurs obligations or makes payments on behalf of the associate. The interest in an associate is the carrying amount of the investment in the associate together with any long-term interests that, in substance, form part of the SIS Combination Group's net investment in the associate. Intercompany results arising from transactions between the SIS Combination Group and its associated companies are eliminated to the extent of the SIS Combination Group's interest in the associated company. The SIS Combination Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the SIS Combination Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. Upon loss of significant influence over the associate, the SIS Combination Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

*Foreign currency translation* – The assets, including goodwill, and liabilities of the SIS Combination Group entities, where the functional currency is other than the euro, are translated using the exchange rate at the end of the reporting period, while the statements of income are translated using average exchange rates during the period. Differences arising from such translations are recognized within equity and reclassified to net income when the gain or loss on disposal of the foreign subsidiary is recognized.

The exchange rates of the significant currencies of non-euro countries used in the preparation of the Combined Financial Statements were as follows:

Currency	ISO Code	Exchange rate €1 quoted into currencies specified below as of		Annual average rate €1 quoted into currencies specified below Year ended September 30, 2010
		September 30, 2010	October 1, 2009	
U.S. Dollar	USD	1.365	1.464	1.354
British pound	GBP	0.860	0.909	0.867
Swiss Franc	CHF	1.329	1.508	1.419

*Revenue recognition* – Revenue is recognized for product sales when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably, and collection of the related receivable is reasonably assured. If product sales are subject to customer acceptance, revenue is not recognized until customer acceptance occurs.

Revenue from construction-type projects is recognized under the percentage-of-completion method, based on the percentage of costs to date compared to the total estimated contract costs. Revenues from service transactions are recognized as the services are performed.

For long-term service contracts, revenue is recognized on a straight-line basis over the term of the contract or, if the performance pattern is other than straight-line, as the services are performed. Some contracts involving both development of customer specific solutions and directly related subsequent managed services are accounted for using the percentage-of-completion method. Operating lease income for equipment rentals is recognized on a straight-line basis over the lease term. Arrangements that are not in the legal form of a lease are accounted for as a lease if, based on the substance of the arrangement, it is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Sales of goods and services as well as software arrangements sometimes involve the provision of multiple elements. In these cases, the SIS Combination Group determines whether the contract or arrangement contains more than one unit of accounting. An arrangement is separated if (1) the delivered element(s) has (have) value to the customer on a stand-alone basis, (2) there is reliable evidence of the fair value of the undelivered element(s) and (3), if the arrangement includes a general right of return relative to the delivered element(s), delivery or performance of the undelivered element(s) is (are) considered probable and substantially in the control of the SIS Combination Group. If all three criteria are fulfilled, the appropriate revenue recognition convention is then applied to each separate unit of accounting. Generally, the total arrangement consideration is allocated to the separate units of accounting based on their relative fair values. The hierarchy of fair value evidence is as follows: (a) sales prices for the component when it is regularly sold on a stand-alone basis, (b) third-party prices for similar components or, (c) under certain circumstances, cost plus an adequate business-specific profit margin related to the relevant element. By this means, reliable fair values are generally available. However, there might be cases when fair value evidence according to (a) and (b) is not available and the application of the cost-plus method (c) does not create reasonable results because the costs incurred are not an appropriate base for the determination of the fair value of an element. In such cases the residual method is used, if fair value evidence is available for the undelivered but not for one or more of the delivered elements, i.e. the amount allocated to the delivered elements equals the total arrangement consideration less the aggregate fair value of the undelivered elements. If the three separation criteria (1) to (3) are not met, revenue is deferred until such criteria are met or until the period in which the last undelivered element is delivered. The amount allocable to the delivered elements is limited to the amount that is not contingent upon delivery of additional elements or meeting other specified performance obligations.

Interests are recognized using the effective interest method.

*Functional Costs* – In general, operating expenses by type are assigned to the functions following the functional area of the corresponding profit and cost centers. Expenses relating to cross-functional initiatives or projects are assigned to the respective functional costs based on an appropriate allocation principle.

*Product-related expenses* – Provisions for estimated costs related to product warranties are recorded in *Cost of goods sold and services rendered* at the time the related sale is recognized, and are determined on an individual basis. The estimates reflect historic trends of warranty costs, as well as information regarding product failure experienced during construction, installation or testing of IT services or solutions.

*Research and development costs* – Costs of research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed as incurred. Costs for development activities, whereby research findings are applied to a plan or design for the production of new or substantially

improved products and processes, are capitalized if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the SIS Combination Group intends, and has sufficient resources, to complete development and to use or sell the asset. The costs capitalized include the cost of materials, direct labour and other directly attributable expenditure that serves to prepare the asset for use. Such capitalized costs are included in *Other intangible assets* as software and other internally generated intangible assets, see Note 17. Other development costs are expensed as incurred. Capitalized development costs are stated at cost less accumulated amortization and impairment losses with an amortization period of generally three to five years.

Government grants for research and development activities are offset against research and development costs. They are recognized as income over the periods in which the research and development costs incur that are to be compensated. Government grants for future research and development costs are recorded as deferred income.

*Goodwill* – Goodwill is not amortized, but instead tested for impairment annually, as well as whenever there are events or changes in circumstances (triggering events) which suggest that the carrying amount may not be recoverable. Goodwill is carried at cost less accumulated impairment losses. The goodwill impairment test is performed at the level of the SIS Combination Group, which represents the cash-generating unit and is the lowest level at which goodwill is monitored for internal management purposes. If the carrying amount of the SIS Combination Group to which the goodwill is allocated exceeds its recoverable amount, an impairment loss on goodwill is recognized. The recoverable amount is the higher of the SIS Combination Group's fair value less costs to sell and its value in use. If either of these amounts exceeds the carrying amount, it is not always necessary to determine both amounts. The SIS Combination Group determines its recoverable amount based on its fair value less costs to sell. This value is generally determined based on discounted cash flow calculations. Impairment losses on goodwill are not reversed in future periods if the recoverable amount exceeds the carrying amount of the SIS Combination Group to which the goodwill is fully allocated (see Note 16 and 36 for further information).

*Other intangible assets* – Other intangible assets consist of software and other internally generated intangibles assets, patents, licenses and similar rights. The SIS Combination Group amortizes these intangible assets on a straight-line basis over their respective estimated useful lives to their estimated residual values. The amortization method and useful lives are reviewed annually and, if expectations differ from previous estimates, adjusted accordingly. The estimated useful lives for software, patents, licenses, and other similar rights range from three to five years. Please refer to Note 17 for further information. The SIS Combination Group has no intangible assets with an indefinite useful life.

*Property, plant and equipment* – Property, plant and equipment is valued at cost less accumulated depreciation and impairment losses. If the costs of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is recognized using the straight-line method. Residual values and useful lives are reviewed annually and, if expectations differ from previous estimates, adjusted accordingly. The following useful lives are assumed:

Buildings	20 to 50 years
Technical machinery & equipment	5 to 10 years
Furniture & office equipment	generally 5 years
Equipment leased to others	generally 3 to 5 years

*Impairment* – Property, plant and equipment and other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by the comparison of the carrying amount of the asset to the recoverable amount, which is the higher of the asset's value in use and its fair value less costs to sell. If assets do not generate cash inflows that are largely independent of those from other assets or groups of assets, the impairment test is not performed at an individual asset level, but instead performed at the level of the SIS Combination Group. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset or cash-generating unit exceeds their recoverable amount. If the fair value cannot be determined, the assets' value in use is used as the recoverable amount. The assets' value in use is measured by discounting their estimated future cash flows. If there is an indication that the reasons which caused the impairment no longer exist, the SIS Combination Group assesses the need to reverse all or a portion of the impairment.

*Income taxes* – Current and deferred income tax are recognized in accordance with applicable tax laws that result from the German and international SIS Combination Group business. Some of the entities within the SIS Combination Group did not file separate tax returns as they were included in a group for tax purposes together



with other Siemens entities or because they were part of the Siemens Regional Companies. The income tax included in these Combined Financial Statements was calculated using a method consistent with a separate return basis, as if these entities were either separate, stand-alone taxpayers in the respective jurisdictions or within a SIS Combination Group national tax group. The usage of a national tax group, e.g. for Germany, is dependent on the local tax legislation and the assumptions of the legal structure of the SIS Combination Group.

Under the liability method of IAS 12, *Income Taxes*, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Changes in deferred tax assets and liabilities are recorded in the *Income taxes* line of the Combined Statement of Income unless these changes are recognized directly in equity. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted at the Statement of Financial Position date in the respective jurisdiction.

*Inventories* – Inventory is valued at the lower of acquisition or production cost and net realizable value with cost being generally determined on the basis of the average method. Production costs comprise direct material and labor and applicable manufacturing overheads, including depreciation charges. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

*Defined benefit plans and other post-employment benefits* – The entitlements of the defined benefit plans are measured by applying the projected unit credit method. The approach reflects an actuarially calculated net present value of the future benefit entitlement for services already rendered. In determining the net present value of the future benefit entitlement for service already rendered (Defined Benefit Obligation (DBO)), the SIS Combination Group considers future compensation and benefit increases, because the employee's final benefit entitlement at regular retirement age depends on future compensation or benefit increases. For post-employment healthcare benefits, the SIS Combination Group considers healthcare trends in the actuarial valuations.

For unfunded plans, a pension liability equal to the DBO adjusted by unrecognized past service cost is recognized. For funded plans, the SIS Combination Group offsets the fair value of the plan assets against the benefit obligations. The SIS Combination Group recognizes the net amount, after adjustments for effects relating to unrecognized past service cost and any asset ceiling, under pension liability or pension asset.

Actuarial gains and losses, resulting for example from an adjustment of the discount rate or from a difference between actual and expected return on plan assets, are recognized in the Combined Statement of Comprehensive Income in the year in which they occur. Those effects are recorded in full directly in equity, net of tax.

Countries with principal pension plans include Austria, Germany, Switzerland and UK.

For the SIS Combination Group business in Germany, as of September 30, 2010, only the pension obligations related to the deferred compensation plan are funded by investments. For the purposes of the Combined Financial Statements, the pension obligations with respect to the pension scheme "Beitragsorientierte Siemens Altersversorgung" (BSAV) and other retirement benefits are not funded. However, these obligations are funded by Siemens AG as of October 1, 2010. Other pension assets have been allocated in line with group pension plans recorded in the respective Siemens Regional Companies as of October 1, 2009 and September 30, 2010. Please refer to Note 25 for further information.

*Provisions* – A provision is recognized in the Combined Statement of Financial Position when the SIS Combination Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognized at present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognized as a provision and measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract as far as they exceed the expected economic benefits of the contract. Before a provision for onerous contracts is recognized assets directly and exclusively assigned to the contract are tested for impairment losses and valuation allowances. Additions to provisions and reversals are generally recognized in the income statement. The present value of legal obligations associated with the retirement of property, plant and equipment (asset retirement obligations) that result from the acquisition, construction, development or normal use of an asset is added to the carrying amount of the related asset. The additional carrying amount is depreciated over the

useful life of the related asset. Additions to and reductions from the present value of asset retirement obligations (including provisions for dilapidation towards Siemens Real Estate) that result from changes in estimates are generally recognized by adjusting the carrying amount of the related asset and provision. If the asset retirement obligation is settled for other than the carrying amount of the liability or if the assumptions should change in future periods, the SIS Combination Group recognizes a gain or loss on settlement.

*Termination benefits* – Termination benefits are recognized in the period incurred and when the amount is reasonably estimable. Termination benefits in accordance with IAS 19 are recognized as a liability and an expense when the entity is demonstrably committed, through a formal termination plan or otherwise creating a valid expectation, to either provide termination benefits as a result of an offer made in order to encourage voluntary redundancy or terminate employment before the normal retirement date.

The measurement of liabilities for employee termination benefits is based on the estimated number of employees who are expected to sign the voluntary termination agreement and the estimated related costs.

*Leasing* – The determination, of whether an arrangement is or contains a lease, is based on the substance of the arrangement at the inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item to the SIS Combination Group, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the Combined Statement of Income. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the SIS Combination Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. (See also Note 3). Leases of assets under which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Combined Statement of Income on a straight-line basis over the term of the lease.

When a lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

*Financial instruments* – A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The SIS Combination Group's financial assets mainly include cash and cash equivalents, available-for-sale financial assets, trade receivables, loans receivables, finance lease receivables and derivative financial instruments with a positive fair value. Cash and cash equivalents are not included in the category available-for-sale financial assets as these financial instruments are not subject to fluctuations in value. The SIS Combination Group does not make use of the category held to maturity. The SIS Combination Group's financial liabilities mainly comprise short-term debt, trade payables, finance lease payables and derivative financial instruments with a negative fair value. The SIS Combination Group does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception. Based on their nature, financial instruments are classified as financial assets and financial liabilities measured at cost or amortized cost and financial assets and financial liabilities measured at fair value and as financial receivables from finance leases. Please refer to Note 31 for further information.

Financial instruments are recognized on the Combined Statement of Financial Position when the SIS Combination Group becomes a party to the contractual obligations of the instrument. Regular way purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are accounted for at the trade date.

Initially, financial instruments are recognized at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognized in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. Finance lease receivables are recognized at an amount equal to the net investment in the lease. Subsequently, financial assets and liabilities are measured according to the category - cash and cash equivalents, available-for-sale financial assets, loans and receivables, financial liabilities measured at amortized cost or financial assets and liabilities classified as held for trading - to which they are assigned.

*Cash and cash equivalents* – All highly liquid investments with less than three months maturity from the date of acquisition are considered to be cash equivalents. Cash and cash equivalents are measured at cost.

*Available-for-sale financial assets* – Investments in equity instruments, debt instruments and fund shares are all classified as available-for-sale financial assets and are measured at fair value, if reliably measurable. Unrealized

gains and losses, net of applicable deferred income taxes, are recognized in Other comprehensive income. Provided that fair value cannot be reliably determined, the SIS Combination Group measures available-for-sale financial instruments at cost. This applies to equity instruments that do not have a quoted market price in an active market, and decisive parameters cannot be reliably estimated for use in valuations models for the determination of fair value.

When available-for-sale financial assets incur a decline in fair value below acquisition cost and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized in equity is removed from equity and recognized in the Combined Statements of Income. The SIS Combination Group considers all available evidence such as market conditions and prices, investee-specific factors and the duration and the extent to which fair value is less than acquisition cost in evaluating potential impairment of its available-for-sale financial assets. The SIS Combination Group considers a decline in fair value as objective evidence of impairment, if the decline exceeds 20% of costs or continues for more than six months. An impairment loss is reversed in subsequent periods for debt instruments, if the reasons for the impairment no longer exist.

*Loans and receivables* – Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method less any impairment losses. Impairment losses on trade receivables are recognized using separate allowance accounts. See Note 3 for further information regarding the determination of impairment. Loans and receivables bearing no or lower interest rates compared to market rates with a maturity of more than one year, are discounted.

*Financial liabilities* – The SIS Combination Group measures financial liabilities, except for derivative financial instruments, at amortized cost using the effective interest method.

*Derivative financial instruments* – Derivative financial instruments, represented by foreign currency exchange contracts, are measured at fair value. Derivative instruments are classified as held for trading. The SIS Combination Group does not designate derivative financial instruments as hedging instruments and accordingly does not apply hedge accounting. Changes in the fair value of derivative financial instruments are recognized in net income. See Note 32 for further information.

*Share-based payment* – IFRS 2 distinguishes between cash-settled and equity-settled share-based payment transactions. For both types, the fair value is measured at grant date and compensation expense is recognized over the vesting period during which the employees become unconditionally entitled to the awards granted. Cash-settled awards are re-measured at fair value at the end of each reporting period and upon settlement. The SIS Combination Group uses an option pricing model to determine the fair value of stock options. The fair value of other share-based awards, such as stock awards, matching shares, and shares granted under the Jubilee Share Program, is determined as the market price of Siemens shares, considering dividends during the vesting period the grantees are not entitled to, and certain non-vesting conditions if applicable. See Note 33 for further information on share-based awards.

### **3. CRITICAL ACCOUNTING ESTIMATES**

The Combined Financial Statements are prepared in accordance with the basis of preparation. The SIS Combination Group's significant accounting policies (see Note 2) as well as the group combination principles (see Note 1) are essential to understand the SIS Combination Group's results of operations, financial positions and cash flows for the fiscal year presented. Certain of the SIS Combination Group's accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the SIS Combination Group's results of operations, financial position and cash flows. Critical accounting estimates could also involve estimates where management reasonably could have used a different estimate in the current accounting period. Management cautions that future events often vary from forecasts and that estimates routinely require adjustment.

*Revenue recognition on construction type contracts* – The SIS Combination Group conduct a portion of its business under construction-type contracts with customers. The SIS Combination Group generally accounts for long-term construction-type projects using the percentage-of-completion method, recognizing revenue as performance on the contract progresses. Certain long-term service contracts are accounted for under the percentage-of-completion method as well. This method places considerable importance on accurate estimates of the extent of progress towards completion. Depending on the methodology to determine contract progress, the significant estimates include total contract costs, remaining costs to completion, total contract revenues, contract risks and other judgments. Management continuously reviews all estimates involved in such construction-type

contracts and adjusts them as necessary within usual project reviews as well as in case of unexpected developments (triggering events).

*Trade receivables* – The allowance for doubtful accounts involves significant management judgment and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical bad debts on a portfolio basis. For the determination of the country-specific component of the individual allowance, country credit ratings are also considered, which are determined by SFS based on information from external rating agencies. As of September 30, 2010 and October 1, 2009, the SIS Combination Group recorded a total valuation allowance for accounts receivables of €23.9 million and €26.7 million respectively. See Note 12 for further details.

*Inventories* – Management judgment is required for identification of inventory where net realizable value is lower than its carrying amount. Further, determination of net realizable value involves management estimates. In fiscal 2010, the SIS Combination Group recognized an expense of €1.1 million from the increase in the valuation allowance. See Note 14 for further details.

*Leased equipment* – The SIS Combination Group leases equipment from Siemens Financial Services. For Siemens Group consolidation purposes leasing contracts between Siemens Group and the SIS Combination Group are treated as operating leases. Leasing contracts which do qualify as finance leases have been reclassified for the Combined Financial Statements in accordance with IAS 17. For these leasing contracts the initial purchase price has been assumed to be the fair value of the respective asset. The economic life of the assets is assumed to equal the lease term. Acquisition costs have not been considered as they are not material (see Note 2).

*Impairment of property, plant and equipment, goodwill and other intangible assets* – Property, plant and equipment, goodwill and other intangible assets have been tested for impairment as per the accounting policies described earlier. The determination of the recoverable amount involves the use of estimates by management with respect to the discount rate and cash flows used in the discounted cash flow model. The estimates included, and the methodology used, can have a material impact on the respective values and ultimately the amount of any impairment. In fiscal 2010, the SIS Combination Group recognized €1.4 million of impairment charges on other intangible assets (see Note 17).

*Pension plans and similar commitments* – Obligations for pension and other post-employment benefits and related net periodic pension costs are determined in accordance with actuarial valuations. These valuations rely on key assumptions including discount rates, expected return on plan assets, expected salary increases, mortality rates and health care trend rates. The discount rate assumptions are determined by reference to yields on high-quality corporate bonds of appropriate duration and currency at the end of the reporting period. In case such yields are not available, discount rates are based on government bonds yields. The assumptions regarding the expected return on plan assets are based on a uniform methodology, considering long-term historical returns and asset allocations. Due to changing market and economic conditions, the underlying key assumptions may differ from actual developments and may lead to significant changes in pension and other post-employment benefit obligations. Such differences are recognized in full directly in equity in the period in which they occur without affecting profit or loss. See Note 25 for further details on pensions and other post-employment benefits.

*Termination Benefits* – Costs in conjunction with terminating employees and other exit costs are subject to significant estimates and assumptions. See Notes 2, and 5 for further information.

*Provisions* – Significant estimates are involved in the determination of provisions related to onerous contracts, dilapidations, warranty costs and legal proceedings. A significant portion of the business is performed pursuant to long-term contracts, often for large projects awarded on a competitive bidding basis. The SIS Combination Group records a provision for onerous sales contracts when current estimates of total contract costs exceed expected contract revenue. Such estimates are subject to changes based on new information as projects progress toward completion. Onerous sales contracts are identified by monitoring the progress of the project and updating the estimate of total contract costs which also requires significant judgment relating to achieving certain performance standards as well as estimates involving warranty costs.

The SIS Combination Group is subject to legal and regulatory proceedings in various jurisdictions. Such proceedings may result in criminal or civil sanctions, penalties or disgorgements against the SIS Combination Group. If it is more likely than not that an obligation of the SIS Combination Group exists and will result in an outflow of resources, a provision is recorded if the amount of the obligation can be reliably estimated. Regulatory and legal proceedings as well as government investigations often involve complex legal issues and are subject to substantial uncertainties. Accordingly, management exercises considerable judgment in determining whether there is a present obligation as a result of a past event at the end of the reporting period, whether it is more likely than not that such a proceeding will result in an outflow of resources and whether the

amount of the obligation can be reliably estimated. The SIS Combination Group periodically reviews the status of these proceedings with both inside and outside counsel. These judgments are subject to changes as new information becomes available. The required amount of a provision may change in the future due to new developments in the particular matter. Revisions to estimates may significantly impact future net income. Upon resolution, the SIS Combination Group may incur charges in excess of the recorded provisions for such matters. It cannot be excluded, that the financial position or results of SIS Combination Group's operations will be materially affected by an unfavorable outcome of legal or regulatory proceedings or government investigations. See Note 30 for further information on legal proceedings.

*Income taxes* – The SIS Combination Group operates in various tax jurisdictions and therefore has to determine tax positions under respective local tax laws and tax authorities' views, which can be complex and subject to different interpretations of taxpayers and local tax authorities. Deferred tax assets are recognized if sufficient future taxable profit is available, including income from forecasted operating earnings, the reversal of existing taxable temporary differences and established tax planning opportunities. As of each period-end, management evaluates the recoverability of deferred tax assets, based on projected future taxable profits. As future developments are uncertain and partly beyond management's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will recover. Estimates are revised in the period in which there is sufficient evidence to revise the assumption. If management considers it probable that all or a portion of a deferred tax asset cannot be realized, a deferred tax asset is only recognized to the extent considered realizable.

#### **4. ACQUISITIONS**

In fiscal 2010, the SIS Combination Group completed one acquisition (energy4U GmbH). The acquisition was accounted for using the acquisition method and energy4U GmbH has been included in the SIS Combination Group's Combined Financial Statements since the date of acquisition.

##### *Acquisition of energy4U GmbH*

On October 1, 2009 the SIS Combination Group acquired a controlling interest of 60% in energy4U GmbH, Karlsruhe / Germany (hereafter referred to as "energy4U"), in a share deal transaction. energy4U specializes in vertical IT consulting and SAP implementation and has been acquired to strengthen the SIS Combination Group's vertical expertise in the developing market of smart grids and to enhance the SIS Combination Group Energy's capability as a partner for Siemens' Energy Sector. The consideration for the 60% interest amounts to €16.1 million (including €2.8 million cash acquired). As the remaining 40% is to be acquired by the SIS Combination Group by September 30, 2012 at the latest, energy4U has been fully consolidated as a 100% controlling interest and a contingent liability amounting to €12.6 million for the remaining 40% interest has been considered. The purchase price allocation was completed by the SIS Combination Group in the second quarter fiscal 2010. Based on the fair value assessment, €18.7 million was allocated to intangible assets, €58 million was allocated to deferred tax liabilities and €12.1 million was allocated to Goodwill which represents expected future synergies as well as business with new customers. Of the €18.7 million intangible assets, €17.7 million related to customer relationships with a weighted average useful life of 12 years and €1.0 million to order backlog with a weighted average useful life of 1 year. In fiscal 2010, the acquired energy4U business contributed revenues of €22.2 million and a net income of €2.2 million.

#### **5. RESTRUCTURING EXPENSE**

The SIS Combination Group has implemented, and is currently in the midst of, various restructuring measures. In the context of a strategic reorientation of the SIS Combination Group, a restructuring project was initiated in fiscal 2010 aimed at increasing the competitiveness of the SIS Combination Group by reducing the workforce by 4,200 jobs worldwide. The related program included severance payments in conjunction with the transfer of certain employees to so called transfer entities as well as early retirement arrangements. Assumptions were made by management as to the length of time the employees will remain in the transfer entities. In fiscal 2010, restructuring costs of €395.0 million (see Note 34) are included in the Combined Statement of Income.

The main proportion of the restructuring costs (€340.5 million) relates to the SIS Combination Group's business in Germany (see Notes 23 and 27).

As part of the carve-out of the German SIS Combination Group's business all employees were given the option as to whether they want to transfer to the new SIS Combination Group in accordance with Sec. 613a of German

Civil Code (“BGB”). An amount of €327.9 million of the restructuring costs relates to those employees who objected the transfer. The amount of provisions and liabilities relating to these employees was not transferred from Siemens AG to SIS GmbH during the legal carve-out and subsequently will not result in severance payments in future periods for the SIS Combination Group as those employees departed from the notional group.

## 6. OTHER OPERATING INCOME

€m	Year ended September 30, 2010
Income from fair value step-up	5.4
Income from derecognition of liabilities	3.2
Gains on sales of property, plant and equipment and intangibles	1.2
Other	2.6
<b>Other operating income</b>	<b>12.4</b>

The *Income from fair value step-up* represents a step up on actual fair value of the investment in E-utile S.p.A., due to loss of control, as a result of contractual changes. Since April 1, 2010 the investment has been accounted for using the equity method.

## 7. OTHER OPERATING EXPENSES

€m	Year ended September 30, 2010
Early termination fees	(3.3)
Losses on sales of property, plant and equipment and intangibles	(2.6)
Other	(3.4)
<b>Other operating expenses</b>	<b>(9.3)</b>

*Early termination fees* represent one-time payments made by the SIS Combination Group to SFS due to early termination of leasing contracts.

## 8. INCOME (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

€m	Year ended September 30, 2010
Share of profit (loss), net	6.6
Reversals of impairments	0.4
<b>Income (Loss) from investments accounted for using the equity method, net</b>	<b>7.0</b>

*Share of profit (loss), net* mainly includes the SIS Combination Group’s share in the 2010 earnings of the following (figures mentioned are total earnings):

- Ute Salta, Argentina: €1.7 million,
- Temporal Recaido y Tecnologia, Argentina: €1.5 million,
- CYBERDOC Gesellschaft für Digitale Kommunikation im Notariat GmbH & Co KG, Austria: €1.1 million,
- E-utile S.p.A. Italy: €0.7 million.

From April 1, 2010, the investment in E-utile S.p.A. has been accounted for using the equity method. For further information on the SIS Combination Group’s investments accounted for under the equity method see Note 19.

**9. INTEREST INCOME, INTEREST EXPENSE AND OTHER FINANCIAL INCOME (EXPENSE), NET**

€m	Year ended September 30, 2010
Pension related interest income <sup>22</sup>	53,1
Interest income, other than pension	2,0
<b>Interest income</b>	<b>55,1</b>
Pension related interest expense <sup>23</sup>	(83,1)
Interest expense, other than pension	(16,0)
<b>Interest expense</b>	<b>(99,1)</b>
Income (expense) from available-for-sale financial assets, net	0,6
Miscellaneous financial income (expense), net	(1,6)
<b>Other financial income (expense), net</b>	<b>(1,0)</b>

The components of *Income (expense) from pension plans and similar commitments, net* were as follows:

€m	Year ended September 30, 2010
Expected return on plan assets and reimbursement rights	53,1
Interest cost	(83,1)
<b>Income (expense) from pension plans and similar commitments, net</b>	<b>(30,0)</b>

See Note 25 for further details on *Expense from pension plans and similar commitments, net*.

The total amount of *Interest income and (expense), other than pensions*, were as follows:

€m	Year ended September 30, 2010
Interest income, other than pension	2,0
Interest expense, other than pension	(16,0)
<b>Interest income (expense), net, other than pension</b>	<b>(14,0)</b>
Thereof: Interest income (expense) of operations, net	(1,8)
Thereof: Other interest income (expense), net	(12,2)

*Interest income (expense) of operations, net* includes interest income and expense primarily related to receivables from customers and payables to suppliers, interest on advances from customers and advanced financing of customer contracts. *Other interest income (expense), net* includes all other interest amounts, primarily consisting of interest relating to transactions with Siemens Financial Services GmbH (see Note 35).

*Interest income (expense) other than pensions* includes the following with respect to financial assets (financial liabilities) not at fair value through profit or loss:

€m	Year ended September 30, 2010
Total interest income on financial assets	1,3
Total interest expenses on financial liabilities	(15,1)

<sup>22</sup> Pension related interest income of €53.1 million includes €50.4 million for principal pension plans (Note 25) and €2.7 million for other pension plans

<sup>23</sup> Pension related interest expense of €83.1 million includes €79.1 million for principal pension plans (Note 25) and €4.0 million for other pension plans

The components of *Income (expense) from available-for-sale financial assets, net* were as follows:

€m	Year ended September 30, 2010
Dividends received	0,1
Gains on sales, net	0,4
Other	0,1
<b>Income (expense) from available-for-sale financial assets, net</b>	<b>0,6</b>

## 10. INCOME TAXES

The income tax (expense) benefit consists of the following:

€m	Year ended September 30, 2010
Current tax (expense) benefit	4.2
Deferred tax (expense) benefit	(0.6)
<b>Income tax (expense) benefit</b>	<b>3.6</b>

The current income tax benefit includes adjustments for current taxes of prior years amounting to €9.7million.

Of the deferred tax expense in 2010, €22.3 million relate to the origination and reversal of temporary differences.

In Germany, the calculation of current tax is based on a corporate tax rate of 15% and thereon a surcharge tax of 5.5% for all distributed and retained earnings. In addition to corporate taxation, trade tax is levied on profits earned in Germany. Trade tax is a non deductible expense resulting in an average trade tax rate of 15% and therefore a combined total tax rate of 31%. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

For foreign subsidiaries, current taxes are calculated based on the regulation of the national tax law and using the tax rates applicable in the individual foreign countries. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Income tax expense differs from the amounts computed by applying statutory German income tax rates (31% for fiscal year ended September 30, 2010) as follows:

€m	Year ended September 30, 2010
<b>Expected income tax benefit (expense)</b>	<b>170.1</b>
Increase (decrease) in income taxes resulting from:	
Non-deductible losses and expenses	(3.9)
Tax-free income	2.9
Taxes for prior years	3.5
Change in realizability of deferred tax assets and tax credits	(168.0)
Foreign tax rate differential	1.1
Change in tax rates	(1.7)
Other, net	(0.4)
<b>Actual income tax benefit (expense)</b>	<b>3.6</b>



Deferred income tax assets and liabilities on a gross basis are summarized as follows:

€m	September 30, 2010	October 1, 2009
Financial Assets	0.6	6.4
Intangible assets	8.7	5.1
Property, plant and equipment	23.6	39.7
Inventories	0.9	1.8
Receivables	20.3	8.5
Pension plans and similar commitments	96.5	42.9
Provisions	76.6	56.7
Liabilities	53.3	51.3
Tax loss and credit carryforward	19.0	17.5
Other	-	0.1
<b>Deferred tax assets</b>	<b>299.5</b>	<b>230.0</b>

€m	September 30, 2010	October 1, 2009
Financial assets	3.6	0.8
Other intangible assets	18.6	11.4
Property, plant and equipment	30.9	35.2
Inventories	1.4	0.5
Receivables	13.5	8.5
Pension plans and similar commitments	17.5	3.8
Provisions	27.8	48.6
Liabilities	4.3	2.5
Other	0.2	0.0
<b>Deferred tax liabilities</b>	<b>117.8</b>	<b>111.3</b>
<b>Total deferred tax asset (liability), net</b>	<b>181.7</b>	<b>118.7</b>

In assessing the realizability of deferred tax assets, management considers to which extent it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carryforwards become deductible. Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods for which the deferred tax assets are deductible, management believes it is probable that the SIS Combination Group will realize the benefits of these deductible differences for which deferred tax assets have been recognized.

As of September 30, 2010, the SIS Combination Group had €93.6 million of gross tax loss carried forward. The SIS Combination Group assumes that the future operations will generate sufficient taxable income to realize deferred tax assets amounting to €68.6 million.

Deferred tax assets have not been recognized in respect of the following items (gross amounts):

€m	As of September 30, 2010	October 1, 2009
Deductible temporary differences	133.1	120.8
Tax loss carryforward	25.1	15.0
	158.2	135.8

As of September 30, 2010 and October 1, 2009, respectively, €17.9 million and €15.0 million of the unrecognized tax loss carryforwards expire over the periods to 2012.

The SIS Combination Group has ongoing regular tax audits concerning open income tax years in a number of jurisdictions. Adequate provisions for all open tax years have been foreseen.

Including the items charged or credited directly to equity, the income tax benefit or (expense) consists of the following:

€m	Year ended September 30, 2010
Income tax expenses	3.6
Income and expense recognized directly in OCI	49.8
	53.4

Income tax expense recognized directly in OCI primarily pertains to actuarial gains and losses.

## 11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The following tables summarize the current portion of the SIS Combination Group's investment in available-for-sale financial assets:

	September 30, 2010			
€m	Cost	Fair value	Unrealized gain	Unrealized loss
Equity Instruments	0.1	0.1	-	-
Debt instruments	1.0	1.0	-	-
Fund shares	1.7	1.6	-	(0.1)
<b>Available-for-sale financial assets</b>	<b>2.8</b>	<b>2.7</b>	<b>-</b>	<b>(0.1)</b>

	October 1, 2009			
€m	Cost	Fair value	Unrealized gain	Unrealized loss
Debt instruments	0.7	0.7	-	-
Fund shares	1.8	1.6	-	(0.2)
<b>Available-for-sale financial assets</b>	<b>2.5</b>	<b>2.3</b>	<b>-</b>	<b>(0.2)</b>

In fiscal 2010, there were neither gains nor losses realized on sales of available for sale financial assets. Available-for-sale financial assets classified as non-current are included in *Other non-current financial assets*, see Note 20.

## 12. TRADE AND OTHER RECEIVABLES

€m	September 30, 2010	October 1, 2009
Trade receivables from the sale of goods and services	411.1	364.1
Receivables from finance leases	0.1	0.5
Receivables from associates and related companies	4.8	2.9
<b>Trade and other receivables</b>	<b>416.0</b>	<b>367.5</b>

The valuation allowance on the SIS Combination Group's trade receivables developed as follows:

€m	September 30, 2010
Valuation allowance as of beginning of fiscal year	26.7
Increase (decrease) in valuation allowances recorded in the income statement in the current period	(1.3)
Write-offs charged against the allowance	(0.8)
Recoveries of amounts previously written-off	(1.9)
Foreign exchange translation differences	0.6
Changes of the basis of consolidation	0.6
<b>Valuation allowance as of fiscal year end</b>	<b>23.9</b>

Receivables from finance leases are due within one year both in fiscal 2010 and 2009.

In both fiscal 2010 and 2009, there was no difference between the minimum future lease payments and the present value of the minimum future lease payments receivable.

### 13. OTHER CURRENT FINANCIAL ASSETS

€m	September 30, 2010	October 1, 2009
Receivables from employees	3.9	1.5
Derivative financial instruments	2.3	1.0
Debit balances of trade accounts payable	1.7	1.9
Other liquid instruments	0.8	-
Loans receivable from third parties	0.2	0.2
Loans and other receivables from related and associated companies	0.1	-
Other	10.1	8.2
<b>Other current financial assets</b>	<b>19.1</b>	<b>12.8</b>

*Other* includes to a large extent deposits for office rents in India.

### 14. INVENTORIES

€m	September 30, 2010	October 1, 2009
Raw materials and supplies	1.6	1.4
Work in process	13.4	10.3
Costs and earnings in excess of billings on uncompleted contracts	241.5	245.6
Finished goods and products held for re-sale	29.9	29.2
Advances to suppliers	5.0	7.2
	<b>291.4</b>	<b>293.7</b>
Advance payments received	(36.3)	(28.7)
<b>Inventories</b>	<b>255.1</b>	<b>265.0</b>

Raw materials and supplies, work in process as well as finished goods and products held for resale are valued at the lower of acquisition/production cost and net realizable value. The respective write-downs increased by €1.1 million from €70.9 million in fiscal 2009 to €72.0million in fiscal 2010.

*Costs and earnings in excess of billings on uncompleted contracts* relate to construction-type contracts, with net asset balances where contract costs plus recognized profits less recognized losses exceed progress billings. Construction-type contracts, here and as follows, include service contracts accounted for under the percentage of completion method. Cost of unbilled contracts and costs in excess of billings include mainly three major

governmental projects, which amount to €118.5 million in fiscal 2010 (€115.8 million in fiscal 2009). All three projects are long-term projects in which the SIS Combination Group builds a solution for a customer and provides services afterwards.

Liabilities from contracts for which progress billings exceed costs and estimated profits less recognized losses are recognized in *Other current liabilities*; see Note 23. The aggregate amount of costs incurred and recognized profits less recognized losses for construction-type contracts, as of September 30, 2010 and October 1, 2009 amounted to €2,084.3 million and €2,143.7 million, respectively. Advance payments received on construction-type contracts were €8.8 million and €5.1 million as of September 30, 2010 and October 1, 2009. Revenue from construction contracts amounted to €382.7 million for fiscal 2010. There were no retentions in connection with construction contracts in fiscal 2010.

## 15. OTHER CURRENT ASSETS

€m	September 30, 2010	October 1, 2009
Prepaid expenses	53,4	53,9
Miscellaneous tax receivables	22,8	23,7
Other	9,0	11,6
<b>Other current assets</b>	<b>85,2</b>	<b>89,2</b>

*Prepaid expenses* include insurance, maintenance and similar contracts paid in advance. Additionally, prepaid expenses of €19.1 million as of September 30, 2010 and €24.3 million as of October 1, 2009 result from a contract with a supplier paid annually in March.

## 16. GOODWILL

€m	September 30, 2010
<b>Cost</b>	
Balance at beginning of year	270.8
Translation differences and other	14.0
Acquisitions and purchase accounting adjustments	13.8
Dispositions and reclassifications to assets held for disposal	(1.2)
Balance at year-end	297.4
<b>Accumulated impairment losses and other changes</b>	
Balance at beginning of year	(155.4)
Translation differences and other	(10.3)
Balance at year-end	(165.7)
<b>Net book value</b>	
Balance at beginning of year	115.4
Balance at year-end	131.7

In fiscal 2010, the increase of goodwill results mainly from the acquisition of energy4U GmbH (€12.1 million).

The SIS Combination Group performs the mandatory annual impairment test in the three months ended September 30, in accordance with the accounting policy stated in Note 2. The recoverable amounts for the annual impairment test 2010 were estimated to be higher than the carrying amounts. Key assumptions on which management has based its determinations of the fair value less costs to sell for business carrying amount include a long term sustainable growth rate of 1% (terminal value) and an after tax discount rate of 8% in fiscal 2010. Where possible, reference to market prices is made.

For the purpose of estimating the fair value less costs to sell of the business, cash flows were projected for the next five years based on past experience, actual operating results and management's best estimate about future developments as well as market assumptions.

The fair value less costs to sell is mainly driven by the terminal value which is particularly sensitive to changes in the assumptions on the terminal value growth rate and discount rate. Both assumptions are determined individually. Discount rates reflect the current market assessment of the risks and are based on the weighted average cost of capital. Terminal value growth rates take into consideration external macroeconomic sources of data and industry specific trends.

## 17. INTANGIBLE ASSETS

€'000	Gross carrying value as of 10/1/2009	Translation differences	Additions	Retirements	Gross carrying value as of 9/30/2010	Accumulated amortization and impairment	Net book Value as of 9/30/2010	Amortization and impairment during fiscal 2010
Software and other internally generated intangible assets	192.4	8.0	20.1	(11.1)	209.4	(132.5)	76.9	(29.0)
Patents, licenses and similar rights	184.8	3.1	31.9	(10.3)	209.5	(153.5)	56.0	(19.7)
<b>Other intangible assets</b>	<b>377.2</b>	<b>11.1</b>	<b>52.0</b>	<b>(21.4)</b>	<b>418.9</b>	<b>(286.0)</b>	<b>132.9</b>	<b>(48.7)</b>

Amortization expense on intangible assets is included in *Cost of goods sold and services rendered*, *Research and development expenses*, *Marketing and selling expenses* or *General administrative expenses*, depending on the use of the asset.

*Software and other internally generated intangible assets* include €26.6 million and €30.7 million as of September 30, 2010 and October 1, 2009, respectively, that are used inter alia to fulfill a contract with a customer in the UK. The capitalized costs are amortized over the expected useful life.

The acquisition of energy4U accounts for €18.7 million of the additions to patents, licenses and similar rights.

In the USA SAP licenses were impaired with an amount of €1.4 million in fiscal 2010.

As of September 30, 2010 and October 1, 2009, contractual commitments for purchases of other intangible assets amounted to €27.3 million and €1.0 million.

## 18. PROPERTY, PLANT AND EQUIPMENT

€'000	Gross carrying amount as of 10/1/2009	Translation differences	Additions	Reclassifications	Retirements	Gross carrying amount as of 9/30/2010	Accumulated depreciation and impairment	Net book Value as of 9/30/2010	Depreciation and impairment during fiscal 2010
Land and buildings	45,8	1,0	16,0	(4,0)	(0,8)	58,0	(22,5)	35,5	(3,3)
Technical machinery and equipment	78,0	3,8	1,8	0,1	(3,0)	80,7	(66,6)	14,1	(3,4)
Furniture and office Equipment	1.394,8	34,6	110,4	13,2	(242,2)	1.310,8	(1.061,0)	249,8	(141,1)
Equipment leased to others	45,2	0,4	0,9	0,2	(5,3)	41,4	(37,7)	3,7	(4,8)
Advances to suppliers and construction in progress	6,6	0,1	13,8	(4,8)	(0,2)	15,5	-	15,5	-
<b>Property, plant and equipment</b>	<b>1.570,4</b>	<b>39,9</b>	<b>142,9</b>	<b>4,7</b>	<b>(251,5)</b>	<b>1.506,4</b>	<b>(1.187,8)</b>	<b>318,6</b>	<b>(152,6)</b>

As of September 30, 2010 and October 1, 2009, contractual commitments for purchases of property, plant and equipment amounted to €20.8 million and €8.7 million.

As of September 30, 2010 and October 1, 2009, minimum future lease payments receivable from lessees under operating leases were as follows:

Year ended September 30 Due	September 30, 2010	October 1, 2009
Within 1 year	3,2	5,0
Between 1 and 5 years	0,2	3,0
	<b>3,4</b>	<b>8,0</b>

Payments from lessees under operating leases primarily related to IT and data processing equipment. Total contingent rent recognized in income in fiscal 2010 amounted to €0.1 million.

Depreciation expense as well as impairment charges on plant and equipment are included in *Cost of goods sold and services rendered*, *Research and development expenses*, *Marketing and selling expenses* and *General administrative expenses*, depending on the use of the asset.

## 19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of September 30, 2010 and October 1, 2009, the SIS Combination Group's principal investments accounted for under the equity method, which are all unlisted, are (in alphabetical order):

	Percentage (%) of ownership	
	September 30, 2010	October 1, 2009
CYBERDOC Gesellschaft für Digitale Kommunikation im Notariat GmbH & Co. KG, Vienna	49.97%	49.97%
Desarrollo de Aplicaciones Especiales S.A., Madrid	39.33%	39.33%
E-Utile S.p.A., Milan <sup>1</sup>	51.00%	51.00%
Metronec S.A. – Siemens IT solutions & Services S.A. Indra SI S.A.		
Union transitoria de empresa Ute Sube 4, Buenos Aires (Ute Sube 4)	24.00%	-
UTE SALTA, Buenos Aires <sup>1</sup>	50.00%	50.00%

<sup>1</sup> Those entities are not controlled by the SIS Combination Group due to significant participating rights of other shareholders

Summarized financial information for our principal investments in associates, not adjusted for the percentage of ownership held by the SIS Combination Group, is presented below. Income statement information is presented for the twelve months period applied under the equity method of accounting.

€m	Year ended September 30, 2010
Revenue	102.7
Net income (loss)	7.8

Information related to the Statements of Financial Position is presented as of the date used in applying the equity method of accounting.

€m	September 30, 2010	October 1, 2009
Total assets	69.7	19.2
Total liabilities	57.4	8.6

## 20. OTHER FINANCIAL ASSETS

€m	2010	2009
Trade receivables from sale of goods and services	8.8	4.4
Investments	5.0	3.7
Securities for partial retirement entitlements	2.0	1.9
Loans receivables	1.8	1.5
Receivables from employees	1.4	1.7
Other	2.8	1.3
<b>Other financial assets</b>	<b>21.8</b>	<b>14.5</b>

*Trade receivables from sale of goods and services* increased by €4.4 million in fiscal 2010 mainly due to new projects with extended payment schedules.

## 21. OTHER ASSETS

€m	September 30, 2010	October 1, 2009
Deferred compensation	17.4	13.9
Prepaid assets	10.7	12.0
Other	2.6	2.5
<b>Other assets</b>	<b>30.7</b>	<b>28.4</b>

Deferred Compensation relates to assets of a deferred compensation plan in the USA.

## 22. OTHER CURRENT FINANCIAL LIABILITIES

€m	September 30, 2010	October 1, 2009
Credit balances of trade accounts receivable	9.6	3.2
Derivative financial instruments (see Note 31)	2.1	3.3
Liabilities to associated and related companies	1.3	3.2
Other	4.5	5.8
<b>Other current financial liabilities</b>	<b>17.5</b>	<b>15.5</b>

*Other* includes a customer loan received which amounted to €2.2 million as of September 30, 2010 and €2.6 million as of October 1, 2009.

## 23. OTHER CURRENT LIABILITIES

€m	September 30, 2010	October 1, 2009
Restructuring related costs	378.2	55.1
Payroll and social security taxes	147.9	134.3
Employees related costs	136.9	134.6
Bonus obligation	90.5	74.3
Sales tax and other tax liabilities	47.3	55.5
Billings in excess of costs and estimated earnings on uncompleted contracts and related advances	33.7	33.8
Deferred income	31.3	26.2
Other	30.3	21.8
<b>Other current liabilities</b>	<b>896.1</b>	<b>535.6</b>

Restructuring related costs cover costs for transfer entities, early retirement expenses as well as costs for cancellation agreements. The major increase is due to the restructuring as described in Note 5.

## 24. DEBT

€m	September 30, 2010	October 1, 2009
<b>Short-term</b>		
Loans from banks	3.3	2.1
Obligations under finance leases	74.7	65.8
<b>Short-term debt and current maturities of long-term debt</b>	<b>78.0</b>	<b>67.9</b>
<b>Long-term</b>		
Obligations under finance leases	42.9	66.5
Other long-term financial liabilities	0.1	0.2
<b>Long-term debt</b>	<b>43.0</b>	<b>66.7</b>
	<b>121.0</b>	<b>134.6</b>

In fiscal 2010, weighted-average interest rates for loans from banks, other financial indebtedness and obligations under finance leases were 10.2%, 0.3% and 6.5%, respectively.

As of September 30, 2010 and October 1, 2009, the aggregate amounts of indebtedness maturing during the next five years and thereafter were as follows (excluding finance leases which are disclosed separately):

€m	September 30, 2010	October 1, 2009
Within 1 year	3.3	2.1
Between 1 and 5 years	0.1	0.2
	<b>3.4</b>	<b>2.3</b>



As of September 30, 2010 and October 1, 2009, the finance lease liabilities were as follows:

As of September 30, 2010

Due	Minimum future lease payment obligation	Unamortized interest expense	Present value of minimum future lease payment obligation
Within 1 year	82.1	-7.4	74.7
Between 1 and 5 years	47.1	-4.2	42.9
	<b>129.2</b>	<b>-11.6</b>	<b>117.6</b>

As of October 1, 2009

Due	Minimum future lease payment obligation	Unamortized interest expense	Present value of minimum future lease payment obligation
Within 1 year	72.6	-6.8	65.8
Between 1 and 5 years	73.4	-6.9	66.5
	<b>146.0</b>	<b>-13.7</b>	<b>132.3</b>

## 25. PENSION PLANS AND SIMILAR COMMITMENTS

The Combined Financial Statements recognize the pension amounts for principal pension plans (in Germany, Austria, Switzerland and UK) as well as for other pension plans and similar commitments of the SIS Combination Group with respect to countries other than Germany, Austria, Switzerland and UK.

The pension figures stated in the following refer to the countries with principal pension obligations (principal pension plans) allocated to the SIS Combination Group (Germany, Austria, Switzerland and UK) as these countries represent 94% of the total unfunded pension obligations assigned to the SIS Combination Group as of September 30, 2010.

Pension obligations have been recognized on an “as is” basis of the employees allocated to the SIS Combination Group as of October 1, 2009 and September 30, 2010, respectively. Deviant from this principle but corresponding to the basis of preparation of the Combined Financial Statements (see Note 1) the scope of the Atos transaction has been reflected by excluding inactive plan participants in Germany (inactive employees of Siemens AG only).

The pension liabilities with respect to inactive plan members of Sinius GmbH have been recognized in the SIS Combined Financial Statements as these liabilities will be transferred to SIS GmbH in fiscal 2011.

Pension benefits provided by the SIS Combination Group are currently organized primarily through defined benefit pension plans which cover almost all of the SIS Combination Group’s domestic employees and many of the SIS Combination Group’s foreign employees. In order to fund the SIS Combination Group pension obligations, major foreign pension plans are funded with assets in segregated pension entities.

To reduce the risk exposure to the SIS Combination Group arising from its defined benefit pension plans, the SIS Combination Group performed a redesign of some major defined benefit pension plans during the last several years towards benefit schemes which are predominantly based on contributions made by the SIS Combination Group.

Furthermore, the SIS Combination Group provides other post-employment benefits (obligation of €21 million as of September 30, 2010), which consist of transition payments to German employees after retirement. These unfunded other post-employment benefit plans qualify as defined benefit plans under IFRS and have therefore been included within the principle pension plans referred to hereafter.

In addition to the above, the SIS Combination Group has foreign defined contribution plans for pensions and other post-employment benefits or makes contributions to social pension funds based on legal regulations. The recognition of a liability is not required because the obligation of the SIS Combination Group is limited to the payment of the contributions into these plans or funds.

### Combined Statement of Financial Position

The Combined Statement of Financial Position includes the following significant components related to pension plans and similar commitments based upon the situation as of September 30, 2010 and October 1, 2009:

€m	September 30, 2010	October 1, 2009
Principal pension plans	710.1	590.5
Other	43.0	33.5
<b>Liabilities for pension plans and similar commitments</b>	<b>753.1</b>	<b>624.0</b>
<b>Prepaid pension assets</b>	<b>0.2</b>	<b>0.1</b>
<b>Total net amount recognized in the combined financial statements</b>	<b>752.9</b>	<b>623.9</b>
<b>Actuarial (losses)/gains</b>	<b>(179.2)</b>	
Thereof		
Principal pension plans	(164.2)	-
Other	(15.0)	-
<b>Income tax effect</b>	<b>49.8</b>	
Thereof		
Principal pension plans	45.2	-
Other	4.6	-
<b>Net amount recognized in the <i>Other comprehensive income</i> (net of tax)</b>	<b>(129.4)</b>	<b>-</b>
Thereof		
Principal pension plans	(119.0)	-
Other	(10.4)	-

### *Principal pension benefits*

The pension benefit plans cover approximately 20,262 participants<sup>24</sup>, including 12,918 active employees, 5,368 former employees with vested entitlements and 1,976 retirees and surviving dependants. Individual benefits are generally based on compensation levels and/or ranking within the SIS Combination Group hierarchy and years of service. Retirement benefits under these plans vary depending on the legal, fiscal and economic requirements in each country. The majority of the SIS Combination Group's active employees in Germany participate in a pension scheme introduced in fiscal year 2004, the BSAV ("Beitragsorientierte Siemens Altersversorgung"). From a SIS Combination Group perspective the BSAV is an unfunded defined benefit pension plan whose benefits are predominantly based on contributions made by the SIS Combination Group and returns earned on such contributions, subject to a minimum return guaranteed by the SIS Combination Group.

### Events after September 30, 2010 affecting pension benefits

In connection with the carve out of the German SIS Combination Group entities an indemnification has been agreed with Siemens AG which equals the amount of unfunded pension liabilities related to employees transferring to Atos. The indemnification will be established by an actuarial assessment according to IFRS based on the same assumptions and methodologies that Siemens AG applied for its fiscal year end statements 2010. The indemnification asset does not qualify as plan asset and therefore cannot be netted against the pension liabilities. It will be recognized separately as a reimbursement right in fiscal 2011. At the effective date of the transfer to Atos Siemens AG will pay this indemnification to the SIS Combination Group. The indemnification

<sup>24</sup> Please note that employees can participate in more than one plan

amount is fixed and is only adjusted to changes of the IFRS discount rate between October 1, 2010 and the effective date of payment in case the indemnification is paid on or after September 30, 2011.

Furthermore, as a result of restructuring measures some 1,900 active employees currently allocated to the SIS Combination Group have remained with Siemens AG entities as of October 1, 2010 (see Notes 1, 5). Corresponding to the “as is” principle of the Combined Financial Statements, the pension liabilities for these employees are included in the total pension obligations as the restructuring measures will only affect the pension obligations in fiscal 2011 when these liabilities will be treated as divestments.

In the UK, the SIS Combination Group is a participating employer in the Siemens Benefits Scheme (SBS). The SBS is a multi employer DB pension scheme which pays lump sum and annuity benefits based on final salary. All assets of the scheme are pooled amongst all participating employers. The scheme was closed to new members in 2003 and to future accruals as of January 1, 2008.

As a result of the transfer to Atos, the pension obligations for inactive plan members of the SIS Combination Group UK will remain with Siemens. According to the “as is” principle of the Combined Financial Statements, pension obligations for inactive SIS Combination Group pension plan participants are included in the Combined Financial Statements for fiscal year 2010. In fiscal 2011, the liabilities and assets with respect to inactive participants will be treated as divestment.

The SIS Combination Group’ principal pension benefit plans are explicitly explained in the subsequent sections with regard to:

- Pension obligations and funded status,
- Components of NPBC,
- Amounts recognized in Statements of Comprehensive Income,
- Assumptions used for the calculation of the DBO and NPBC,
- Plan assets and
- Pension benefit payments

The SIS Combination Group did not need to recognize any asset ceiling in its principal pension benefit plans in fiscal 2010.

## Principal Pension benefits: Pension obligations and funded status

A reconciliation of the funded status of the principal pension benefit plans to the amounts included in the Combined Statement of Financial Position for the principal pension plans of the SIS Combination Group is as follows:

€m	September 30, 2010		
	Total	Domestic	Foreign
Fair value of plan assets	960.9	37.4	923.5
Total defined benefit obligation	(1,662.8)	(562.5)	(1,100.3)
<i>Defined benefit obligation (funded)</i>	(1,107.0)	(37.4)	(1,069.6)
<i>Defined benefit obligation (unfunded)</i>	(555.8)	(525.1)	(30.7)
Funded Status <sup>25</sup>	(701.9)	(525.1)	(176.8)
<i>Germany</i>	(525.1)		
<i>Austria</i>	(30.7)		
<i>Switzerland</i>	(22.6)		
<i>UK</i>	(123.5)		
<i>Unrecognized past service cost (benefits)</i>	(8.0)	-	(8.0)
Effects due to asset ceiling	-	-	-
<b>Net amount recognized</b>	<b>(709.9)</b>	<b>(525.1)</b>	<b>(184.8)</b>

Amounts included in the Combined Statement of Financial Position for principal pension plans consist of:

<i>Prepaid pension asset</i>	0.2	-	0.2
Pension liability	(710.1)	(525.1)	(185.0)

The fair value of plan assets, DBO and funded status as of October 1, 2009 amounted to €772.9 million, €1,357.6 million and €(584.7) million.

<sup>25</sup> Please note that the funded status shows the surplus/(deficit) of the DBO relative to the plan assets as of the date of the Combined Statement of Financial Position

A detailed reconciliation of the **changes in the DBO of principal pension plans** for fiscal 2010 and additional information by country is provided in the following table:

€m	September 30, 2010		
	Total	Domestic	Foreign
<b>Defined benefit obligation at beginning of year</b>	<b>1,357.6</b>	<b>455.2</b>	<b>902.4</b>
Foreign currency exchange rate changes	54.1	-	54.1
Service cost	47.2	26.6	20.6
Interest cost	79.1	26.3	52.8
Settlements/Curtailments	(5.3)	(5.9)	0.6
Plan participants' contributions	4.6	-	4.6
Past service cost and other	(2.2)	0.5	(2.7)
Actuarial (gains) losses	208.1	112.9	95.2
Acquisitions and transfer-in	11.4	3.2	8.2
Divestments and transfer-out	(54.7)	(53.7)	(1.0)
Benefits paid	(37.1)	(2.6)	(34.5)
<b>Defined benefit obligation at end of year</b>	<b>1,662.8</b>	<b>562.5</b>	<b>1,100.3</b>
<i>Germany</i>	<i>562.5</i>	<i>562.5</i>	
<i>Austria</i>	<i>30.7</i>		<i>30.7</i>
<i>Switzerland</i>	<i>128.4</i>		<i>128.4</i>
<i>UK</i>	<i>941.2</i>		<i>941.2</i>

The total defined benefit obligation at the end of fiscal 2010 consists of approximately €993.4 million for active employees, €307.5 million for former employees with vested entitlements and €361.9 million for retirees and surviving dependants.

In fiscal 2010, the DBO for domestic and foreign pension plans increased due to a decrease in discount rate.

The following table shows the **change in plan assets** for principal pension plans for fiscal 2010 and additional information by country:

€m	September 30, 2010		
	Total	Domestic	Foreign
<b>Fair value of plan assets at beginning of year</b>	<b>772.9</b>	<b>32.8</b>	<b>740.1</b>
Foreign currency exchange rate changes	45.9	-	45.9
Expected return on plan assets	50.4	2.1	48.3
Actuarial gains/(losses) on plan assets	43.9	4.9	39.0
Acquisition and transfer-in	8.2	-	8.2
Divestment and transfer-out	(3.5)	(2.5)	(1.0)
Settlements	-	-	-
Employer contributions	64.3	0.1	64.2
Plan participants' contributions	4.6	-	4.6
Benefits paid	(25.8)	-	(25.8)
<b>Fair value of plan assets at end of year</b>	<b>960.9</b>	<b>37.4</b>	<b>923.5</b>
<i>Germany</i>	<i>37.4</i>	<i>37.4</i>	
<i>Austria</i>	<i>-</i>		<i>-</i>
<i>Switzerland</i>	<i>105.8</i>		<i>105.8</i>
<i>UK</i>	<i>817.7</i>		<i>817.7</i>

In the table above, the item employer contributions mainly refers to employer contributions to the UK pension plan €60.8 million as well as to the Swiss pensionplan €3.4 million.

#### **Pension benefits: Components of NPBC for principal pension plans**

The components of the NPBC for the fiscal 2010 are as follows:

€m	Year ended September 30, 2010		
	Total	Domestic	Foreign
Service cost	(47.2)	(26.6)	(20.6)
Interest cost	(79.1)	(26.3)	(52.8)
Expected return on plan assets	50.4	2.1	48.3
Amortization of past service (cost) / benefits	0.6	(0.5)	1.1
(Loss)/gain due to settlements and curtailments	7.1	5.9	1.2
<b>Net periodic benefit cost</b>	<b>(68.2)</b>	<b>(45.4)</b>	<b>(22.8)</b>
<i>Germany</i>	<i>(45.4)</i>	<i>(45.4)</i>	
<i>Austria</i>	<i>(3.2)</i>		<i>(3.2)</i>
<i>Switzerland</i>	<i>(1.3)</i>		<i>(1.3)</i>
<i>UK</i>	<i>(18.3)</i>		<i>(18.3)</i>

**Pension benefits: Amounts included in the Statement of Comprehensive Income for principal pension plans**

The actuarial gains and losses from the defined benefit pension plans recognized in *Statement of Comprehensive Income* for the fiscal year ended September 30, 2010 were as follows:

€m	Year ended September 30, 2010		
	Total	Domestic	Foreign
Actuarial (losses)/gains <sup>26</sup>	(164.2)	(108.0)	(56.2)
Income tax effect	45.2	32.6	12.6
<b>Net amount recognized in Statement of Comprehensive Income</b>	<b>(119.0)</b>	<b>(75.4)</b>	<b>(43.6)</b>
<i>Germany</i>	(75.4)	(75.4)	
<i>Austria</i>	(2.1)		(2.1)
<i>Switzerland</i>	(11.7)		(11.7)
<i>UK</i>	(29.8)		(29.8)

**Pension benefits: Assumptions for the calculation of the DBO and NPBC of principal pension plans**

The applied discount rates, compensation increase rates and the pension progression rate used in calculating the DBO together with the long-term rates of return on plan assets vary according to the economic conditions of the country where the retirement plans are in place or where plan assets are invested, as well as capital market expectations.

The weighted-average assumptions used for determining the DBO for the fiscal year ended September 30, 2010 and as of October 1, 2009 as well as the NPBC for the fiscal 2010 and fiscal 2011 are shown in the following table:

	Year ended September 30, 2010			October 1, 2009		
	Total	Domestic	Foreign	Total	Domestic	Foreign
Discount rate	4.7%	4.2%	4.9%	5.5%	5.6%	5.5%
<i>Germany</i>	4.2%			5.6%		
<i>Austria</i>	4.0%			5.3%		
<i>Switzerland</i>	2.6%			3.5%		
<i>UK</i>	5.3%			5.7%		
Expected return on plan assets	6.3%	6.5%	6.3%	6.3%	6.5%	6.3%
<i>Germany</i>	6.5%			6.5%		
<i>Austria</i>	0.0%			0.0%		
<i>Switzerland</i>	5.0%			5.0%		
<i>UK</i>	6.5%			6.5%		
Rate of compensation increase	3.1%	1.8%	3.8%	3.1%	1.8%	3.7%
<i>Germany</i>	1.8%			1.8%		
<i>Austria</i>	2.7%			2.8%		
<i>Switzerland</i>	1.5%			1.5%		
<i>UK</i>	4.1%			4.0%		
Rate of pension progression	2.3%	1.5%	2.7%	2.2%	1.5%	2.6%
<i>Germany</i>	1.5%			1.5%		
<i>Austria</i>	0.0%			0.0%		
<i>Switzerland</i>	0.1%			0.1%		
<i>UK</i>	3.1%			3.0%		

<sup>26</sup> Actuarial (losses)/gains recognized in the Statement of Comprehensive Income as of September 30, 2010 represent the value recognized for the SIS Combination Group's principal pension plans for fiscal 2010 as the opening balance amount as of October 1, 2009 is set to zero

The assumptions used for the calculation of the DBO as of the end of a fiscal year are used to determine the calculation of interest cost and service cost of the following year. The total expected return for a fiscal year will be based on the expected rates of return for the respective year multiplied by the fair value of plan assets at the beginning of the fiscal year. The fair value and thus the expected return on plan assets are adjusted for significant events that occurred after the fiscal year end, such as a supplemental funding.

The discount rate assumption reflects yields on high-quality government and selected corporate bonds with an appropriate duration at the Statement of Financial Position date. The expected return on plan assets is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The expected return on plan assets in fiscal 2010 and fiscal 2009 remained primarily unchanged. Changes of other actuarial assumptions not mentioned above, such as employee turnover, mortality, disability, etc., had only a minor effect on the overall DBO as of September 30, 2010. Experience adjustments, which result from differences between the actuarial assumptions and the actual occurrence, did only have an immaterial effect on the DBO in fiscal 2010.

#### **Pension benefits: Plan assets**

The pension asset allocation of the principal pension benefit plans as of the period-end date for fiscal 2010 is as follows:

<b>Asset class</b>	<b>Asset allocation<sup>27</sup> September 30, 2010</b>
Equity	25%
Fixed income	67%
Real estate	8%
Cash and other assets	0%
<b>Total</b>	<b>100%</b>

Current asset allocation is composed of high quality government and selected corporate bonds. The asset allocation is constantly reviewed in light of the duration of the pension liabilities and trends and events that may affect asset values are analyzed in order to initiate appropriate measures at a very early stage.

The following table shows the actual return on plan assets for fiscal 2010:

<b>€m</b>	<b>September 30, 2010</b>
Domestic	7.0
Foreign	87.3
<b>Actual return on plan assets</b>	<b>94.3</b>

The actual return on plan assets in fiscal 2010 is 12.2% or €94.3 million compared to an expected return of 6.3% or €50.4 million. For the domestic pension plans, €7.0 million or 21.4% was realized, as compared to an expected return on plan assets of 6.5% or an amount of €2.1 million that was included in the NPBC. For the foreign pension plans, the actual return amounted to €87.3 million or 11.8% compared with an expected return on plan assets of 6.3% or an amount of €48.3 million that was included in the NPBC.

<sup>27</sup> The asset allocation at the SIS Combination Group reflects the allocation recorded at the respective Siemens Regional Companies



## Pension benefits: Pension benefit payments

The following overview comprises pension benefits paid out of the principal pension benefit plans during the year ended September 30, 2010, and expected pension payments for the next five years and in the aggregate for the five years thereafter (undiscounted):

€m	Total	Domestic	Foreign
Pension benefits paid			
2010	37.1	2.6	34.5
Expected pension payments			
2011	36.6	6.7	29.9
2012	37.8	7.1	30.7
2013	39.7	8.5	31.2
2014	42.6	10.5	32.1
2015	46.3	13.0	33.3
2016 - 2020	285.0	114.5	170.5

As pension benefit payments for the SIS Combination Group's principal funded pension benefit plans reduce the DBO and plan assets by the same amount, there is no impact on the funded status of such plans. For the purposes of the SIS Combination Group Combined Financial Statement the German pension plans are mainly unfunded and therefore the pension benefit payments have an impact on the funded status of these plans.

Employer contributions of €64.3 million to funded plans and respective pension assets were paid directly by the employer in fiscal 2010. Contributions for fiscal 2011 are estimated to amount to €65.8 million.

## Defined contribution plans

The amount recognized as an expense for foreign defined contribution plans amounted to €13.4 million in fiscal 2010.

## 26. PROVISIONS

	Order related losses and risks	Warranties	Asset retirement obligations/dilapidation	Others	Total
<b>Balance as of October 1, 2009</b>	<b>46.7</b>	<b>14.5</b>	<b>4.5</b>	<b>20.9</b>	<b>86.6</b>
Additions	59.9	10.0	0.5	9.5	79.9
Usage	(13.7)	(4.1)	-	(5.5)	(23.3)
Reversals	(16.1)	(5.3)	-	(9.3)	(30.7)
Translation differences	1.5	1.0	0.1	0.6	3.2
Accretion expense and effect of changes in discount rate	-	-	0.6	-	0.6
Other changes	(0.5)	0.2	1.5	0.1	1.3
<b>Balance as of September 30, 2010</b>	<b>77.8</b>	<b>16.3</b>	<b>7.2</b>	<b>16.3</b>	<b>117.6</b>
<i>Thereof non-current</i>	27.3	4.8	5.6	3.6	41.3

*Warranties* mainly relate to products sold and services rendered. See Note 2 *Product-related expenses* for further information concerning our policy for estimating warranty provisions.

*Order related losses and risks* are provided for anticipated losses and risks on uncompleted construction, sales and leasing contracts.

*Dilapidation* - The SIS Combination Group is subject to dilapidation obligations towards Siemens Real Estate. See Note 2 for further information concerning our policy for estimating dilapidation obligations.

*Provisions for Order related losses and risks*, increased significantly in fiscal 2010. This was mainly due to three new projects in Germany, where the SIS Combination Group was not able to perform its obligations within the planned time and costs. As a result the sales contracts have become onerous and in some cases could lead to penalties, which have been accrued for. These three projects accounted for €29.0 million of the increase. The remaining provision for *Order related losses and risks* result from various projects.

## 27. OTHER NON-CURRENT LIABILITIES

€m	September 30, 2010	October 1, 2009
Restructuring related costs	74.2	34.6
Employee related liabilities	23.1	30.0
Deferred compensation	19.9	15.9
Other	9.4	9.4
<b>Other non-current liabilities</b>	<b>126.6</b>	<b>89.9</b>

Restructuring related costs cover costs for early retirement expenses as well as costs for cancellation agreements. The major increase is due to the restructuring explained in Note 5.

## 28. OTHER NON-CURRENT FINANCIAL LIABILITIES

€m	September 30, 2010	October 1, 2009
Other long-term financial liabilities to third parties	27.0	17.7
Long term trade accounts payable to third parties	1.8	0.6
<b>Other non-current financial liabilities</b>	<b>28.8</b>	<b>18.3</b>

*Other non-current financial liabilities* include the long-term portion of a customer loan received which amounted to €8.3 million and €12.5 million as of September 30, 2010 and October 1, 2009, respectively (see also Note 22).

## 29. EQUITY

As stated in Note 1, certain SIS Combination Group entities are still legally owned by Siemens AG, SIS GmbH and the Siemens Regional Companies. Therefore, currently there is no single controlling SIS entity. The financial information of the SIS Combination Group entities included in the Combined Financial Statements has therefore been combined based on a notional group structure. The SIS Combination Group makes use of exemptions granted under IFRS 1 as described in Note 1.

Besides the net loss of the period, this component of equity includes contribution surpluses paid-in (€449.5 million) in respect of the capitalization of the new SIS Combination Group entities.

Deemed contributions/withdrawals by the shareholders of the SIS Combination Group result mainly from the differences between the net assets acquired and the respective purchase prices paid during the carve-out process. In fiscal 2010 these deemed contributions amounted to €1.4 million and the respective deemed withdrawals to €133.7 million. Other transfers of assets and liabilities between the SIS Combination Group and its shareholders resulting from the specifics of the notional group are also included in this line item.

### *Additional capital disclosures*

All SIS Combination Group entities are fully-owned by the Siemens Group entities except for non-controlling interests (see Appendix 1). The SIS Combination Group capital management strategy is accordingly derived from the strategy of Siemens AG and focuses on working capital management. None of the SIS Combination Group entities are subject to material externally imposed capital requirements.

### 30. COMMITMENTS AND CONTINGENCIES

#### *Legal proceedings*

In 2009 Siemens EOOD (Bulgaria) entered into a contract with the Ministry of the Interior of Bulgaria for the delivery and implementation of the Bulgarian Biometric Passport System. Due to a delay related to the acceptance of the project by the Ministry it claimed substantial penalties in September 2010. However, in December 2010 the project acceptance was finally reached and the claims were settled.

In September 2009, Siemens Canada Limited (Siemens Canada), carrying on business as Siemens IT Solutions & Services (“Siemens”) filed a lawsuit against Sapient Canada Inc. (“Sapient”) in the Ontario Superior Court of Justice, Canada, seeking damages of Canadian Dollar (CAD) 21.5 million in respect of services rendered, breach of contract and interference with economic relations. In June 2010, Sapient counterclaimed against Siemens Canada in the amount of CAD10.25 million alleging negligence and breach of contract. The litigation arises out of Sapient’s termination of contract with Siemens Canada to provide Application Support Services and Data Conversion Services in the context of an SAP solution implementation. *Guarantees and other commitments*

The following table presents the undiscounted amount of maximum potential future payments for each major group of guarantee:

€m	September 30, 2010	October 1, 2009
Credit guarantees	8.7	9.5
Guarantees of third party performance	16.2	4.7
<b>Commitments and contingencies</b>	<b>24.9</b>	<b>14.2</b>

*Credit guarantees* cover the financial obligations of third parties in cases where the SIS Combination Group is the vendor and/or contractual partner. These guarantees generally provide that in the event of default or non-payment by the primary debtor, the SIS Combination Group will be required to settle such financial obligations. The maximum amount of these guarantees is subject to the outstanding balance of the credit or, in case where a credit line is subject to variable utilization, the nominal amount of the credit line. These guarantees usually have terms of between one and five years.

Furthermore, the SIS Combination Group issues Guarantees of third-party performance, which include performance bonds and guarantees of advanced payments in cases where the SIS Combination Group is the general or subsidiary partner in a consortium. In the event of non-fulfilment of contractual obligations by the consortium partner(s), the SIS Combination Group will be required to pay up to an agreed-upon maximum amount. These agreements span the term of the contract, typically ranging from three months to seven years.

As of September 30, 2010 and October 1, 2009, future payment obligations under non-cancelable operating leases were as follows:

€m	September 30, 2010	October 1, 2009
Within 1 year	167.1	181.8
Between 1 and 5 years	183.5	186.2
After 5 years	8.3	8.0
<b>Future payment obligations under non-cancellable operating leases</b>	<b>358.9</b>	<b>376.0</b>

The total operating rental expense for the year ended September 30, 2010 was €169.2 million.

### 31. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

The following tables present the carrying amounts of financial assets and liabilities by categories of financial assets and liabilities:

September  
30, 2010

<b>Assets as per Combined Statement of Financial Position €m</b>	<b>Cash and cash equivalents</b>	<b>Available-for-sale financial assets</b>	<b>Loans and receivables</b>	<b>Assets held for trading</b>	<b>Total</b>
Cash and cash equivalents	21.6				<b>21.6</b>
Available-for-sale financial assets		2.7			<b>2.7</b>
Other current financial assets			16.8	2.3	<b>19.1</b>
Receivables from entities in the Siemens Group			575.9		<b>575.9</b>
Trade and other receivables			416.0		<b>416.0</b>
Other non-current financial assets			21.8		<b>21.8</b>
<b>Total</b>	<b>21.6</b>	<b>2.7</b>	<b>1030,5</b>	<b>2.3</b>	<b>1,057.1</b>

September 30,  
2010

<b>Liabilities as per Combined Statement of Financial Position €m</b>	<b>Liabilities held for trading</b>	<b>Loans</b>	<b>Other financial liabilities at amortized cost</b>	<b>Total</b>
Short- and long-term debt			121.0	<b>121.0</b>
Trade payables			339.0	<b>339.0</b>
Payables to entities in the Siemens Group		464.2		<b>464.2</b>
Other financial liabilities	2.1		44.2	<b>46.3</b>
<b>Total</b>	<b>2.1</b>	<b>464.2</b>	<b>504.2</b>	<b>970.5</b>

October  
1, 2009

<b>Assets as per Combined Statement of Financial Position €m</b>	<b>Cash and cash equivalents</b>	<b>Available-for-sale financial assets</b>	<b>Loans and receivables</b>	<b>Assets held for trading</b>	<b>Total</b>
Cash and cash equivalents	10.0				<b>10.0</b>
Available-for-sale financial assets		2.3			<b>2.3</b>
Other current financial assets			11.8	1.0	<b>12.8</b>
Receivables from entities in the Siemens Group			573.9		<b>573.9</b>
Trade and other receivables			367.5		<b>367.5</b>
Other non-current financial assets			14.5		<b>14.5</b>
<b>Total</b>	<b>10.0</b>	<b>2.3</b>	<b>967.8</b>	<b>1.0</b>	<b>981.0</b>

October 1,  
2009

<b>Liabilities as per Combined Statement of Financial Position €m</b>	<b>Liabilities held for trading</b>	<b>Loans</b>	<b>Other financial liabilities at amortized cost</b>	<b>Total</b>
Short- and long-term debt			134.6	<b>134.6</b>
Trade payables			392.4	<b>392.4</b>
Payables to entities in the Siemens Group		455.9		<b>455.9</b>
Other financial liabilities	3.3		30.5	<b>33.8</b>
<b>Total</b>	<b>3.3</b>	<b>455.9</b>	<b>557.5</b>	<b>1,016.7</b>

The fair values of cash and cash equivalents, current receivables, current payables, other current financial assets and liabilities and short-term debt approximate their carrying amount largely due to the short-term maturities of these instruments.

Long-term fixed-rate and variable-rate receivables, including receivables from finance leases, are evaluated by the SIS Combination Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer, and the risk characteristics of the financed project. Based on this evaluation, allowances for these receivables are taken into account. As of September 30, 2010 and October 1, 2009, the carrying amounts of such receivables, net of allowances, approximate their fair values.

As of September 30, 2010 financial assets and liabilities measured at fair value are presented by the derivative instruments and amount to €2.3 million (October 1, 2009: €1.0 million) and €2.1 million (October 1, 2009: €3.3 million), respectively. The SIS Combination Group uses foreign currency exchange contracts to manage its risk associated with fluctuations in foreign currency denominated receivables and payables. The default risk in the SIS Combination Group's derivative instruments is minimal as derivative instruments are transacted only with Siemens Treasury. The fair value of forward foreign exchange contracts is based on forward exchange rates. This fair value falls into Level 2 of the fair value hierarchy, i.e. based on inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

As of September 30, 2010 available for sale financial assets measured at fair value amount to €2.7 million (October 1, 2009: €2.3 million). The fair values of available for sale financial assets falls into Level 1 which means quoted prices in active markets for identical assets.

Net gains (losses) of financial instruments recognized in profit and loss are as follows:

<b>€m</b>	<b>Year ended September 30, 2010</b>
Loans and receivables	0.3
Available-for-sale financial assets	(0.4)
Financial liabilities measured at amortized cost	(0.1)
Financial assets and financial liabilities held for trading	(0.3)
<b>Net gains (losses) of financial instruments recognized in profit and loss</b>	<b>(0.5)</b>

Net gains (losses) on loans and receivables contain changes in valuation allowances, gains or losses on de-recognition and recoveries of amounts previously written-off as well as net foreign exchange gain. Gains and losses associated with *Trade receivables*, see Note 12 and *Available for sale financial assets*, see Note 11, were recognized during the current year.

Net gains (losses) on assets and liabilities at fair value through profit and loss consist of changes in the fair value of derivative financial instruments. Net gains (losses) on cash and cash equivalents and financial liabilities measured at amortized cost contain net foreign exchange gain (loss).

## **32. FINANCIAL RISK MANAGEMENT**

### **Market risks**

Market fluctuations may result in significant cash-flow and profit volatility risk for the SIS Combination Group. The SIS Combination Group's worldwide operating businesses as well as financing activities are affected by changes in foreign exchange rates. The SIS Combination Group seeks to manage and control this risk primarily through its regular operating activities and uses derivative instruments when deemed appropriate.

The management of financial market risk is a priority for the SIS Combination Group management. As a member of management, the Chief Financial Officer has the specific responsibility for this part of the overall risk management system. For practical business purposes, management delegates responsibilities to the SIS Combinations Group's central functions like treasury and enterprise risk management and to the individual SIS Combination Group entities.

### **Foreign currency exchange rate risk**

#### *Transaction risk and currency management*

Its international operations expose the SIS Combination Group to foreign-currency exchange risks in the ordinary course of business. The SIS Combination Group employs various strategies including the use of derivative financial instruments to mitigate or eliminate certain of those exposures.

Foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. Each SIS Combination Group entity conducting business with international counterparties that leads to future cash flows denominated in a currency other than its functional currency is exposed to the risk from changes in foreign exchange rates. The risk is mitigated by closing all types of business transactions (sales and procurement of products and services as well as investment and financing activities) mainly in the functional currency. In addition, the foreign currency exposure is partly balanced by purchasing of goods and services in the respective currencies as well as production activities and other contributions along the value chain in the local markets.

The SIS Combination Group entities are prohibited from borrowing or investing in foreign currencies on a speculative basis. Financing or investments by operating units are preferably done in their functional currency or on a hedged basis.

The SIS Combination Group has established a foreign exchange risk management system. Each SIS Combination Group entity is responsible for recording, assessing, monitoring, reporting and hedging - without applying hedge accounting - its foreign currency transaction exposure. There are binding guidelines in place for the identification and determination of the single net currency position which commit the entities to hedge 100% of their net foreign currency exposure. As a result there is no Value-at-Risk (VaR). The execution of the hedging transactions has been done with Siemens Financial Services.

The SIS Combination Group generally defines foreign exchange rate exposure as items of the statement of financial position in addition to firm commitments which are denominated in foreign currencies, as well as foreign currency denominated cash inflows and cash outflows from anticipated transactions for the following three months. This foreign currency exposure is determined based on the respective functional currencies of the exposed SIS Combination Group entities.

#### *Effects of currency translation*

Many SIS entities are located outside the euro zone. Since the financial reporting currency of the SIS Combination Group is the euro, the financial statements of these entities are translated into euro so that the financial results can be included in the Combined Financial Statements of the SIS Combination Group. To consider the effects of foreign exchange translation risk within risk management, the assumption is that investments in foreign-based operations are permanent and that there is continuous reinvestment. Effects from currency fluctuations on the translation of net asset amounts into euro are reflected in the SIS Combination Group's equity position.

### **Interest rate risk**

SIS Combination Group has not entered into material variable interest rate loans and is therefore not exposed to the risk of changes in market interest rates.

Historically, the financing of the SIS Combination Group was provided by Siemens AG and interest rate risk management has been performed on the level of Siemens AG. The SIS Combination Group has therefore not entered into any interest rate derivatives.

### Liquidity risk

Liquidity risk results from the SIS Combination Group's potential inability to meet its financial liabilities, e.g. settlement of its financial debt and paying its suppliers.

In the reporting period the SIS Combination Group was funded by Siemens AG. In future the SIS Combination Group will monitor funding options available in the capital markets, as well as trends in the availability and costs of such funding, with a view to maintaining financial flexibility.

The SIS Combination Group has implemented liquidity forecasts and has measures in place for net working capital management.

The SIS Combination Group's financial liabilities outstanding as of September 30, 2010, including derivative financial instruments with a negative market value which will cause cash outflows within fiscal 2011.

The following table reflects all contractually fixed pay-offs for settlement, repayments and interest resulting from recognized financial liabilities. It includes expected net cash outflows from derivative financial liabilities which are in place as per September 30, 2010. Such expected net cash outflows are determined based on each particular settlement date of an instrument. The amounts disclosed are undiscounted net cash outflows for the respective upcoming fiscal years, based on the earliest date on which the SIS Combination Group could be required to pay. Cash outflows for financial liabilities (including interest) without fixed amount or timing are based on the conditions existing at September 30, 2010.

	Year ended September 30,	
	2011	2012 to 2015
Non-derivative financial liabilities		
Loans from banks	3.3	0.0
Payables to Siemens Group	464.2	0.0
Obligations under finance leases	82.1	47.1
Trade payables	339.0	1.8
Other financial liabilities	15.4	27.1
Derivative financial liabilities	2.1	0.0
	<b>906.1</b>	<b>76.0</b>

The risk implied from the values shown in the table above, reflects the one-sided scenario of cash outflows only. Obligations under finance leases, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital - e.g. inventories and trade receivables. These assets are considered in the SIS Combination Group's overall liquidity risk management. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the SIS Combination Group has established a comprehensive risk reporting covering its worldwide business units.

### Credit risk

Credit risk is defined as an unexpected loss in cash and earnings if the customer is unable to pay its obligations in due time. The effective monitoring and controlling of credit risk is part of the risk management system of the SIS Combination Group. Credit evaluations and ratings are performed on customers with an exposure or requiring credit on an individual basis.

Customer ratings and individual customer limits are based on generally accepted rating methodologies, the input from external rating agencies and the SIS Combination Group default experiences. Ratings and credit limits are carefully considered in determining the conditions under which direct or indirect financing will be offered to customers by the SIS Combination Group.

The SIS Combination Group's maximum exposure to credit risk is represented by the carrying amount of the financial assets. The SIS Combination Group holds no collateral or other credit enhancements against financial assets.

The debtor's ageing analysis is evaluated on a regular basis for potential doubtful debts. It is management's opinion that no further allowance for doubtful debts is required.

There were no significant concentrations of credit risk as of September 30, 2010. Concerning trade and other receivables that are neither impaired nor past due, there were no indications as of September 30, 2010, that defaults in payment obligations will occur. There are no financial instruments that are past due but not yet impaired. For further information regarding the concept for the determination of allowances on receivables see Note 3.

### 33. SHARE-BASED PAYMENTS

The employees and management of the SIS Combination Group participate in the share-based payment plans of Siemens AG. Share-based payment awards at Siemens, including Stock Awards, Stock Options, the Share Matching Program and its underlying plans, the Monthly Investment Plan as well as the Jubilee Share Program are predominately designed as equity-settled plans and to a certain extent as cash-settled plans. The total pre-tax expense for share-based payment plans recognized in net income for the year ended September 30, 2010 amounted to €5.6 million, and refers primarily to equity-settled awards, including the SIS Combination Group's employee share purchase program.

According to the Framework Agreement, it is intended that claims under the equity based instruments, such as *Stock Option Plans*, *Stock awards* and *Share Matching Program and its underlying plans* shall be redeemed as of the closing of the transaction.

#### Equity-settled awards

##### *2001 Siemens Stock Option Plans*

At the Annual Shareholders' Meeting on February 22, 2001, shareholders authorized Siemens AG to establish the 2001 Siemens Stock Option Plan, making available up to 55 million options. The option grants are subject to a two-year vesting period, after which they may be exercised for a period of up to three years. The exercise price is equal to 120% of the reference price, which corresponds to the average opening market price of Siemens AG during the five trading days preceding the date of the stock option grant. However, an option may only be exercised if the trading price of the Siemens AG shares reaches a performance target, which is equal to the exercise price at least once during the life of the option. The terms of the plan allow the Siemens AG, at its discretion upon exercise of the option, to offer optionees settlement of the options in either newly issued shares of common stock of Siemens AG from the Conditional Capital reserved for this purpose, treasury stock or cash. The alternatives offered to optionees are determined by the Siemens Management Board in each case as approved by the Siemens Supervisory Board. Compensation in cash shall be equal to the difference between the exercise price and the opening market price of the Siemens' stock on the day of exercising the stock options.

Details on option exercise activity and weighted average exercise prices with respect to the SIS Combination Group employees and management personnel for the year ended September 30, 2010 are as follows:

	Year ended September 30, 2010			
		Weighted average exercise price	Weighted average Remaining Contractual Term (years)	Aggregate Intrinsic value in million of €
Options				
<b>Outstanding, beginning of period</b>	<b>48,230</b>	<b>€74.00</b>		
Granted	-	-		
Options exercised	(20,665)	€74.59		
Options forfeited /expired	(13,850)	€72.54		
<b>Outstanding, end of period</b>	<b>13,715</b>	<b>€74.59</b>	<b>0.10</b>	<b>0.1</b>
Exercisable, end of period	13,715	€74.59	0.10	0.1

The authority to distribute options under the 2001 Siemens Stock Option Plan expired on December 13, 2006. Accordingly, no further options have been granted under this plan since 2006. The Siemens Stock Option Plan was replaced by the Siemens Stock Awards plan in 2005.



The fair value of the stock option grants determined by Siemens AG is based on an option pricing model which was developed for use in estimating the fair values of options that have no vesting restrictions. Option valuation models require the input of highly subjective assumptions including the expected stock price volatility. The fair value per option outstanding as of September 30, 2010 amounted to €4.06 for grants made in fiscal 2006

### ***Stock awards***

In 2005 Siemens AG introduced stock awards as another means for providing share-based compensation to members of the Managing Board and other eligible employees of Siemens AG and Siemens companies including the SIS Combination Group. Stock awards are subject to a four year vesting period for awards granted up to fiscal 2007 and a three year vesting period for awards granted thereafter. Upon expiration of the vesting period, the recipient receives Siemens shares without payment of consideration. Stock awards are forfeited if the grantee's employment within Siemens AG and its subsidiaries, including the SIS Combination Group, terminates prior to the expiration of the vesting period. During the vesting period, grantees are not entitled to dividends. Stock awards may not be transferred, sold, pledged or otherwise encumbered. Stock awards may be settled in newly issued shares of common stock of Siemens AG, treasury stock or in cash. The settlement method will be determined by the Siemens Managing Board and the Siemens Supervisory Board.

Each fiscal year, Siemens AG decides whether or not to grant Siemens AG stock awards. Siemens AG stock awards may be granted only once a year within thirty days following the date of publication of the business results for the previous fiscal year. After the end of each fiscal year, the Supervisory Board decides, how many stock awards to grant to the Managing Board and the Managing Board decides how many stock awards to grant to members of the top management of domestic and foreign subsidiaries and other eligible employees on an annual basis.

Details on stock award activity and weighted average grant-date fair value are summarized in the table below:

Year ended September 30, 2010		
	Awards	Weighted average Grant- Date Fair Value, € per stock award
Non-vested, beginning of period	177,892	55.96
Granted	55,231	60.79
Vested	(32,830)	57.28
Forfeited	(12,230)	54.05
<b>Non-vested, end of period</b>	<b>188,063</b>	<b>57.27</b>

The fair value was determined as the market price of the Siemens AG shares less the present value of dividends expected during the 4 and 3 year vesting period, respectively, as stock awards do not carry dividend rights during the vesting period, which resulted in a fair value of €60.79 per stock award granted in fiscal 2010. The total fair value of stock awards granted in fiscal 2010 amounted to €3.4 million.

### ***Share Matching Program and its underlying plans***

#### ***a) Base Share Program***

Under the Base Share Program, employees of the SIS Combination Group could purchase Siemens shares under favorable conditions once a year. The Base Share Program is measured at fair value at grant-date. Shares purchased under the Base Share Program grant the right to receive matching shares under the same conditions described below at *Share Matching Plan*.

In fiscal 2010, the Base Share Program allowed employees of the SIS Combination Group to make an investment of a fixed amount of their compensation into Siemens shares, which is sponsored by the SIS Combination Group with a tax beneficial allowance per plan participant. Shares were bought at market price at a predetermined date in the second quarter. In fiscal 2010, the SIS Combination Group incurred pre-tax expense of €1.9 million. Up to a stipulated date in the firstquarter of the fiscal year, employees were allowed to order the shares, which were issued in the second quarter.

*b) Share Matching Plan*

In the first quarter of fiscal 2010, Siemens issued a new Share Matching Plan (Share Matching Plan 2010). In contrast to the Share Matching Plan 2009 (described below), the Share Matching Plan 2010 is restricted to senior managers only. Senior managers of Siemens AG and participating Siemens companies (including the SIS Combination Group) may invest a certain amount of their compensation in Siemens shares. While for the Share Matching Plan 2009, the price of the investment shares was fixed at the resolution date, for the Share Matching Plan 2010 the shares are purchased at the market price at a predetermined date in the second quarter. Up to the stipulated grant-dates in the first quarter of each fiscal year, senior managers have to decide on their investment amount for which investment shares are purchased. The investment shares are then issued in the second quarter of the fiscal year. In exchange, plan participants receive the right to one free share (matching share) for every three investment shares continuously held over a period of three years (vesting period) provided the plan participant has been continuously employed by Siemens AG or another Siemens company until the end of the vesting period. During the vesting period, matching shares are not entitled to dividends. The right to receive matching shares forfeits if the underlying investment shares are transferred, sold, pledged or otherwise encumbered. The Managing Board and the Supervisory Board of Siemens AG decide, each fiscal year, whether a new Share Matching Plan will be issued. The fair value at grant date of investment shares resulting from the Share Matching Plan 2010 is nil as the investment shares are offered at market price.

In the first quarter of fiscal 2009, Siemens AG introduced the Share Matching Plan to the employees of Siemens AG and Siemens companies including the SIS Combination Group. Plan participants may invest a certain percentage of their compensation in Siemens shares at a predetermined price set at the resolution date (investment shares). In exchange, plan participants receive the right to one free share (matching share) for every three investment shares continuously held over a period of three years (vesting period) provided the plan participant has been continuously employed by Siemens AG or another Siemens company until the end of the vesting period. Up to the stipulated grant-dates in the first quarter of each fiscal year, employees may order the investment shares, which are issued in the second quarter of the fiscal year. During the vesting period, matching shares are not entitled to dividends. The right to receive matching shares forfeits if the underlying investment shares are transferred, sold, pledged or otherwise encumbered. The Managing Board and the Supervisory Board of Siemens AG decide, each fiscal year, whether a new Share Matching Plan will be issued. Investment Shares resulting from the Share Matching Plan 2009 are measured at fair value at grant-date, which is determined as the market price of Siemens shares less the present value of expected dividends as investment shares do not carry dividend rights until they are issued in the second quarter, less the share price paid by the participating employee.

*c) Monthly Investment Plan*

In the first quarter of fiscal 2010, Siemens introduced the Monthly Investment Plan as a further component of the Share Matching Plan. The Monthly Investment Plan is available for employees - other than senior managers - of Siemens AG and participating Siemens companies (including the SIS Combination Group). Plan participants may invest a certain percentage of their compensation in Siemens shares on a monthly basis. The Managing Board of Siemens AG will decide annually, whether shares acquired under the Monthly Investment Plan (investment shares) may be transferred to the Share Matching Plan the following year. If management decides that shares acquired under the Monthly Investment Plan may be transferred to the Share Matching Plan, plan participants will receive the right to one free share (matching share) for every three investment shares continuously held over a period of three years (vesting period) provided the plan participant had been continuously employed by Siemens AG or another Siemens company until the end of the vesting period. Up to the stipulated grant-dates in the first quarter of each fiscal year, employees may decide their participation in the Monthly Investment Plan and consequently the Share Matching Plan. The Managing Board will decide, each fiscal year, whether a new Monthly Investment Plan will be issued.

*d) Resulting Matching Shares*

Details on resulting matching shares are summarized in the table below:

	Year ended September 30, 2010
	Matching shares
<b>Outstanding, beginning of period</b>	<b>75,465</b>
Granted	23,898
Forfeited	(4,570)
<b>Outstanding, end of period</b>	<b>94,793</b>

The fair value was determined as the market price of Siemens shares less the present value of expected dividends during the vesting period as matching shares do not carry dividend rights during the vesting period. Non-vesting conditions, i.e. the condition neither to transfer, sell, pledge nor otherwise encumber the underlying shares, were considered in determining the fair values. The fair value of matching shares granted on December 17, 2009, amounted to €47.18 per share. The total fair value of matching shares granted in fiscal 2010 amounted to €1.1 million.

### ***Jubilee Share Program***

In fiscal 2009, Siemens changed its jubilee benefit program in Germany, which applies to certain Siemens companies, from cash to share-based compensation. Under the jubilee share program, eligible employees are granted jubilee shares after having been continuously employed with the SIS Combination Group for 25 and 40 years (vesting period), respectively. Settlement of jubilee awards is in shares of Siemens AG. Jubilee shares are measured at fair value considering biometrical factors. The fair value is determined as the market price of Siemens shares at grant date less the present value of dividends expected during the vesting period for which the employees are not entitled to.

The weighted average fair value of each jubilee share granted in fiscal 2010 for the 25th and the 40th anniversary is €43.41 and €39.54 respectively, based on the number of shares granted. The weighted average fair value of each jubilee share granted adjusted by biometrical factors (considering fluctuation) is €29.40 and €28, respectively, in fiscal 2010. In fiscal 2010, 13.068 jubilee shares were granted. 5.240 were transferred, 64.677 forfeited, resulting in an outstanding balance of 290.334 jubilee shares as of September 30, 2010. Considering biometrical factors, 221.468 jubilee shares are expected to vest as of September 30, 2010.

### **Cash-settled awards**

#### ***Phantom stock***

Where local regulations restrict the grants of stock awards in certain jurisdictions, the SIS Combination Group grants phantom stock to employees under the same conditions as the Siemens stock awards, except that grantees receive the share prices' equivalent value in cash only at the end of the four, or as the case may be, three year vesting period. The balance of non-vested phantom stock rights was 3,014 as of October 1, 2009. In fiscal 2010, nil phantom stock rights were granted and 421 vested, resulting in a balance of 2,593 non-vested phantom stock rights as of September 30, 2010.

## **34. PERSONNEL COSTS**

€m	Year ended September 30, 2010
Wages and salaries	(1,994.9)
Statutory social welfare contributions and expenses for optional support payments	(207.0)
Expenses relating to pension plans and employee benefits	(70.4)
<b>Personnel costs</b>	<b>(2,272.3)</b>

*Personnel costs* include restructuring related costs of €395.0 million (see Note 5):

- €400.9 million in Wages and salaries
- €5.9 million curtailment gain in Expenses relating to pension plans and employee benefits

*Expenses relating to pension plans and employee benefits* mainly include service costs for the period. Expected return on plan assets and interest cost are included in Interest income and interest expense, respectively.

The average number of employees in fiscal year 2010 was 29,842. Part-time employees are included on a proportionate basis.

### **35. RELATED PARTY TRANSACTIONS**

These Combined Financial Statements include transactions with Siemens AG and its subsidiaries which are outside of the SIS Combination Group. The Siemens Group is a related party as it controls the SIS Combination Group. Besides transactions within the SIS Combination Group (see 'Subsidiaries' in Appendix 1 for the composition of the SIS Combination Group) the SIS Combination Group enters into transactions with Siemens Group as follows:

#### **IT services provided to Siemens Group**

The SIS Combination Group provides the full range of IT services to the Siemens Group. These services are mainly governed by the GAIN contract described earlier. The geographical scope of GAIN includes Europe, North America and Latin America (only Data Center Services). The business of SIS in Asia/Pacific is regulated via local agreements. These services are generally provided on an arm's length basis and are presented as revenues in the Combined Financial Statements. In fiscal 2010 revenues amounted to €1,005.5 million. In general there were no outstanding balances as of October 1, 2009 and September 30, 2010. Receivables with the Siemens Group are settled immediately via the Siemens internal cash-pooling in which the SIS Combination Group participates. In addition to regular payments made to the SIS Combination Group in accordance with the GAIN contract Siemens AG also reimbursed certain expenses relating to the transformation phase of GAIN. These reimbursements (€75.0 million) were netted in the Combined Statement of Income against the associated transformation expenses incurred.

Provisions for onerous IT Services contracts with the Siemens Group amount to €1.0 million as of September 30, 2010.

#### **Leasing contracts with SFS**

The SIS Combination Group has entered into leasing transactions with SFS generally on an arm's length basis. In fiscal 2010 operating lease charges from SFS amounted to €0.8 million with interest expenses in financial leases amounting to €8.5 million. As of September 30, 2010 and October 1, 2009 the outstanding minimum lease payments were €128.4 million and €144.2 million, respectively.

#### **Other transactions**

Other transactions between the SIS Combination Group and the Siemens Group relate to expenses for corporate (e.g. accounting services, human resources etc.), treasury and infrastructure services (e.g. rental of premises) provided by the Siemens Group generally on an arm's length basis. Expenses with respect to these services amounted to €584.1 million in fiscal 2010. Payment for the services is made immediately via the cash pooling.

#### **Reimbursement by the Siemens Group**

In fiscal 2010 Siemens Group has reimbursed €4.5 million expenses, which were not in the normal course of business from the notional group's perspective. These expenses are presented net of the related reimbursements in the Combined Statement of Income. In the Combined Statement of Cash Flow the respective effects have been presented as deemed contributions from Siemens AG to the SIS Combination Group.

Expenses relating to the one-time special bonus (€20.2 million) and to carve-out related issues (€57.6 million) have been centrally funded by Siemens Group and have not been pushed down with the related reimbursements to the SIS Combination Group. For further information see Note 1.

#### **Capitalization**

In fiscal 2010 Siemens has provided funding to the new SIS Combination Group entities. Total capital injections in fiscal 2010 amounted to €449.5 million. No outstanding balance exists as of September 30, 2010.

## Financing

Loans from the Siemens Group amounted to €38.8 million and €54.4 million as of September 30, 2010 and October 1, 2009, respectively. No interest expense has been recognized in respect of these loans in fiscal 2010.

€m	September 30, 2010	October 1, 2009
Receivables from Siemens Group	575.9	573.9
<i>Thereof:</i>		
<i>from financing activities</i>	556.5	462.9
<i>from operating activities</i>	19.4	111.0
Payables to Siemens Group	464.2	455.9
<i>Thereof:</i>		
<i>from financing activities</i>	457.4	452.5
<i>from operating activities</i>	6.8	3.4

Financing activities relate to transactions with SFS as well as to a loan given to Siemens IT Solutions and Services Ltd. by its shareholder Siemens Holdings plc.

Interest income and expenses on financing balances from financing activities are included in *Interest income* and *Interest expense* respectively.

All related party receivables and payables are regularly settled and are thus presented within accounts receivables and accounts payables, respectively, in the Combined Statement of Financial Position.

The total income and expenses in fiscal 2010 from transactions with the Siemens Group are presented in the following table:

€m	Year ended September 30, 2010
Revenue	1,005.5
Interest income	0.8
Functional cost	547.4
Interest expense	(13.4)

## Key management remuneration

The SIS Combination Group is a notional group and therefore no parent company and respectively body exists during fiscal 2010. Therefore, the key management of the SIS Combination Group is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the SIS Combination Group within their function and within the interest of Siemens AG. The key management, which comprises the managing directors of the SIS GmbH, the future parent company of the SIS Combination Group, consists of:

		Member of the key management since / until
Christian Oecking	Managing Director (Head of SIS Combination Group) and Chairman of the Management Board of SIS GmbH	since January 2010
Dr. Martin Bentler	Chief Financial Officer and member of the Management Board of SIS GmbH	since January 2008
Rainer-Christian Koppitz	Head of Sales and member of the Management Board of SIS GmbH	since August 2010
Thomas Zimmermann	Head of Solutions business and member of the Management Board of SIS GmbH	since August 2010
Dr. Christoph Kollatz	Managing Director (Head of SIS Combination Group)	until December 2009

The key management remuneration which was charged to the Combined Statement of Income was as follows:

€m	Year ended September 30, 2010
Short-term employee benefits	1,0
Carve-out related compensation benefits	3,1
Post-employment benefits	0,4
Share based payment	0,2
	<b>4,7</b>

### **36. SUBSEQUENT EVENTS**

In December 2010 Siemens AG and Atos signed an option agreement which grants Atos the right to acquire the SIS Combination Group. The option was exercised by Atos in February 2011. Based on revised expectations regarding the recoverable amount, the entering into the option agreement represented a triggering event for an impairment test. The SIS Combination Group impairment test in December 2010 has been based on a comparison of the fair value less costs to sell with the carrying amount of the SIS Combination Group. The fair market value is assumed to be represented by the consideration that Atos committed itself to pay for the transfer of the SIS Combination Group less commitments entered into by Siemens AG. As a result, the entire goodwill of the SIS Combination Group as of December 31, 2010 has been impaired in the first quarter of fiscal 2011.

In February 2011 significant complications in the transition phase of an outsourcing contract have become apparent. Negotiations with the customer and suppliers are ongoing. Based on currently available, preliminary information, management estimates that the additional expected efforts including associated penalty payments cause additional expenses of a medium double-digit € million amount to be recorded in the second quarter of fiscal 2011.

Munich, March 17, 2011

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Mr. Christian Oecking

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Dr. Martin Bentler

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Mr. Rainer-Christian Koppitz

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Mr. Thomas Zimmermann

## Appendix 1

### A. List of subsidiaries, associated companies and other investments of the notional SIS Combination Group as of September 30, 2010

ARE	Country	Interest in <sup>1</sup>	Company name
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#### SIS Combination Group business

525k	Germany	100.00%	Siemens IT Solutions and Services GmbH, Munich
7927	Germany	100.00%	Siemens AG, Munich (IT Solutions and Services business)
4011	Germany	100.00% <sup>2</sup>	Siemens Programm- und Systementwicklung GmbH & Co. KG, Hamburg
5084	Germany	100.00%	Kyros 5 Beteiligungsgesellschaft mbH, Munich
458C	Germany	100.00%	applied international informatics GmbH, Berlin
517k	Germany	60.00%	energy4u GmbH, Karlsruhe
4079	Germany	74.00%	HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, Hamburg
5839	Germany	100.00%	Siemens IT Solutions and Services Management GmbH, Munich
4871	Germany	100.00%	Siemens IT Solutions and Services Verwaltungs-GmbH, Munich
564C	Germany	100.00%	Siemens IT-Dienstleistung und Beratung GmbH, Gelsenkirchen
466c	Germany	100.00%	Sinius GmbH, Munich (only pension obligations of the inactive employees)
559C	Germany	50.10%	WIVERTIS Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, Wiesbaden
4491	Argentina	100.00%	Siemens IT Solutions and Services S.A., Buenos Aires
5695	Australia	100.00%	Siemens Ltd., Bayswater
471n	Australia	100.00%	Siemens IT Solutions and Services Pty. Ltd., Bayswater
5220	Austria	100.00% <sup>2</sup>	Siemens Aktiengesellschaft Österreich, Vienna (SIS business)
5926	Austria	100.00%	addIT Dienstleistungen GmbH & Co. KG, Klagenfurt
431D	Austria	60.00%	Arbeitsmarktservice Betriebs-GmbH, Vienna
432D	Austria	60.00%	Arbeitsmarktservice Betriebs-GmbH & Co. KG, Vienna
4206	Austria	74.90%	unit-IT Dienstleistungs GmbH & Co. KG, Linz
546A	Austria	99.04%	TSG EDV-Terminal-Service Ges.m.b.H., Vienna
5316	Austria	100.00%	FSG Financial Services GmbH, Vienna (SIS business)

Note:

<sup>1</sup> The interest relate to the SIS business of the transaction scope only, as described in Note 1.

<sup>2</sup> In the Combined Financials Statements the assets, liabilities, revenues and expenses related to Communication Media and Technology business (former System Development and Engineering/Telco business) are not included (see Note 1).

ARE	Country	Interest in <sup>1</sup>	Company name
<b>SIS Combination Group business</b>			
5145	Belgium	100.00%	Siemens IT Solutions and Services SA, Anderlecht
5101	Belgium	100.00%	Siemens S.A., Brussels (SIS business)
480n	Brazil	100.00%	Siemens Soluções e Serviços de Tecnologia da Informação Ltda., São Paulo
5510	Brazil	100,00%	Siemens Ltda., São Paulo (SIS business)
4187	Bulgaria	100.00%	Siemens EOOD, Sofia (SIS business)
485n	Bulgaria	100.00%	Siemens IT Solutions and Services EOOD, Sofia
467n	Canada	100.00%	Siemens IT Solutions and Services Inc., Burlington
5545	Canada	100,00%	Siemens Canada Ltd., Burlington (SIS business)
5461	Chile	100.00%	Siemens S.A., Santiago de Chile (SIS business)
526a	China	100,00%	Siemens Program and System Engineering (Nanjing) Co. Ltd., Nanjing (SIS business)
5547	China	100.00% <sup>2</sup>	Siemens Ltd., China, Beijing (SIS business)
5550	Colombia	100.00%	Siemens S.A., Bogotá (SIS business)
5286	Croatia	100.00% <sup>2</sup>	Siemens d.d., Zagreb (SIS business)
486n	Croatia	100.00%	Siemens IT Solutions and Services d.o.o., Zagreb
5986	Czech Republic	100.00%	Siemens IT Solutions and Services, s.r.o., Prague
5992	Czech Republic	100.00% <sup>2</sup>	ANF DATA spol. s r.o., Prague (SIS business)
5120	Denmark	100.00%	Siemens A/S, Ballerup (SIS business)
461n	Denmark	100.00%	Siemens IT Solutions and Services A/S, Taastrup
5130	Finland	100.00%	Siemens Osakeyhtiö, Espoo (SIS business)
464n	Finland	100.00%	Siemens IT Services and Solutions Oy, Espoo
5140	France	100.00%	Siemens S.A.S., Saint-Denis (SIS business)
469n	France	100.00%	Siemens IT Solutions and Services S.A.S., Bobigny
5911	Great Britain	100.00%	Siemens IT Solutions and Services Limited, Camberley
5663	India	100.00% <sup>2</sup>	Siemens Information Systems Ltd., Mumbai (SIS business)
418h	India	100.00%	Siemens Information Processing Services Pvt. Ltd., Bengaluru (SIS business)
476n	India	100.00%	Siemens IT Solutions and Services Pvt. Ltd., Mumbai
474n	Ireland	100.00%	Siemens IT Solutions and Services Ltd, Dublin
5188	Italy	100.00%	Siemens IT Solutions and Services S.p.A., Milan
481F	Luxembourg	100.00%	Siemens IT Solutions and Services Finance S.A., Luxembourg
5567	Mexico	100.00%	Siemens, S.A. de C.V., Mexico D.F. (SIS business)

Note:

<sup>1</sup> The interest relate to the SIS business of the transaction scope only, as described in Note 1.

<sup>2</sup> In the Combined Financials Statements the assets, liabilities, revenues and expenses related to Communication Media and Technology business (former System Development and Engineering/Telco business) are not included(see Note 1).



ARE	Country	Interest in <sup>1</sup>	Company name
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**SIS Combination Group business**

4482	Mexico	100.00%	Siemens Servicios S.A. de C.V., Mexico D.F. (SIS business)
478n	Mexico	100.00%	Siemens IT Business Services S de RL de CV, Mexico DF
479n	Mexico	100.00%	Siemens IT Solutions and Services S de RL de CV, Mexico DF
470n	Netherlands	100.00%	Siemens IT Solution and Services B.V., The Hauge
5351	Philippines	100.00%	Siemens, Inc., Manila (SIS business)
460n	Philippines	99.91%	Siemens IT Solutions and Services Inc., Manila
459n	Poland	100.00%	Siemens IT Solutions and Services Sp. z o.o., Warsaw
5985	Poland	100.00%	Siemens Sp. z o.o., Warsaw (SIS business)
466n	Portugal	100.00%	Siemens IT Solutions and Services, Unipessoal, Lda, Amadora
5706	Romania	100.00%	Siemens S.R.L., Bucharest (SIS business)
5157	Romania	100.00% <sup>2</sup>	Siemens Program and System Engineering S.R.L., Brasov (SIS business)
5355	Russia	100.00%	OOO Siemens, Moscow (SIS business)
484n	Serbia	100.00%	Siemens IT Solutions and Services d.o.o., Belgrade
5356	Slovakia	100.00%	Siemens s.r.o., Bratislava (SIS business)
5978	Slovakia	100.00% <sup>2</sup>	Siemens Program and System Engineering s.r.o., Bratislava (SIS business)
5730	Singapore	100.00%	Siemens Pte. Ltd., Singapore (SIS business)
463n	Singapore	100.00%	Siemens IT Solutions and Services Operations Pte. Ltd, Singapore
468n	Spain	99.91%	Siemens IT Solutions and Services, S.L., Madrid
473n	Spain	100.00%	Siemens IT Solutions and Services Holding, S.L., Madrid
5290	Spain	99.91%	Siemens S.A., Madrid (SIS business)
465n	Sweden	100.00%	Siemens IT Solutions and Services AB, Upplands Väsby
5251	Sweden	100.00%	Siemens AB, Upplands Väsby (SIS business)
475n	Switzerland	100.00%	Siemens IT Solutions and Services AG, Zurich
5280	Switzerland	100.00%	Siemens Schweiz AG, Zurich (SIS business)
5539	Thailand	99.99%	Siemens IT Solutions and Services Ltd., Bangkok
462n	Thailand	100.00%	Siemens IT Solutions and Services Ltd., Bangkok
5300	Turkey	100.00%	Siemens Sanayi ve Ticaret A.S., Istanbul
4678	United Arab Emirates	49.00% <sup>3</sup>	Siemens LLC, Abu Dhabi
4499	USA	100.00%	Siemens IT Solutions and Services, Inc., Norwalk
5580	USA	100.00%	Siemens Corp. Willmington (only plan assets in respect of the deferred compensation plan of the SIS employees in the US)

Note: The interest relate to the SIS business of the transaction scope only, as described in Note 1.

<sup>2</sup> In the Combined Financials Statements the assets, liabilities, revenues and expenses related to Communication Media and Technology business (former System Development and Engineering/Telco business) are not included. Please see Note 1

<sup>3</sup> Subsidiary pursuant to § 290 (2) No. 3, HGB.

ARE	Country	Interest in	Company name
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#### Associated companies and joint ventures

6823	Argentina	50.00% <sup>1</sup>	Sistemas Catastrales S.A., Buenos Aires
622b	Argentina	50.00%	Ute SALTA, Salta
619g	Argentina	65.25%	Ute Tránsito, Buenos Aires
610k	Argentina	24.00%	Metronec S.A. – Siemens IT solutions & Services S.A. Indra SI S.A. Union transitoria de empresa, Buenos Aires (Ute Sube 4)
611k	Argentina	30.00%	Metronec S.A. – Siemens IT solutions & Services S.A. Union transitoria de empresa, Buenos Aires (Ute Sube 5)
680f	Austria	50.00%	Archivium Dokumentenarchiv Gesellschaft m.b.H., Vienna
612H	Austria	49.97%	CYBERDOC Gesellschaft für Digitale Kommunikation im Notariat GmbH & Co. KG, Vienna
613k	Austria	26.00% <sup>2</sup>	"smart technologies" Management-Beratungs- und Beteiligungsgesellschaft m.b.H., Vienna
612k	Colombia	20.00% <sup>3</sup>	Union Temporal Recaido y Tecnologia, Cali
660b	Italy	51.00% <sup>2</sup>	E-Utile S.p.A., Milan
6554	Spain	39.33%	Desarrollo de Aplicaciones Especiales S.A., Madrid

#### Other investments

641k	Germany	2.50%	ÖPP Deutschland Beteiligungsgesellschaft mbH, Berlin
6128	Germany	0.22%	TECCOM GmbH, Munich
604C	Austria	12.42%	TOGETHER Internet Services GmbH, Vienna
5370	Austria	100.00%	addIT Dienstleistungen GmbH, Klagenfurt
4204	Austria	74.90%	unit-IT Dienstleistungs GmbH, Linz
611E	Austria	49.97%	CYBERDOC Gesellschaft für Digitale Kommunikation im Notariat GmbH, Vienna
472n	Australia	100.00% <sup>4</sup>	Eden Technology Pty. Ltd, Bayswater
482n	Romania	100.00%	Siemens IT Solutions and Services s.r.l., Bucharest
483n	Slovakia	100.00%	Siemens IT Solutions and Services s.r.o., Bratislava

Note:

<sup>1</sup> The interest relate to the SIS business of the transaction scope only, as described in Note 1.

<sup>2</sup> In the Combined Financials Statements the assets, liabilities, revenues and expenses related to Communication Media and Technology business (former System Development and Engineering/Telco business) are not included. Please see Note 1

<sup>3</sup> Subsidiary pursuant to § 290 (2) No. 3, HGB.

<sup>4</sup> Acquisition as of September 30, 2010

**B. List of subsidiaries, associated companies and other investments of the notional SIS Combination Group as of October 1, 2009**

ARE	Country	Interest in <sup>1</sup>	Company name
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**SIS Combination Group business**

7927	Germany	100.00%	Siemens AG , Munich (SIS business)
4011	Germany	100.00% <sup>2</sup>	Siemens Programm- und Systementwicklung GmbH & Co. KG, Hamburg
458C	Germany	100.00%	applied international informatics GmbH, Berlin
517k	Germany	60.00%	energy4u GmbH, Karlsruhe
4079	Germany	74.00%	HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, Hamburg
5839	Germany	100.00%	Siemens IT Solutions and Services Management GmbH, Munich
5021	Germany	100.00%	RESTART Gesellschaft für back up-Systeme mbH, Hanover
4871	Germany	100.00%	Siemens IT Solutions and Services Verwaltungs-GmbH, Munich
564C	Germany	100.00%	Siemens IT-Dienstleistung und Beratung GmbH, Gelsenkirchen
559C	Germany	50.10%	WIVERTIS Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, Wiesbaden
466c	Germany	100.00%	Sinius GmbH, Munich (only pension obligations of the inactive employees)
4491	Argentina	100.00%	Siemens IT Solutions and Services S.A., Buenos Aires
5695	Australia	100.00%	Siemens Ltd., Bayswater
5220	Austria	100.00% <sup>2</sup>	Siemens Aktiengesellschaft Österreich, Vienna (SIS business)
5926	Austria	100.00%	addIT Dienstleistungen GmbH & Co. KG, Klagenfurt
431D	Austria	60.00%	Arbeitsmarktservice Betriebs-GmbH, Vienna
432D	Austria	60.00%	Arbeitsmarktservice Betriebs-GmbH & Co. KG, Vienna
4206	Austria	74.90%	unit-IT Dienstleistungs GmbH & Co. KG, Linz
546A	Austria	99.04%	TSG EDV-Terminal-Service Ges.m.b.H., Vienna
5316	Austria	100.00%	FSG Financial Services GmbH, Vienna (SIS business)
5145	Belgium	100.00%	Siemens IT Solutions and Services SA, Anderlecht
5101	Belgium	100.00%	Siemens S.A., Brussels (SIS business)
5510	Brazil	100.00%	Siemens Ltda., São Paulo (SIS business)
4187	Bulgaria	100.00%	Siemens EOOD, Sofia (SIS business)

Note:

<sup>1</sup> The interest relate to the SIS business of the transaction scope only, as described in Note 1.

<sup>2</sup> In the Combined Financials Statements the assets, liabilities, revenues and expenses related to Communication Media and Technology business (former System Development and Engineering/Telco business) are not included. Please see Note 1

ARE	Country	Interest in <sup>1</sup>	Company name
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**SIS Combination Group business**

5545	Canada	100.00%	Siemens Canada Ltd., Burlington, (SIS business)
5461	Chile	100.00%	Siemens S.A., Santiago de Chile (SIS business)
5547	China	100.00% <sup>2</sup>	Siemens Ltd., China, Beijing (SIS business)
526a	China	100.00%	Siemens Program and System Engineering (Nanjing) Co. Ltd., Nanjing
5550	Colombia	100.00%	Siemens S.A., Bogotá (SIS business)
5286	Croatia	100.00% <sup>2</sup>	Siemens d.d., Zagreb (SIS business)
5986	Czech Republic	100.00%	Siemens IT Solutions and Services, s.r.o., Prague
5992	Czech Republic	100.00% <sup>2</sup>	ANF DATA spol. s r.o., Prague (SIS business)
5120	Denmark	100.00%	Siemens A/S, Ballerup (SIS business)
5130	Finland	100.00%	Siemens Osakeyhtiö, Espoo (SIS business)
5140	France	100.00%	Siemens S.A.S., Saint-Denis (SIS business)
5911	Great Britain	100.00%	Siemens IT Solutions and Services Limited, Camberley
5663	India	100.00% <sup>2</sup>	Siemens Information Systems Ltd., Mumbai (SIS business)
418h	India	100.00%	Siemens Information Processing Services Pvt. Ltd., Bengaluru (SIS business)
5170	Ireland	100.00%	Siemens Ltd., Dublin (SIS business)
5188	Italy	100.00%	Siemens IT Solutions and Services S.p.A., Milan
520A	Italy	51.00%	E-Utile S.p.A., Milan
481F	Luxembourg	100.00%	Siemens IT Solutions and Services Finance S.A., Luxembourg
5567	Mexico	100.00%	Siemens, S.A. de C.V., Mexico D.F. (SIS business)
4482	Mexico	100.00%	Siemens Servicios S.A. de C.V., Mexico D.F. (SIS business)
5201	Netherlands	100.00%	Siemens Nederland N.V., The Hague
5351	Philippines	100.00%	Siemens, Inc., Manila (SIS business)
5985	Poland	100.00%	Siemens Sp. z o.o., Warsaw (SIS business)
5240	Portugal	100.00%	Siemens S.A., Amadora (SIS business)

Note:

<sup>1</sup> The interest relate to the SIS business of the transaction scope only, as described in Note 1.

<sup>2</sup> In the Combined Financials Statements the assets, liabilities, revenues and expenses related to Communication Media and Technology business (former System Development and Engineering/Telco business) are not included. Please see Note 1

ARE	Country	Interest in <sup>1</sup>	Company name
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**SIS Combination Group business**

5706	Romania	100.00%	Siemens S.R.L., Bucharest (SIS business)
5157	Romania	100.00% <sup>2</sup>	Siemens Program and System Engineering S.R.L., Brasov (SIS business)
5355	Russia	100.00%	OOO Siemens, Moscow (SIS business)
5644	Russia	100.00%	OOO Siemens IT Solutions and Services, Moscow
5255	Serbia	100.00%	Siemens d.o.o. Beograd, Belgrade (SIS business)
5356	Slovakia	100.00%	Siemens s.r.o., Bratislava (SIS business)
5978	Slovakia	100.00% <sup>2</sup>	Siemens Program and System Engineering s.r.o., Bratislava (SIS business)
5730	Singapore	100.00%	Siemens Pte. Ltd., Singapore (SIS business)
5290	Spain	99.91%	Siemens S.A., Madrid (SIS business)
5251	Sweden	100.00%	Siemens AB, Upplands Väsby (SIS business)
5280	Switzerland	100.00%	Siemens Schweiz AG, Zurich (SIS business)
5539	Thailand	99.99%	Siemens IT Solutions and Services Ltd., Bangkok
5300	Turkey	100.00%	Siemens Sanayi ve Ticaret A.S., Istanbul
4678	United Arab Emirates	49.00% <sup>3</sup>	Siemens LLC, Abu Dhabi
4499	USA	100.00%	Siemens IT Solutions and Services, Inc., Norwalk
5580	USA	100.00%	Siemens Corp. Wilmington (only plan assets in respect of the deferred compensation plan of the SIS employees in the US)

Note:

<sup>1</sup> The interest relate to the SIS business of the transaction scope only, as described in Note 1.

<sup>2</sup> In the Combined Financials Statements the assets, liabilities, revenues and expenses related to Communication Media and Technology business (former System Development and Engineering/Telco business) are not included. Please see Note 1

<sup>3</sup> Subsidiary pursuant to § 290 (2) No. 3, HGB.

ARE	Country	Interest in	Company name
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**Associated companies and joint ventures**

6823	Argentina	50.00% <sup>1</sup>	Sistemas Catastrales S.A., Buenos Aires
622b	Argentina	50.00%	Ute SALTA, Salta
619g	Argentina	65.25%	Ute Tránsito, Buenos Aires
680f	Austria	50.00%	Archivium Dokumentenarchiv Gesellschaft m.b.H., Vienna
612H	Austria	49.97%	CYBERDOC Gesellschaft für Digitale Kommunikation im Notariat GmbH & Co. KG, Vienna
613k	Austria	26.00% <sup>2</sup>	"smart technologies" Management-Beratungs- und Beteiligungsgesellschaft m.b.H., Vienna
612k	Colombia	20.00% <sup>3</sup>	Union Temporal Recaido y Tecnologia, Cali
6554	Spain	39.33%	Desarrollo de Aplicaciones Especiales S.A., Madrid

**Other investments**

6128	Germany	0.22%	TECCOM GmbH, Munich
6123	Germany	40.00%	Print & Mail Recovery, Munich
6640	Germany	27.74%	Ray Sono AG, Munich
604C	Austria	12.42%	TOGETHER Internet Services GmbH, Vienna
5370	Austria	100.00%	addIT Dienstleistungen GmbH, Klagenfurt
4204	Austria	74.90%	unit-IT Dienstleistungs GmbH, Linz
611E	Austria	49.97%	CYBERDOC Gesellschaft für Digitale Kommunikation im Notariat GmbH, Vienna
415n	Australia	100.00%	PLM Services Pty Ltd, Melbourne
482n	Romania	100.00%	Siemens IT Solutions and Services s.r.l., Bucharest
483n	Slovakia	100.00%	Siemens IT Solutions and Services s.r.o., Bratislava

Note:

<sup>1</sup> The interest relate to the SIS business of the transaction scope only, as described in Note 1.

<sup>2</sup> In the Combined Financials Statements the assets, liabilities, revenues and expenses related to Communication Media and Technology business (former System Development and Engineering/Telco business) are not included. Please see Note 1

<sup>3</sup> Subsidiary pursuant to § 290 (2) No. 3, HGB.

**C. Overview of the legal entity structure before and after carve out**

ARE old	Company name old	Country	Carve out Date
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**Share deals**

458C	applied international informatics GmbH, Berlin	Germany	October 1, 2010
517k	energy4u GmbH, Karlsruhe	Germany	October 1, 2010
4079	HanseCom Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, Hamburg	Germany	October 1, 2010
5839	Siemens IT Solutions and Services Management GmbH, Munich	Germany	October 1, 2010
4871	Siemens IT Solutions and Services Verwaltungs-GmbH, Munich	Germany	October 1, 2010
564C	Siemens IT-Dienstleistung und Beratung GmbH, Gelsenkirchen	Germany	October 1, 2010
559C	WIVERTIS Gesellschaft für Informations- und Kommunikationsdienstleistungen mbH, Wiesbaden	Germany	October 1, 2010
4491	Siemens IT Solutions and Services S.A., Buenos Aires	Argentina	planned for 2011
5926	addIT Dienstleistungen GmbH & Co. KG, Klagenfurt	Austria	part of asset deal ARE 5220
431D	Arbeitsmarktservice Betriebs-GmbH, Vienna	Austria	planned for May, 1 2011
432D	Arbeitsmarktservice Betriebs-GmbH & Co. KG, Vienna	Austria	planned for May, 1 2011
4206	unit-IT Dienstleistungs GmbH & Co. KG, Linz	Austria	part of asset deal ARE 5220
546A	TSG EDV-Terminal-Service Ges.m.b.H., Vienna	Austria	planned July 1, 2011
5145	Siemens IT Solutions and Services SA, Anderlecht	Belgium	July 1, 2010
5986	Siemens IT Solutions and Services, s.r.o., Prague	Czech Republic	October 1, 2010
5188	Siemens IT Solutions and Services S.p.A., Milan	Italy	October 1, 2010
481F	Siemens IT Solutions and Services Finance S.A., Luxembourg	Luxembourg	July 1, 2010
5911	Siemens IT Solutions and Services Limited , Camberley	Great Britain	planned for June 2011
4499	Siemens IT Solutions and Services, Inc., Norwalk	USA	October 1, 2010

ARE old	Company name old	Country	Carve out Date	Company name new	ARE new
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#### Asset deals

7927	Siemens AG, Munich (SIS business)	Germany	October 1, 2010	Siemens IT Solutions and Services GmbH, Munich	525k
4011	Siemens Programm- und Systementwicklung GmbH & Co. KG, Hamburg	Germany	January 1, 2011	Siemens IT Solutions and Services GmbH, Munich	525k
5084	Kyros 5 Beteiligungsgesellschaft mbH, Munich	Germany	October 1, 2010	Siemens IT Solutions and Services GmbH, Munich	525k
5021	RESTART Gesellschaft für back up-Systeme mbH, Hanover	Germany	October 1, 2009	Siemens IT Solutions and Services Management GmbH, Munich	5839
5076	bibis Information Technology and Services GmbH, Munich	Germany	October 1, 2009	Siemens IT Solutions and Services Verwaltungs-GmbH, Munich	4871
5695	Siemens Ltd., Bayswater	Australia	October 1, 2010	Siemens IT Solutions and Services Pty. Ltd., Bayswater	471n
5220	Siemens Aktiengesellschaft Österreich, Vienna (SIS business)	Austria	October 1, 2010	Siemens IT Solutions and Services GmbH, Vienna	487n
5510	Siemens Ltda., São Paulo	Brazil	July 1, 2010	Siemens Soluções e Serviços de Tecnologia da Informação Ltda., São Paulo	480n
4187	Siemens EOOD, Sofia	Bulgaria	planned May 1, 2011	Siemens IT Solutions and Services EOOD, Sofia	485n
5545	Siemens Canada Ltd., Burlington,	Canada	July 1, 2010	Siemens IT Solutions and Services Inc., Burlington	467n
5461	Siemens S.A., Santiago de Chile	Chile	December 1, 2010	Siemens IT Solutions and Services S.A. (Agencia en Chile), Santiago de Chile	494n
5547	Siemens Ltd., China, Beijing	China	planned July 1, 2011		



ARE old	Company name old	Country	Carve out Date	Company name new	ARE new
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#### Asset deals

526a	Siemens Program and System Engineering (Nanjing) Co. Ltd., Nanjing	China	Asset deal to 5547 January 2010		
5550	Siemens S.A., Bogotá	Colombia	January 1, 2011	Siemens IT Solutions and Services S.A. (Agencia en Colombia), Santafé de Bogotá D.C.	498n
5286	Siemens d.d., Zagreb	Croatia	October 1, 2010	Siemens IT Solutions and Services d.o.o., Zagreb	486n
5992	ANF DATA spol. s r.o., Prague	Czech Republic	October 1, 2010	Siemens IT Solutions and Services, s.r.o., Prague	5986
5120	Siemens A/S, Ballerup	Denmark	July 1, 2010	Siemens IT Solutions and Services A/S, Taastrup	461n
5130	Siemens Osakeyhtiö, Espoo	Finland	July 1, 2010	Siemens IT Services and Solutions Oy, Espoo	464n
5140	Siemens S.A.S., Saint-Denis	France	October 1, 2010	Siemens IT Solutions and Services S.A.S., Bobigny	469n
5663	Siemens Information Systems Ltd., Mumbai	India	October 1, 2010	Siemens IT Solutions and Services Pvt. Ltd., Mumbai	476n
418h	Siemens Information Processing Services Pvt. Ltd., Bengaluru	India	October 1, 2010	Siemens IT Solutions and Services Pvt. Ltd., Mumbai	476n
5170	Siemens Ltd., Dublin	Ireland	July 1, 2010	Siemens IT Solutions and Services Ltd, Dublin	474n
5567	Siemens, S.A. de C.V., Mexico D.F.	Mexico	October 1, 2010	Siemens IT Solutions and Services S de RL de CV, Mexico DF	479n
4482	Siemens Servicios S.A. de C.V., Mexico D.F.	Mexico	October 1, 2010	Siemens IT Business Services S de RL de CV, Mexico DF	478n
5201	Siemens Nederland N.V., The Hague	Netherlands	July 1, 2010	Siemens IT Solution and Services B.V., The Hauge	470n

ARE old	Company name old	Country	Carve out Date	Company name new	ARE new
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#### Asset deals

5351	Siemens, Inc., Manila	Philippines	January 1, 2011	Siemens IT Solutions and Services Inc., Manila	460n
5985	Siemens Sp. z o.o., Warsaw	Poland	July 1, 2010	Siemens IT Solutions and Services Sp. z o.o., Warsaw	459n
5240	Siemens S.A., Amadora	Portugal	July 1, 2010	Siemens IT Solutions and Services, Unipessoal, Lda, Amadora	466n
5706	Siemens S.R.L., Bukarest	Romania	October 1, 2010	Siemens IT Solutions and Services s.r.l., Bucharest	482n
5157	Siemens Program and System Engineering S.R.L., Brasov	Romania	planned May 1, 2011	Siemens IT Solutions and Services s.r.l., Bucharest	482n
5355	OOO Siemens, Moscow	Russia	November 1, 2010	OOO Siemens IT Solutions & Services, Moscow	481n
5644	OOO Siemens IT Solutions and Services, Moscow	Russia	Liquidation November 2009		
5255	Siemens d.o.o. Beograd, Belgrade	Serbia	August 1, 2010	Siemens IT Solutions and Services d.o.o., Belgrade	484n
5356	Siemens s.r.o., Bratislava	Slovakia	October 1, 2010	Siemens IT Solutions and Services s.r.o., Bratislava	483n
5978	Siemens Program and System Engineering s.r.o., Bratislava	Slovakia	October 1, 2010	Siemens PSE s.r.o., Bratislava	483n
5730	Siemens Pte. Ltd., Singapore	Singapore	January 1, 2011	Siemens IT Solutions and Services Operations Pte. Ltd, Singapore	463n
5290	Siemens S.A., Madrid	Spain	July 1, 2010	Siemens IT Solutions and Services, S.L., Madrid	468n
461d	Siemens Holding S.L., Madrid	Spain	July 1, 2010	Siemens IT Solutions and Services Holding, S.L., Madrid	473n
5251	Siemens AB, Upplands Väsby	Sweden	July 1, 2010	Siemens IT Solutions and Services AB, Upplands Väsby	465n

ARE old	Company name old	Country	Carve out Date	Company name new	ARE new
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**Asset deals**

5280	Siemens Schweiz AG, Zurich	Switzerland	July 1, 2010	Siemens IT Solutions and Services AG, Zurich	475n
5539	Siemens Limited, Bangkok	Thailand	January 1, 2011	Siemens IT Solutions and Services Ltd., Bangkok	462n
5300	Siemens Sanayi ve Ticaret A.S., Istanbul	Turkey	planned October 1, 2011		
4678	Siemens LLC, Abu Dhabi	United Arab Emirates	planned July 1, 2011		

***The French translation of the independent auditor's report which is provided in the French version of the Prospectus is only a free translation of the independent auditor's report initially drawn up in English set forth below.***

#### INDEPENDENT AUDITOR'S REPORT

To Siemens IT Solutions and Services GmbH

We have audited the accompanying combined financial statements of business of Siemens IT Solutions and Services GmbH (SIS GmbH), Munich, and its subsidiaries and entities and operations as prepared for the transaction scope of the acquisition by Atos Origin S.A. ("SIS transaction scope"), which comprise the combined statement of financial position as of 30 September 2010, based on the combined statement of financial position as of 1 October 2009 (opening statement of financial position), and the combined statement of income, the combined statement of comprehensive income, the combined statement of cash flows and the combined statement of changes in equity and notes to combined financial statements for the fiscal year from 1 October 2009 to 30 September 2010 (collectively "the combined financial statements"). The combined financial statements have been prepared by management of SIS GmbH based on the transaction scope for the acquisition by Atos Origin S.A. and the Basis of Preparation as outlined in Note 1 of the combined financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with the transaction scope for the acquisition by Atos Origin S.A. and the Basis of Preparation as outlined in Note 1 of the combined financial statements, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

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estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

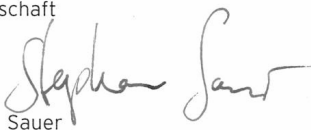
In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the business of SIS GmbH and its subsidiaries and entities and operations as prepared for the transaction scope of the acquisition by Atos Origin S.A. as at September 30, 2010, and its financial performance and its cash flows for the year then ended in accordance with the Basis of Preparation as outlined in Note 1.

Munich, 17 March 2011

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft



Bostedt  
Wirtschaftsprüfer  
(German Public Auditor)



Sauer  
Wirtschaftsprüfer  
(German Public Auditor)

## **C.5 INFORMATION ON THE COMPANY'S RECENT DEVELOPMENTS**

There are no significant events relating to the SIS Business or SIS Holding which would have occurred since May 12, 2011, the date on which the management of SIS Holding approved SIS Holding Combined Financial Statements as of March 31, 2011, and which would have not been mentioned in Section C of the present prospectus.

## Glossary

**Atos Origin Group** is defined in paragraph A.1.2.1 “Interest of the Transaction for the beneficiary and its shareholders”

**Automatic Exchange of Information** is defined in paragraph A.2.2.3.14 “Withholding tax applicable to income on the Bonds received by non-French tax residents”

**Blue One Agreement** is defined in paragraph A.2.1.5 “Strategic partnership”

**Bonds** is defined in paragraph A.2.1.1.2 “Price – Price adjustment”

**Business Day** is defined in paragraph A.2.2.3.8 “Redemption date and terms of redemption of the Bonds”

**Carve-Out** is defined in paragraph A.2.1.1.1 “Scope of the Contribution”

**Cash Adjustment** is defined in paragraph A.2.1.1.2 “Price – Price adjustments”

**Centralizing Agent** is defined in paragraph A.2.2.3.3 “Form and procedure of registration of the Bonds in securities accounts”

**Closing Date** is defined in paragraph A.2.1.1.3 “Conditions precedent”

**Common Investment Agreement** is defined in paragraph A.2.1.5 “Strategic partnership”

**Contribution** is defined in paragraph A.2.1.1 “Framework Agreement”

**Contribution Agreement** is defined in paragraph A.2.1.2 “Contribution Agreement”

**Conversion/Exchange Ratio** is defined in paragraph A.2.2.4.3 “Exercise period and conversion/exchange Ratio”

**Conversion/Exchange Right** is defined in paragraph A.2.2.4.1 “Nature of the conversion/exchange right”

**Customer Relationship Agreement** is defined in paragraph A.2.1.4 “Customer Relationship Agreement”

**Deferred Assets** is defined paragraph C.3.1 “Description of the principal operations of the contributed company”

**Dividend** is defined in paragraph A.2.2.4.6 “Maintenance of Bondholders’ rights”

**Divisions Agreement** is defined in paragraph A.2.1.5 “Strategic partnership”

**Excluded Businesses** is defined in paragraph A.2.1.1.1 “Scope of the Contribution”

**Exercise Date** is defined in paragraph A.2.2.4.4 “Terms of exercise of the conversion/exchange right”

**Exercise Period** is defined in paragraph A.2.2.4.4 “Terms of exercise of the conversion/exchange right”

**Framework Agreement** is defined in paragraph A.2.1.1 “Framework Agreement”

**GAIN Contract** is defined in paragraph A.2.1.4 “Customer Relationship Agreement”

**Global Alliance Agreement** is defined in paragraph A.2.1.5 “Strategic partnership”

**High Tech Transactional Services Agreement** is defined in paragraph A.2.1.5 “Strategic partnership”

**Indebtedness** is defined in paragraph A.2.2.3.8 “Redemption date and terms of redemption of the Bonds”

**Initial Consideration** is defined in paragraph A.2.1.1.1 “Scope of the Contribution”

**Interest Payment Date** is defined in paragraph A.2.2.3.7 “Nominal interest rate and provisions relating to accrued interest”

**Issue Date** is defined in paragraph A.2.2.3.12 “Planned issue date”

**Lock-up Period** is defined in paragraph A.2.1.3 “Lock-up Agreement”

**Material Subsidiary** is defined in paragraph A.2.2.3.8 “Redemption date and terms of redemption of the bonds”

**Option** is defined in paragraph A.2.1.1 “Framework Agreement”

**Prospectus** is defined on the front page

**Register** is defined in paragraph A.2.2.3.3 “Form and procedure of registration of the Bonds in securities accounts”

**Registration Document and its Update** is defined on the front page

**Representative of the Masse** is defined in paragraph A.2.2.3.10 “Representation of Bondholders”

**Request Date** is defined in paragraph A.2.2.4.4 “Terms of exercise of the conversion/exchange right”

**Siemens** is defined in paragraph A.1.2.1 “Interest of the Transaction for the beneficiary and its shareholders”

**Siemens Group** is defined in paragraph A.1.2.1 “Interest of the Transaction for the beneficiary and its shareholders”

**Siemens Inland** is defined in paragraph A.1.2.1 “Interest of the Transaction for the beneficiary and its shareholders”

**SIS** is defined in paragraph A.1.2.1 “Interest of the Transaction for the beneficiary and its shareholders”

**SIS Business** is defined in paragraph C.3.1 “Description of the principal operations of the contributed company”

**SIS Group** is defined in paragraph C.3.1 “Description of the principal operations of the contributed company”

**SIS Holding** is defined in paragraph A.1.2.1 “Interest of the Transaction for the beneficiary and its shareholders”

**Subsidiary** is defined in paragraph A.2.2.3.8 “Redemption date and terms of redemption of the bonds”

**Trading Day** is defined in paragraph A.2.2.3.8 “Redemption date and terms of redemption of the bonds”

**Transaction** is defined in paragraph A.1.2.1.1 “Creation of a major player in European and global IT services and substantial improvement of growth potential of the new Atos Origin”

**Transfer Agreement** is defined in paragraph A.2.1.2 “Contribution Agreement”



**Schedule I –Contribution appraiser’s report on the value of and the consideration for the Contribution to Atos Origin SA presented to the shareholders’ extraordinary general meeting of Atos Origin on 1 July 2011**

**Atos Origin**

French *société anonyme* with a share capital of €69,914,077

Registered office: River Ouest, 80 quai Voltaire

95870 Bezons, France

**Contribution to Atos Origin of the sole share in Siemens IT Solutions and Services GmbH**

**held by**

**Siemens Beteiligungen Inland GmbH**

**Contribution appraiser’s report on the  
value of the contributions**

**Contribution to Atos Origin of the sole share in  
Siemens IT Solutions and Services GmbH  
held by  
Siemens Beteiligungen Inland GmbH**

**Contribution appraiser's report on the  
value of the contributions**

To the shareholders,

Pursuant to the engagement entrusted to me by order of the President of the Commercial Court of Pontoise on 14 February 2011 concerning the contribution to Atos Origin (hereinafter Atos) of the sole share in Siemens IT Solutions and Services GmbH (hereinafter SIS Holding) held by Siemens Beteiligungen Inland GmbH, I have drawn up this report concerning the value of the contributions, as required by Article L. 225-147 of the French Commercial Code.

As the stock of the beneficiary of the contributions, Atos, is listed on a regulated market, and in accordance with the recommendations of the Commission des Opérations de Bourse (COB), upheld by the French stock market authority (AMF), Atos has requested the extension of my engagement to the appraisal of the fairness of the consideration for the contribution. My appraisal of the consideration for the contributions is set out in a separate report.

The net asset value of the contribution was laid down in the Contribution Agreement signed by the representatives of the companies involved on 20 May 2011. It is my duty to express an opinion on the fact that the contribution is not overestimated. To this effect, I have carried out all the checks that I deemed necessary, in accordance with professional standards of the French national association of statutory auditors (CNCC) concerning this type of engagement; these standards require the use of specific measures to appraise the value of the contributions, ensure that it is not over-valued and verify that it corresponds to at least the nominal value of the shares to be issued by the company receiving the contributions, combined with the contribution premium.

As my engagement will end with the submittal of my reports, it is not my responsibility to update this report to reflect the facts and circumstances subsequent to its date of signature.

I never found myself, at any point in time, in a situation of incompatibility, prohibition or default as provided by the law. As required by the appointment order, I have sent a certificate of independence and impartiality to the managers of Atos.

This report comprises the following parts:

1. Presentation of the transaction and description of the contributions
2. Due diligence and appraisal of the value of the contributions
3. Executive summary
4. Conclusion

## **1. Presentation of the transaction and description of the contributions**

### **1.1 Context of the transaction**

The transaction fits into the general context of the formation of a long-term industrial alliance between Atos and Siemens in order to create a European IT services leader.

Within that framework, Siemens has carved-out practically all of the activities of its Siemens IT Solutions and Services division and transferred them to Siemens IT Solutions and Services GmbH (SIS Holding), which Siemens fully controls via Siemens Beteiligungen Inland GmbH (Inland).

Inland shall contribute to Atos the sole share representing all of the capital of SIS Holding, in consideration of which, Inland shall receive 12.5 million Atos shares issued under a capital increase, representing approximately 15% of the capital of Atos, which Siemens and Inland undertake to hold for at least 5 years. This issue will be supplemented by a balance of approximately €400.2 million, consisting in an issue of Océane convertible bonds convertible into and/or exchangeable for new or existing shares, with an aggregate nominal value of around €250 million in favour of Inland in consideration for the contribution, and approximately €150.2 million incash.

It should be noted that, prior to the transaction completion date, the activities of SIS Holding will undergo major restructuring, reducing the number of employees from over 34,000 people to some 27,000. Additional restructuring costs of up to €250 million incurred after the contribution transaction and concerning 1,750 jobs, mainly related to support functions, shall be borne by Siemens.

Moreover, the transaction involves commitments on the part of Siemens. For certain specific contracts, Siemens shall compensate the upcoming losses of SIS Holding, and shall pay Atos up to €200 million for losses on contracts still not identified or losses stemming from contract terminations due to the change of control. Pension commitments to retired employees or employees having left SIS Holding shall remain the responsibility of Siemens, which shall adequately finance the pension commitments of working employees transferred to Atos.

Under the Customer Relationship Agreement signed on 20 May 2011 by Atos and Siemens, Atos shall provide Siemens with IT and facilities management services as from 1 July 2011 valued at €5.5 billion over a 7-year period.

In addition, the two groups have entered into cooperation agreements to develop certain activities with high growth potential, such as high-tech transactional services (HTTS).

## 1.2 **Presentation of the companies involved in the transaction**

Prior to the contribution, no ties of any kind exist between Atos and Siemens.

### 1.2.1 **Atos Origin, the beneficiary of the contribution**

Atos is a French *société anonyme* with a share capital of €69,976,601, divided into 69,976,601 fully paid-up ordinary shares, each with a nominal value of €1. Its registered office is located at River Ouest, 80, quai Voltaire, Bezons, France (95). It is registered at RCS Pontoise under number 323 623 603.

Atos shares are admitted to trading on Eurolist Compartment A of Euronext Paris (FR0000051732 - ATO). Prior to the announcement of the transaction on 15 December 2010, the market value of Atos was €2.4 billion.

Founded in 1982, Atos is an IT services company created by the alliance of French companies Axime and Sligos in 1997, followed by the merger of Atos and Origin in 2000 and the acquisition of Groupe Sema in 2004.

In 2010, the company's turnover amounted to €5 billion, down 3.5% on a like-for-like basis, for an operating margin of €337.4 million, i.e. 6.7% of the turnover (versus 5.7% in 2009) and net income of €118 million. It mainly operates in Western Europe where it earns two thirds of its revenues, mainly in the fields of facilities management (37%), systems integration (21%) and high-tech transactional services (21%). The company employs some 48,000 people.

Prior to the transaction, the main shareholders of Atos are PAI Partners (25%), Fidelity Management Research (5%), and employee shareholders (3%).

### 1.2.2 **SIS Holding, the company whose share is being contributed**

Siemens IT Solutions and Services GmbH (SIS Holding) is a German company with a capital of €25,000,000 represented by a single fully paid-up share with a nominal value of €25,000,000. The company's registered office is located at Otto-Hahn- Ring 6, Munich, Germany. It is registered under number HRB 184933 in the Munich trade register.

SIS Holding was created to bring together most of the IT activities of the Siemens Group for their transfer to Atos. Only telecom-related activities, defence-related contracts and certain foreign subsidiaries (China, Turkey, United Arab Emirates, South Africa, Hungary, Greece, Japan, Norway and an Austrian subsidiary, as well as the shares held by Siemens in the German-registered joint venture HanseCom) with a business volume considered to be relatively insignificant in relation to the entity were not included in the contribution. Some of these foreign subsidiaries may be transferred directly to Atos, concomitantly or after the contribution transaction, depending on the legal constraints to be settled in their countries of origin.

For the twelve months to 30 September 2010, SIS Holding's revenues amounted to €3.8 billion for an operating loss of €510 million.

### 1.2.3 Siemens Beteiligungen Inland GmbH

Siemens Beteiligungen Inland GmbH (Inland) is a German company with a share capital of €1,011,000. Its registered office is located at 2, Wittelsbacherplatz, Munich, Germany. It is registered under number HRB 139644 in the Munich trade register. Inland is a fully owned subsidiary of Siemens AG, a German company specialised in electronic and electrotechnical equipment.

Inland is a holding company which was created specifically for the purposes of the transaction whereby Siemens assets will be transferred to Atos.

## 1.3 Description of the transaction

### 1.3.1 General characteristics of the contribution

The contribution consists of a single share in SIS Holding representing all of this company's share capital and voting rights. The contribution transaction will be completed upon confirmation of the fulfilment of all the conditions precedent set out in paragraph 1.3.2 of this report. The completion of the contribution transaction is expected to occur on 1 July 2011 following the Atos Origin shareholders' general meeting called to approve the contribution and the issuance of the Océane convertible bonds.

The contribution is governed by the general rules concerning contributions in kind set out in Article L. 225-147 of the French Commercial Code and its regulatory implementation rules.

Pursuant to Articles 808 A-I and 810-I of the French income tax code (CGI), the portion of the contribution compensated through new Atos shares shall be subject to a registration fee of €500. Pursuant to Article 718 of the CGI, the portion of the contribution compensated in cash shall be exempt from registration fees in France.

### 1.3.2 Conditions precedent

In accordance with Article 5 of the Contribution Agreement, the completion of the contribution transaction is subject to the fulfilment of the following conditions precedent:

- AMF approval of the prospectus drawn up, inter alia, for the purposes of admission to trading on Euronext Paris of the Atos shares issued in consideration for the contribution;
- Approval by the extraordinary general meeting of Atos shareholders of the contribution, its valuation, the ensuing capital increase, as well as the Océane convertible bond issue in favour of Inland;
- The carve-out of SIS activities by Siemens;
- Inland's subscription to the Océane convertible bonds;
- Siemens' contribution to SIS Holding, by way of a capital increase if applicable, of an amount equal to the estimated cash adjustment in accordance with the framework agreement if the estimated cash adjustment is negative;
- Atos' payment of €150.2 million in cash, as part of the contribution, and €26.4 million for the direct acquisition of certain SIS subsidiaries.

The Chairman & CEO of Atos, upon authority conferred on him by the Board of Directors by virtue of the powers delegated to the Board of Directors by the General Meeting of Atos shareholders which was called to resolve upon the contribution, will upon full satisfaction of the conditions precedent above, proceed with the completion of the contribution and the resulting share capital increase.

It should be noted that the condition precedent relating to the approval of the American and European anti-trust authorities has been satisfied, as those approvals were obtained on 25 March 2011.

### 1.3.3 Consideration for the contribution

By common agreement, the value of the contribution has been set by the parties at €814,388,000, subject to the adjustments described below.

The amount of €850 million mentioned on the announcement of the transaction included the subsidiaries of SIS located in China, Turkey, Austria and the United Arab Emirates as well as HanseCom shares held by Siemens. Due to local legal requirements, the shares of those companies cannot be included in the contribution transaction. Except for the HanseCom shares which were valued for €9.2 million, they will be transferred directly to Atos for €9.2 million.

Conversely, the subsidiaries in Romania, Bulgaria and Argentina and the two Austrian subsidiaries which were initially excluded from the contribution will now be included in it.

In consideration for the contribution, subject to the adjustments described below, the beneficiary will allocate the following to the contributor:

- 12,483,153 new ordinary shares, each with a nominal value of €1, to be issued by Atos under a capital increase, tradable immediately. The number of Atos shares to be issued has been calculated on the basis of a share price of €33.18, i.e. the average volume-weighted share price over the 6-month period preceding the announcement of the transaction on 15 December 2010. Siemens and Siemens Inland have undertaken to hold the shares received in consideration of the contribution for a period of at least five years. After that period, they will be entitled to sell some of the shares in an orderly manner. Through this equity interest, Siemens will hold approximately 15% of the share capital of Atos and will become its second largest shareholder.
- A compensation balance of €400,196,974 breaking down as follows:
  - o €249,999,985 shall be set off against the aggregate subscription price of 5,382,131 Océane convertible bonds convertible into or exchangeable for new or existing shares, each with a nominal value of €46.45 representing a premium of 40% over the volume-weighted average Atos share price over the 6-month period preceding the announcement of the transaction on 13 December 2010. Those Océane convertible bonds, which shall run for 5 years from their issue date, shall bear interest at the nominal annual rate of 1.50% and will not be listed on a regulated market. Atos may proceed to early redemption if the Atos share price exceeds 130% of the nominal value of the Océane convertible bond for 20 consecutive days out of the 40 days preceding the date of publication of the notice of such early redemption.

- o A cash payment (*Soulte*) of €150,196,989 to be paid by Atos to Siemens Inland on the date of completion of the contribution transaction. As the value of the contribution is based on debt-free accounts and an agreed amount of working capital, the amount payable is liable to be adjusted in keeping with the financial statements of SIS Holding as at 30 June 2011, by:

- subtracting the amount of the debt,
- adding the amount of cash,
- subtracting, if applicable, the difference, if positive, between the agreed working capital amount of €200,365,000 liable to be adjusted after the completion date, and the recognised working capital amount;
- adding, if applicable, the difference, if positive, between the recognised working capital amount and the agreed working capital amount of €200,365,000.

As stated above, the issue price for the new Atos shares is set at €33.18 per share, corresponding to the volume-weighted average Atos share price over the 6-month period preceding the announcement of the transaction, i.e. 13 December 2010. The difference between the aggregate issue price of €414,191,026 and the aggregate nominal value of the 12,483,153 shares issued in favour of Inland, i.e. €12,483,153, will form the issue premium amounting to €401,707,873.

This premium will be recorded in a liability account on the Atos balance sheet and may be used to offset all fees and expenses related to the transaction.

#### 1.4 **Presentation of the contribution**

##### 1.4.1 Description of the contribution

As stated above, the contribution consists of a single share representing the entire share capital of SIS Holding, a German company which comprises practically all of the IT activities of the Siemens Group, except for certain foreign subsidiaries, activities, and contracts. By agreement between the parties, the value of the contribution has been set at €814,388,000, 50% of which will be paid by way of the issuance of 12,483,153 Atos shares based on a unit share price of €33.18.

##### 1.4.2 Contribution valuation methods

The contribution was valued by Atos' banking consultants based on a multi-criteria approach, by discounting future cash flows and through stock comparisons based on:

- The 2011-2013 business plan concerning SIS activities, drawn up by Siemens.
- Adjustments made by Atos to this business plan to take account of identified risks as well as compensations and indemnities granted by Siemens.

- The effects of the implementation of the Total Operational Performance (TOP<sup>2</sup>) plan on SIS activities. This 3-year program deployed at Atos in 2009 is designed to improve the company's operating margin and bring it at par with its competitors. It comprises a matrix-based organisation structured according to business lines and countries and aims to reduce costs: by reducing intercompany contracts as well as the number of employees and outsourcing, bringing together all Ile-de-France personnel on the Bezons site and developing an offshore workforce. The implementation of the TOP<sup>2</sup> plan at SIS should not give rise to any costs for Atos since Siemens will bear the cost of any workforce reductions occurring after the transaction. It should also be noted that the programme does not affect the business level.
- A two-year extrapolation of the business plan, in order to make sales growth converge with the retained assumption of growth to perpetuity for the implementation of the discounted cash flows method.

The discounted cash flows method takes account of a perpetual growth rate of 2% and a weighted average cost of capital of 9.2% determined on the basis of the following parameters:

- a risk-free rate of 3.5% based on the 3-month average return on 10-year French government bonds (OAT);
- a 6.1% risk premium, based on the 3-month average on 31 January 2011 of market figures published by *Associés en Finance*;
- an unlevered beta of 1.0 based on the average unlevered betas of companies selected for the application of the comparable trading multiples method (see below);
- a target financial leverage rate of 5%, corresponding to the median financial leverage of the companies selected for the application of the comparable trading multiples method;
- a pre-tax cost of debt based on a spread of 92 basis points above the government bond rate.

As the contribution is to be completed on a debt-free basis, the enterprise value (EV) is equal to its equity value. Consequently, the central value of the contribution amounts to €1,326 million, within a value range of €1,058 million to €1,365 million.

Concerning the comparable trading multiples method, the companies selected for the application of this method are Capgemini, Logica and Tieto, because of their similarities in terms of business lines and European presence. The multiples used are the EV/EBITDA and the 2013 EV/EBITDA, as 2013 is the year in which the normalized margin level should be reached for the activities transferred. The resulting value range is between €1,242 million and €1,975 million when the EBITDA multiple is applied the later being provided for information purposes only. The enterprise value multiples applied to revenues and PER were not retained.

The bankers chose not to use the comparable transactions multiples method or NAV method for the following reasons:

- concerning the comparable transactions method, other than the fact that identified transactions in this sector offer few similarities, this method is not suitable for the valuation of companies in the process of being turned around with respect to the other companies of the sector;
- concerning the NAV method, it is relevant for valuing holding companies or companies holding a lot of



assets whose historical book value is much lower to their immediate sale value or liquidation value, which is not the case for this particular transaction.

## **2 Due diligence and appraisal of the value of the contributions**

### **2.1 Checks carried out**

I have carried out all the checks that I deemed necessary, in accordance with professional standards of the French national association of statutory auditors (CNCC) concerning this type of engagement, to appraise the value of the contribution.

In particular:

- I met the Atos managers in charge of the transaction, notably Michel-Alain Proch and Gilles Arditti, as well as the company's consultants, mainly Gauthier Le Milon and Damien Anzel from BNP Paribas, Brice Lemonnier from the Rothschild bank and Maître Arthur de Baudry d'Asson from the Weil law firm, in order to understand the transaction envisaged as well as the context in which it is to take place.
- I held talks with the people in charge of the transaction at Siemens: Karin Flesch, Markus Duschat, Ulrich Lorscheider, Alexander Schuler and Dagmar Mundani.
- I examined the draft Prospectus dated 23 May 2011 and the Contribution Agreement signed on 20 May 2011.
- I made the required checks to ensure that Inland was the owner of the SIS Holding share representing 100% of its share capital, and that the activities of SIS had actually been transferred to SIS Holding.
- I examined the 2011-2015 business plan of SIS Holding drawn up by the management of Siemens, and revised by the management of Atos.
- I examined the valuation report concerning SIS Holding produced jointly by BNP Paribas and Rothschild, and held several work meetings with those banks' representatives.
- I performed a multi-criteria study on the aggregate value of SIS Holding and carried out analyses on the sensitivity of the values obtained to a change in the underlying valuation assumptions.
- I obtained a confirmation letter from the management of Atos, certifying that, up until the date of completion of the transaction, there were no facts of events liable to materially modify the value of the contribution.

My engagement, as stipulated by law, does not consist of an audit or a limited review. Its goal is therefore not to give an opinion on the financial statements, nor to carry out specific checks concerning compliance with corporate law. In particular, it cannot be deemed akin to an investigation carried out by a lender or a purchaser

and does not include all the analyses required for this type of engagement. Therefore, my report is restricted to the scope of my engagement as contribution appraiser and may not be used for any other purposes.

## 2.2 **Appraisal of the aggregate value of the contributions**

As stated above, the equity value of SIS Holding has been set at €814,388,000 by common agreement between the parties.

### 2.2.1 **Valuation methods used by the company and its consultants**

SIS Holding was valued using the discounted cash flows method and the comparable trading multiples method based on the 2011-2015 business plan drawn up by Siemens and adjusted by Atos.

The discarding of the comparable trading multiples method and NAV method seems justified, especially since the NAV method would essentially involve re-assessing the various asset and liability items posted on or missing from the balance sheet of SIS Holding. Moreover, this approach is indirectly applied in the discounting of future cash flows.

### 2.2.2 **Appraisal by the contribution appraiser**

I examined the valuations made by the advisory banks based on the documents and information given to me.

I carried out checks to ensure that the valuation methods chosen had been used correctly and I developed my own approach to the aggregate value of SIS Holding, based on the 2011-2015 business plan (not taking into account the impact of the implementation of the TOP<sup>2</sup> plan), the model of which I verified by rebuilding it. I amended two points of this plan: firstly I annulled the excess contribution to the pension funds which, in the banks' valuation is offset directly against the enterprise value, and I changed the amount of the capital expenditures used for the calculation of the final value to that of the 2013 fiscal year.

The business level chosen seems reasonable to me, as the average annual growth rate for the particular period is under 1%, and over 20% of the sales are guaranteed through a customer contract with Siemens. Concerning the margin level after the rollout of the TOP<sup>2</sup> plan, the EBITDA/sales ratio remains lower than that recognised for Atos over the particular period. The management of Atos confirmed to me in writing that these forecasts corresponded to their most optimistic estimates on the date of my report.

### ***Approach using the discounted cash flows method***

I applied this method on the 2011-2015 business plan using the following assumptions:

- A perpetual annual growth rate of 1.5%, lower than that used by the advisory banks but which seems more prudent to me, given the historical performances and forecasts to the end of the particular period; for the sake of consistency, I also applied this rate to the TOP<sup>2</sup> plan, whereas the advisory banks applied a zero growth rate to the TOP<sup>2</sup> plan;

- An average cost of capital of 9.79%, based on the following elements:
  - o a beta ratio of 0.95 based on the weighted average beta for peer companies;
  - o an equity risk premium of 6.76%, based on the 6-month average on 16 March 2011 of the premiums chosen for market transactions carried out in France;
  - o an average yield of 3.21% on 10-year French government bonds (OAT), for the same period as that used in calculating the equity risk premium;
  - o a specific risk premium estimated at 1% due to the turnaround of the activities contributed compared with the other companies of the sector;
  - o a target financial leverage rate of 7.9% based on the figures stemming from the companies selected for the comparison;
  - o a pre-tax cost of debt of 4.13% based on the same spread as that used by the banks, i.e. 92 basis points above the government bond rate (OAT).

Concerning the cash flows stemming from the implementation of the TOP<sup>2</sup> plan, I added another specific risk premium estimated at 2% to the previously determined equity costs to take account of the increased risk of execution, bringing the discounting rate to 11.59%.

The enterprise value resulting from my calculations thus comes out to €1,049 million, out of which €42 million stems from the revised business plan and €660 million from the implementation of the TOP<sup>2</sup> plan. This enterprise value includes a negative value adjustment due to the modification of the scope of the transaction stated in paragraph 1.3.3 above amounting to €32 million based, for the sake of simplification, on the implicit sales multiple stemming from the valuation of SIS Holding, i.e. x 0.29.

The sensitivity analysis concerning a 1% modification in the discounting rate and a 0.5% modification in the perpetual growth rate results in a value range of €941 million to €1,230 million.

#### ***Approach using the comparable trading multiples method***

In order to apply this method, I searched for listed companies operating in the IT services sector liable to supplement the sample used by the advisory banks. I thus included the Steria Group in the sample comprising Capgemini, Logica and Tieto. However, I did not include Accenture Plc and Indra Sistemas due to the fact that their growth and margin profiles are too dissimilar to those of SIS Holding. Adding the Steria Group does not significantly alter the operating income multiple which comes out to x 7.5 versus x 7.0 for the advisory banks.

I applied the sample's implicit valuation multiples to the 2013 operating income of SIS Holding stemming from the 2011-2015 business plan and to that stemming from the TOP<sup>2</sup> plan. Like the advisory banks, I applied those multiples solely to the 2013 fiscal year, as the preceding years are not considered as normative. However, I did not use the EBITDA multiple due to the difference in investment policies among the companies in the sample. Lastly, similarly to the advisory banks, I did not retain enterprise value multiples applied to revenue and PER.

I also applied a discount to each of the values I arrived at in my analyses due to the perception of an increased risk on the results of SIS Holding (11% discount) and on the impacts of the TOP<sup>2</sup> plan in terms of margin growth (28% discount). Those discounts are based on the equity costs retained for Atos (9.35%), SIS Holding (10.35%) and TOP<sup>2</sup> (12.35%).

Once the negative adjustment of €18 million has been taken into account, due to the modification of the scope of the transaction, the value of SIS Holding arrived at through this method is €1,127 million.

### **3     Executive summary**

Firstly, it should be noted that SIS Holding, which comprises practically all of the IT activities of the Siemens group, is a company in a turnaround situation. It has undergone major restructuring in view of its sale to Atos.

Moreover, this transfer is accompanied by commitments made by Siemens to Atos, in terms of compensation and indemnification (for loss of contracts, financial losses on contracts and trade disputes). Siemens has also signed a 7-year customer contract for the supply of IT services and facilities management services by Atos, representing over 20% of the forecasted business activities of SIS Holding. I feel that the combination of these measures provides a secure basis for the forecasts made in the business plan used in the valuation analyses.

However, it must be stressed that 60% of the value of SIS Holding rests on the impacts of the TOP<sup>2</sup> plan on the company's profitability, and largely depends on the capacity of the managers of Atos and SIS Holding to successfully implement this plan. To take account of this situation, I have applied an additional risk premium of 2% to the flows stemming from the TOP<sup>2</sup> plan, on top of the specific additional risk premium of 1% retained for SIS Holding in relation to Atos. Furthermore, the target margin of SIS Holding under the TOP<sup>2</sup> plan is consistent with the profitability performances posted by Atos.

Lastly, the forecast data used in the valuation analyses does not take account of the potential synergies expected from the acquisition, the cost reductions and the increase in business level.

Based on the elements presented herein, I note that the central value range that I have arrived at for SIS Holding is 31% to 38% higher than the value retained for the contribution.

### **4     Conclusion**

Further to my analyses and on the date of this report, in my opinion, the value of the contributions amounting to €814,388,000 is not overestimated and, consequently, the value of the net assets transferred is at least equal to the amount of the beneficiary company's share capital increase, as increased by the issue premium. Moreover:

- a cash payment of €400,196,974 is allocated to the contributor, of which €250 million will be offset against the subscription price for Océane convertible bonds with a nominal value of €249,999,985, the remaining balance representing a cash payment of €150,196,989;
- the cash portion of such cash payment is likely to be adjusted to reflect the actual net debt of SIS Holding and the amount of its working capital on 30 June 2011.

Drawn up in Paris, on 30 May 2011

In seven original copies

The Contribution Appraiser

Thierry Bellot

**Atos Origin**

French *société anonyme* with a share capital of €69,914,077

Registered office: River Ouest, 80 quai Voltaire

95870 Bezons, France

**Contribution to Atos Origin of the sole share in**

**Siemens IT Solutions and Services GmbH**

**held by**

**Siemens Beteiligungen Inland GmbH**

**Contribution appraiser's report on  
the consideration for the contributions**

**Contribution to Atos Origin of the sole share in  
Siemens IT Solutions and Services GmbH  
held by  
Siemens Beteiligungen Inland GmbH**

**Contribution appraiser's report  
on the consideration for the contributions**

To the shareholders,

Pursuant to the assignment entrusted to me by order of the President of the Commercial Court of Pontoise on 14 February 2011 concerning the contribution to Atos Origin (hereinafter Atos) of the sole share in Siemens IT Solutions and Services GmbH (hereinafter SIS Holding) held by Siemens Beteiligungen Inland GmbH, I have drawn up this report on the consideration for the contributions.

As the stock of the beneficiary of the contributions, Atos, is listed on a regulated market, and in accordance with the recommendations of the *Commission des Opérations de Bourse* (COB), upheld by the French stock market authority (AMF), Atos has requested the extension of my assignment to the appraisal of the fairness of the consideration for the contribution. My appraisal of the consideration for the contributions is set out in a separate report.

The consideration for the contributions was decided in the Contribution Agreement by the representatives of the companies concerned on 20 May 2011. It is my duty to express an opinion on the fairness of the proposed consideration. To this end, I conducted my audit in accordance with what I consider to be the appropriate professional standards of the French national association of statutory auditors (CNCC) with regard to this engagement. These standards require the implementation of due diligence, intended on one hand to verify that the relative values attributed to the shares of companies participating in the transaction are relevant and on the other to analyse the positioning of the exchange ratio with respect to the relative values considered relevant.

As my engagement will end with the submittal of my reports, it is not my responsibility to update this report to reflect the facts and circumstances subsequent to its date of signature.

I never found myself, at any point in time, in a situation of incompatibility, prohibition or default as provided by the law. As required by the appointment order, I have sent a certificate of independence and impartiality to the managers of Atos.

This report includes the sections below:

1. Presentation of the transaction and description of contributions

2. Verification of the relevance of the relative values given to the shares of the companies participating in the transaction
3. Appraisal of the fairness of the proposed exchange ratio
4. Conclusion

## **1. Presentation of the transaction and description of contributions**

### **1.1 Context of the transaction**

The transaction fits into the general context of the formation of a long-term industrial alliance between Atos and Siemens in order to create a European IT services leader.

Within that framework, Siemens has carved-out practically all of the activities of its Siemens IT Solutions and Services division and transferred them to Siemens IT Solutions and Services GmbH (SIS Holding), which Siemens fully controls via Siemens Beteiligungen Inland GmbH (Inland).

Inland shall contribute to Atos the sole share representing all of the capital of SIS Holding, in consideration of which, Inland shall receive 12.5 million Atos shares issued under a capital increase, representing approximately 15% of the capital of Atos, which Siemens and Inland undertake to hold for at least 5 years. This issue will be supplemented by a balance of approximately €400.2 million, consisting in an issue of Océane convertible bonds convertible into and/or exchangeable for new or existing shares, with an aggregate nominal value of around €250 million in favour of Inland in consideration for the contribution, and approximately €150.2 million incash.

It should be noted that, prior to the transaction completion date, the activities of SIS Holding will undergo major restructuring, reducing the number of employees from over 34,000 people to some 27,000. Additional restructuring costs of up to €250 million incurred after the contribution transaction and concerning 1,750 jobs, mainly related to support functions, shall be borne by Siemens.

Moreover, the transaction involves commitments on the part of Siemens. For certain specific contracts, Siemens shall compensate the upcoming losses of SIS Holding, and shall pay Atos up to €200 million for losses on contracts still not identified or losses stemming from contract terminations due to the change of control. Pension commitments to retired employees or employees having left SIS Holding shall remain the responsibility of Siemens, which shall adequately finance the pension commitments of working employees transferred to Atos.

Under the Customer Relationship Agreement signed on 20 May 2011 by Atos and Siemens, Atos shall provide Siemens with IT and facilities management services as from 1 July 2011 valued at €5.5 billion over a 7-year period.

In addition, the two groups have entered into cooperation agreements to develop certain activities with high growth potential, such as high-tech transactional services (HTTS).



## 1.2 **Presentation of the companies involved in the transaction**

Prior to the contribution, no ties of any kind exist between Atos and Siemens.

### 1.2.1 **Atos Origin, the beneficiary of the contribution**

Atos is a French *société anonyme* with a share capital of €69,976,601, divided into 69,976,601 fully paid-up ordinary shares, each with a nominal value of €1. Its registered office is located at River Ouest, 80, quai Voltaire, Bezons, France (95). It is registered at RCS Pontoise under number 323 623 603.

Atos shares are admitted to trading on Eurolist Compartment A of Euronext Paris (FR0000051732 - ATO). Prior to the announcement of the transaction on 15 December 2010, the market value of Atos was €2.4 billion.

Founded in 1982, Atos is an IT services company created by the alliance of French companies Axime and Sligos in 1997, followed by the merger of Atos and Origin in 2000 and the acquisition of Groupe Sema in 2004.

In 2010, the company's turnover amounted to €5 billion, down 3.5% on a like-for-like basis, for an operating margin of €337.4 million, i.e. 6.7% of the turnover (versus 5.7% in 2009) and net income of €118 million. It mainly operates in Western Europe where it earns two thirds of its revenues, mainly in the fields of facilities management (37%), systems integration (21%) and high-tech transactional services (21%). The company employs some 48,000 people.

Prior to the transaction, the main shareholders of Atos are PAI Partners (25%), Fidelity Management Research (5%), and employee shareholders (3%).

### 1.2.2 **SIS Holding, the company whose share is being contributed**

Siemens IT Solutions and Services GmbH (SIS Holding) is a German company with a capital of €25,000,000 represented by a single fully paid-up share with a nominal value of €25,000,000. The company's registered office is located at Otto-Hahn- Ring 6, Munich, Germany. It is registered under number HRB 184933 in the Munich trade register.

SIS Holding was created to bring together most of the IT activities of the Siemens Group for their transfer to Atos. Only telecom-related activities, defence-related contracts and certain foreign subsidiaries (China, Turkey, United Arab Emirates, South Africa, Hungary, Greece, Japan, Norway and an Austrian subsidiary, as well as the shares held by Siemens in the German-registered joint venture HanseCom) with a business volume considered to be relatively insignificant in relation to the entity were not included in the contribution. Some of these foreign subsidiaries may be transferred directly to Atos, concomitantly or after the contribution transaction, depending on the legal constraints to be settled in their countries of origin.

For the twelve months to 30 September 2010, SIS Holding's revenues amounted to €3.8 billion for an operating loss of €510 million.

### 1.2.3 Siemens Beteiligungen Inland GmbH

Siemens Beteiligungen Inland GmbH (Inland) is a German company with a share capital of €1,011,000. Its registered office is located at 2, Wittelsbacherplatz, Munich, Germany. It is registered under number HRB 139644 in the Munich trade register. Inland is a fully owned subsidiary of Siemens AG, a German company specialised in electronic and electrotechnical equipment.

Inland is a holding company which was created specifically for the purposes of the transaction whereby Siemens assets will be transferred to Atos.

## 1.3 Description of the transaction

### 1.3.1 General characteristics of the contribution

The contribution consists of a single share in SIS Holding representing all of this company's share capital and voting rights. The contribution transaction will be completed upon confirmation of the fulfilment of all the conditions precedent set out in paragraph 1.3.2 of this report. The completion of the contribution transaction is expected to occur on 1 July 2011 following the Atos Origin shareholders' general meeting called to approve the contribution and the issuance of the Océane convertible bonds.

The contribution is governed by the general rules concerning contributions in kind set out in Article L. 225-147 of the French Commercial Code and its regulatory implementation rules.

Pursuant to Articles 808 A-I and 810-I of the French income tax code (CGI), the portion of the contribution compensated through new Atos shares shall be subject to a registration fee of €500. Pursuant to Article 718 of the CGI, the portion of the contribution compensated in cash shall be exempt from registration fees in France.

### 1.3.2 Conditions precedent

In accordance with Article 5 of the Contribution Agreement, the completion of the contribution transaction is subject to the fulfilment of the following conditions precedent:

- AMF approval of the prospectus drawn up, inter alia, for the purposes of admission to trading on Euronext Paris of the Atos shares issued in consideration for the contribution;
- Approval by the extraordinary general meeting of Atos shareholders of the contribution, its valuation, the ensuing capital increase, as well as the Océane convertible bond issue in favour of Inland;
- The carve-out of SIS activities by Siemens;
- Inland's subscription to the Océane convertible bonds;
- Siemens' contribution to SIS Holding, by way of a capital increase if applicable, of an amount equal to the estimated cash adjustment in accordance with the framework agreement if the estimated cash adjustment is negative;
- Atos' payment of €150.2 million in cash, as part of the contribution, and €26.4 million for the direct

acquisition of certain SIS subsidiaries.

The Chairman & CEO of Atos, upon authority conferred on him by the Board of Directors by virtue of the powers delegated to the Board of Directors by the General Meeting of Atos shareholders which was called to resolve upon the contribution, will upon full satisfaction of the conditions precedent above, proceed with the completion of the contribution and the resulting share capital increase.

It should be noted that the condition precedent relating to the approval of the American and European anti-trust authorities has been satisfied, as those approvals were obtained on 25 March 2011.

### 1.3.3 Consideration for the contribution

By common agreement, the value of the contribution has been set by the parties at €814,388,000, subject to the adjustments described below.

The amount of €850 million mentioned on the announcement of the transaction included the subsidiaries of SIS located in China, Turkey, Austria and the United Arab Emirates as well as HanseCom shares held by Siemens. Due to local legal requirements, the shares of those companies cannot be included in the contribution transaction. Except for the HanseCom shares which were valued for €9.2 million, they will be transferred directly to Atos for €9.2 million.

Conversely, the subsidiaries in Romania, Bulgaria and Argentina and the two Austrian subsidiaries which were initially excluded from the contribution will now be included in it.

In consideration for the contribution, subject to the adjustments described below, the beneficiary will allocate the following to the contributor:

- 12,483,153 new ordinary shares, each with a nominal value of €1, to be issued by Atos under a capital increase, tradable immediately. The number of Atos shares to be issued has been calculated on the basis of a share price of €33.18, i.e. the average volume-weighted share price over the 6-month period preceding the announcement of the transaction on 15 December 2010. Siemens and Siemens Inland have undertaken to hold the shares received in consideration of the contribution for a period of at least five years. After that period, they will be entitled to sell some of the shares in an orderly manner. Through this equity interest, Siemens will hold approximately 15% of the share capital of Atos and will become its second largest shareholder.
- A compensation balance of €400,196,974 breaking down as follows:
  - o €249,999,985 shall be set off against the aggregate subscription price of 5,382,131 Océane convertible bonds convertible into or exchangeable for new or existing shares, each with a nominal value of €46.45, representing a premium of 40% over the volume-weighted average Atos share price over the 6-month period preceding the announcement of the transaction on 13 December 2010. Those Océane convertible bonds, which shall run for 5 years from their issue date, shall bear interest at the nominal annual rate of 1.50% and will not be listed on a regulated market. Atos may

proceed to early redemption if the Atos share price exceeds 130% of the nominal value of the Océane convertible bond for 20 consecutive days out of the 40 days preceding the date of publication of the notice of such early redemption.

- A cash payment (*Soulte*) of €150,196,989 to be paid by Atos to Siemens Inland on the date of completion of the contribution transaction. As the value of the contribution is based on debt-free accounts and an agreed amount of working capital, the amount payable is liable to be adjusted in keeping with the financial statements of SIS Holding as at 30 June 2011, by:
  - subtracting the amount of the debt,
  - adding the amount of cash,
  - subtracting, if applicable, the difference, if positive, between the agreed working capital amount of €200,365,000 liable to be adjusted after the completion date, and the recognised working capital amount;
  - adding, if applicable, the difference, if positive, between the recognised working capital amount and the agreed working capital amount of €200,365,000.

As stated above, the issue price for the new Atos shares is set at €33.18 per share, corresponding to the volume-weighted average Atos share price over the 6-month period preceding the announcement of the transaction, i.e. 13 December 2010. The difference between the aggregate issue price of €414,191,026 and the aggregate nominal value of the 12,483,153 shares issued in favour of Inland, i.e. €12,483,153, will form the issue premium amounting to €401,707,873.

This premium will be recorded in a liability account on the Atos balance sheet and may be used to offset all fees and expenses related to the transaction.

#### 1.4 **Presentation of the contribution**

##### 1.4.1 **Description of the contribution**

As stated above, the contribution consists of a single share representing the entire share capital of SIS Holding, a German company which comprises practically all of the IT activities of the Siemens Group, except for certain foreign subsidiaries, activities, and contracts. By agreement between the parties, the value of the contribution has been set at €814,388,000, 50% of which will be paid by way of the issuance of 12,483,153 Atos shares based on a unit share price of €33.18.

##### 1.4.2 **Contribution valuation methods**

The contribution was valued by Atos' banking consultants based on a multi-criteria approach, by discounting future cash flows and through stock comparisons based on:

- The 2011-2013 business plan concerning SIS activities, drawn up by Siemens.

- Adjustments made by Atos to this business plan to take account of identified risks as well as compensations and indemnities granted by Siemens.
- The effects of the implementation of the Total Operational Performance (TOP<sup>2</sup>) plan on SIS activities. This 3-year program deployed at Atos in 2009 is designed to improve the company's operating margin and bring it at par with its competitors. It comprises a matrix-based organisation structured according to business lines and countries and aims to reduce costs: by reducing intercompany contracts as well as the number of employees and outsourcing, bringing together all Ile-de-France personnel on the Bezons site and developing an offshore workforce. The implementation of the TOP<sup>2</sup> plan at SIS should not give rise to any costs for Atos since Siemens will bear the cost of any workforce reductions occurring after the transaction. It should also be noted that the programme does not affect the business level.
- A two-year extrapolation of the business plan, in order to make sales growth converge with the retained assumption of growth to perpetuity for the implementation of the discounted cash flows method.

The discounted cash flows method takes account of a perpetual growth rate of 2% and a weighted average cost of capital of 9.2% determined on the basis of the following parameters:

- a risk-free rate of 3.5% based on the 3-month average return on 10-year French government bonds (OAT);
- a 6.1% risk premium, based on the 3-month average on 31 January 2011 of market figures published by *Associés en Finance*;
- an unlevered beta of 1.0 based on the average unlevered betas of companies selected for the application of the comparable trading multiples method (see below);
- a target financial leverage rate of 5%, corresponding to the median financial leverage of the companies selected for the application of the comparable trading multiples method;
- a pre-tax cost of debt based on a spread of 92 basis points above the government bond rate.

As the contribution is to be completed on a debt-free basis, the enterprise value (EV) is equal to its equity value. Consequently, the central value of the contribution amounts to €1,326 million, within a value range of €1,058 million to €1,365 million.

Concerning the comparable trading multiples method, the companies selected for the application of this method are Capgemini, Logica and Tieto, because of their similarities in terms of business lines and European presence. The multiples used are the EV/EBITDA and the 2013 EV/EBITDA, as 2013 is the year in which the normalized margin level should be reached for the activities transferred. The resulting value range is between €1,242 million and €1,975 million when the EBITDA multiple is applied the later being provided for information purposes only. The enterprise value multiples applied to revenues and PER were not retained.

The bankers chose not to use the comparable transactions multiples method or NAV method for the following reasons:

- concerning the comparable transactions method, other than the fact that identified transactions in this sector offer few similarities, this method is not suitable for the valuation of companies in the process of being turned around with respect to the other companies of the sector;
- concerning the NAV method, it is relevant for valuing holding companies or companies holding a lot of assets whose historical book value is much lower to their immediate sale value or liquidation value, which is not the case for this particular transaction.

## **2. Verification of the relevance of the relative values given to the shares of the companies participating in the transaction**

### **2.1 Due diligence**

I carried out the due diligence that I considered necessary, in accordance with the professional standards of the French national association of statutory auditors, for appraising the relevance of the relative values presented in the draft Prospectus and to set the relative weight of the contribution's value with respect to the value of the beneficiary company proposed in the Contribution Agreement.

This basically entailed, in addition to the actions described in my report on the value of contributions:

- Meeting Atos executives in charge of the transaction, specifically Mr. Gilles Arditti, together with the group's advisers, primarily Mr. Gauthier Le Milon and Damien Anzel of BNP Paribas, Mr Brice Lemonnier of bank Rothschild and legal counsel Arthur de Baudry d'Asson from the Weil law firm, in order to understand the transaction under consideration and its specific context.
- Taking note of the Atos reference document for fiscal 2010.
- Studying the draft Prospectus dated 23 May 2011 and the Contribution Agreement signed on 20 May 2011.
- Taking note of the Atos 2011-2015 business plan drafted by the management of Atos.
- Examining the valuation report of Atos drafted jointly by BNP Paribas and Rothschild, with the representatives with whom I organized several work meetings.
- Conducting a multicriteria approach for the comprehensive value of Atos and performing analysis of the sensitivity of the values obtained to changes in structural valuation assumptions.
- Requesting one of the advisory banks to analyse the sensitivity of the bond value based on the assumptions that I determined and to conduct this approach myself according to the same assumptions.

- Obtaining an assertion notice from Atos management, relating specifically to the absence, until the completion date of the transaction, of facts or events likely to have a material impact on the value of Atos.

My assignment, defined by the law, is neither an audit nor a limited review. Therefore it does not seek to express an opinion on the accounts, or proceed to the specific verifications concerning compliance with corporate law. Specifically, it cannot be assimilated with an investigation assignment performed by a lender or an acquirer and does not include all the works required for this type of intervention. Therefore, my report is strictly for this specific assignment and cannot be used in another context.

## 2.2 **Valuation methods and relative values given to the shares of companies involved in the transaction**

With respect to SIS Holding, the value of the single share representing the entirety of the company's capital and voting rights was set at €814,388,000. The valuation methods implemented by the advisory banks and myself are described in my report on the value of the contribution and lead to a share value between €1,058 million and €1,975 million depending on the bank, and between €941 million and €1,230 million according to my own methods.

Concerning Atos, the valuation methods and criteria implemented by the advisory banks include:

- the discounted cash flow method, based on the 2011-2013 business plan drafted by Atos management, extrapolated over two additional years in order to make sales growth converge with the assumption of perpetual growth rate, and for which cashflows are discounted at a rate identical to the rate used in the valuation works of SIS Holding, i.e., 9.2%;
- the comparable trading multiples method for which the selected sample of comparable listed companies is identical to the one used in the SIS Holding valuation works, i.e. Capgemini, Logica and Tieto; the retained multiples include the multiple of the enterprise value over the 2011-2012 operating profit and 2011-2012 market capitalisation over net profit (PER);
- share price over the last 12 months preceding the announcement of the transaction, the Atos share having a large float and sufficient liquidity;
- The price targets of analysts published between 13 October 2010, publication date of Atos Q3 2010 revenues, and 13 December 2010 prior to the announcement of the contribution transaction, as the company is monitored on a regular basis by analysts.

The Atos per share values obtained by these works are summarised in the table below:

Valuation methods	€ per Atos share	
	Min	Max
Discounted cashflow	€40.10	€46.40
Price targets of analysts	€34.50	€47.00
Comparable trading multiples	€37.00	€43.60
Market price (last 12 months)	€29.60	€40.30

## 2.3 Appraisal of relative values

As an introduction, it must be noted that economically, this transaction cannot be considered as a straightforward contribution, remunerated by shares of the beneficiary company. It is more of an assignment where the overall price is paid through a hybrid solution comprising shares, Océanes convertible bonds and a cash payment (*Soulte*).

Then, as previously indicated, the value of SIS Holding was set by common agreement between the parties at €814.4 million. I recognise that this value is significantly less than the value determined by a multi-criteria approach, both by the advisory banks and by myself. I recognise as well that the Atos share price gained some value between the date on which the transaction was announced and the issue date of the report. I further recognise that the valuation carried out by the advisory banks have resulted in Atos share values greater than the value used to calculate the number of shares to be issued as consideration for the contribution.

Lastly, the trend of the Atos market price has affected the development of the Océane convertible bond, for which the Atos share is the underlying asset.

Based on the foregoing observations, in addition to implementing the valuation methods presented in the draft prospectus, I decided to expand my valuation to the appraisal of the exchange ratio's position. This mainly entails analysing the value of the Atos share based on the criteria of the share price at a recent date, and an appraisal of value of the Océane convertible bond.

### 2.3.1 Atos share value

First, I developed the valuation methods presented in the draft Prospectus based on the 2011-2015 business plan drafted by Atos management.

I made a few changes to the forecasts and to the net financial position presented to me. Concerning the operating forecasts, they primarily concern neutralisation of the additional contribution paid into pension funds and result in adopting a margin on current operating profit equivalent to the one observed for the selected sample of comparable listed companies. Concerning elements allowing the transition from enterprise value to equity value, I considered a higher pension commitment level to offset the neutralisation of the additional contribution. I also valued the minority interests, not at their carrying amount but based on the 2013 implicit PER as identified in my work. Lastly, I retained a dilution potential based on the exercise of stock option plans slightly greater than that of advisory banks, based on the recent quotation of the Atos share instead of its quotation prior to the announcement of the transaction.

Lastly, I requested for written confirmation from Atos management that the forecasts communicated did correspond to its best estimate at the time of my report.

### ***Discounted cash-flow (or DCF) method***

I applied this method to the 2011-2015 business plan by using the perpetual annual growth rate of 2% identical



to the rate adopted by the advisory banks and an average capital cost of 8.86% based on inputs identical to those used to calculate the average rate of the capital of SIS Holding, with the exception of the specific risk premium, i.e.:

- a beta ratio of 0.95 based on the weighted average beta of comparable companies;
- a share risk premium of 6.76%, calculated on the basis of the average of the risk premium adopted during the market transactions completed in France in the 6 months preceding 16 March 2011;
- average OAT TEC 10 return, calculated over the same period as the one adopted for the share risk premium, of 3.21%;
- a target financial leverage of 7.9% from the sample of selected comparable companies;
- a pre-tax debt of 4.13% using, like the advisory banks, a spread of 92 basis points above the OAT.

I obtained an enterprise value of €3,430 million and equity value of €3,224 million, in other words, a value per share of €45, versus the €43 obtained by the advisory banks.

The sensitivity analysis concerning a change of 0.5% of the discount rate and perpetuity growth rate, and 0.5% of the EBITDA of normative cash flow, leads us to use an ATOS share value ranging between €38.80 and €51.80 instead of €40.10 to €46.40 for advisory banks.

### ***Trading comparables method***

For implementing this method, I selected a sample of companies identical to the sample used for the valuation of SIS Holding, i.e., Capg mini, Logica, Tieto and Steria. I applied the implicit valuation multiples of the sample to just the Atos operating profit for financial years 2011 to 2013 derived from the 2011-2015 business plan.

I arrived at an equity value ranging between €3,028 million and €3,279 million or per share value comprised between €42.20 and €45.80 versus €37 to €43.60 for advisory banks, for a central value of €43.90.

### ***Share price criterion***

Although this method does not apply to SIS Holding, I have, like the advisory banks, retained the criterion of the Atos share price. Given that the company has a large float and sufficient liquidity, this criterion seems relevant. However, I considered that the analysis of a recent price was more appropriate for appraising the relative values of companies involved in the transaction. Admittedly, the increase in the Atos share price is concomitant to the announcement of the transaction, which suggests that the market anticipated the potential synergies that can be generated by the merger. Furthermore, shareholders will be asked to decide on the proposed exchange ratio based on the current Atos share price.

The table below presents the average prices weighted by the volumes as of 9 May 2011, the average daily volumes and the percentages of capital exchanged since the reference date:

Share price at 9 May 2011	€/Atos share	Daily volume	% of capital traded	
			Total	over float
6 months	€39.52	313,061	57.7%	99.6%
3 months	€41.53	308,251	27.8%	47.9%
20 trading days	€41.53	262,727	6.8%	11.7%
Spot	€42.30	390,795	0.6%	1.0%
High	€44.06			
Low	€30.56			

I am therefore choosing a central value of €41.53 for this criterion, included in a range of €39.52 to €42.30.

### ***Target share price criterion***

Like the advisory banks, I finally adopted the share price targets of analysts published between 13 October 2010, publication date of Atos Q3 2010 revenues, and 13 December 2010, date preceding the announcement of the transaction. They correspond to €35 and €47 for an average of €40.25 and a median of €40.

#### **2.3.2 Value of the Océane convertible bond**

The nominal value of the Océane bond was set at €4645, i.e., a total amount of €249,999,985 for the issuance of 5,382,131 bonds. Its primary features are 5-years maturity reckoned from the issuance date and an annual gross actuarial return of 1.5%. The bond can be converted on the basis of one share for one bond, or redeemed early at par value plus accrued interests, at the initiative of Atos if the Atos share price exceeds 130% of the nominal value of the bond for 20 consecutive days during the 40 days preceding the publication of the early redemption notice.

With respect to the main valuation assumptions, the value of €46.45 by Océane bond implies a benchmark value for the Atos share of €33.18, i.e., the average weighted by the Atos share price trading volumes over the 6-month period preceding the announcement of the transaction, and volatility of approximately 25% based on the implied volatility observed on the options and the Atos listed convertible bonds.

Considering the changes in the Atos share price since the announcement of the transaction and the values resulting from the valuation works, as well as my own calculations concerning the volatility of the Atos share that I analyzed over a period close to the bond maturity, I asked the advisory banks to notify me of the bond value based on their own pricing model, using:

- volatility of 37% to 41%, with central volatility of 39% which corresponds to my approach for the Atos share record volatility over a period of 4 years;
- Atos benchmark share price ranging between €39 and €43, with a central value of €41.50 which corresponds to the central value derived from the analysis of stock market prices.

These works led to an Océane bond value between 112.3% and 119.7% of its nominal value, i.e., between €52.16 and €55.6. I chose the central value of €54.6, i.e., 116.6% of the nominal amount, corresponding to

volatility of 39% and an Atos benchmark share price of €41.50. On these same bases, my own works, performed with a binomial model, result in a bond value of €52.40, which is consistent overall with the result obtained by the advisory banks.

### 2.3.3 Summary of values per Atos share and Océane bond according to the contributions appraiser

The table below summarises the values obtained using my methods of work:

in € per share or bond	Low	Central	High
<b>Atos share</b>			
DCF	€38.77	€44.99	€51.84
Market comparables	€42.25	€43.86	€45.76
Price targets	€35.00	€40.25	€47.00
Stock price (9 May 2011)	€39.52	€41.53	€42.30
Highs and lows	€30.56		€44.06
<b>Océane bond</b>			
	€52.16	€54.16	€55.60

## 3 Appraisal of the fairness of the proposed exchange ratio

As mentioned earlier, from an economic viewpoint, the transaction under review cannot be described as a straightforward contribution. Therefore the usual notion of exchange ratio is not appropriate for the present case. I prefer the comparison between the range of contribution values of SIS Holding as shown by the joint calculations by the advisory banks and I, and the contribution values calculated on the basis of the range of values resulting from the valuation of Atos.

### 3.1 Exchange ratio proposed by the parties

The range of “exchange ratios” proposed by the parties in the draft Prospectus is summarised in the table below:

		DCF		Market comparable (1)		Stock price (1)		Price targets (1)	
		Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Atos shares	number	12,483,153		12,483,153		12,483,153		12,483,153	
	€/ share	€40.10	€46.40	€37.00	€43.60	€29.60	€40.30	€37.00	€43.60
	€M	501	579	462	544	370	503	431	587
Océane bonds	number	5,382,131		5,382,131		5,382,131		5,382,131	
	€/ bond.	€46.45	€46.45	€46.45	€46.45	€46.45	€46.45	€46.45	€46.45
	€M	250	250	250	250	250	250	250	250
Cash	€M	150	150	150	150	150	150	150	150
Total consideration in €M	(A)	901	979	862	944	770	903	831	987
Contribution value in €M	(B)	1,058	1,365	1,058	1,365	1,058	1,365	1,058	1,365
Exchange ratio as %	(B)/(A)	117%	139%	123%	145%	137%	151%	127%	138%

(1) Contribution value determined by the DCF method

Based on the real values of the shares of the companies involved in the transaction presented in the draft Prospectus, I observe that the consideration for the contribution is significantly below its real value, which results in an “exchange ratio” favourable to the shareholders of the company receiving the contributions.

### 3.2 Appraisal of the positioning of the exchange ratio, comments and observations

I performed my own approach of the relative values attributed to SIS Holding and to Atos as well as the value of the convertible bonds assigned by Atos to Siemens in partial consideration for its contribution. According to my works, the positioning of the “exchange ratio” ranges is presented in the table below:

		DCF			Market comparables			Stock price (1)			Price targets (1)		
		Min.	Centr al	Max.	Min.	Centr al	Max.	Min.	Centr al	Max.	Min.	Centr al	Max.
Atos shares	<i>number</i>		12,483,153			12,483,153			12,483,153			12,483,153	
	<i>€/ share</i>	€38.77	€44.99	€51.84	€42.25	€43.86	€45.76	€39.52	€41.53	€42.30	€35.00	€40.25	€47.00
	€M	484	562	647	527	548	571	493	518	528	437	502	587
Océane bonds	<i>number</i>		5,382,131			5,382,131			5,382,131			5,382,131	
	<i>€/ bond.</i>	€52.16	€54.16	€55.60	€52.16	€54.16	€55.60	€52.16	€54.16	€55.60	€52.16	€54.16	€55.60
	€M	281	291	299	281	291	299	281	291	299	281	291	299
Cash	€M	150	150	150	150	150	150	150	150	150	150	150	150
Total consideration in €M	(A)	915	1,003	1,097	958	989	1,021	924	960	977	868	944	1,036
Contribution value in €M	(B)	927	1,049	1,216	1,113	1,113	1,113	927	1,049	1,216	927	1,049	1,216
Exchange ratio as %	(B)/(A)	101%	105%	111%	116%	113%	109%	100%	109%	124%	107%	111%	117%

(1) Contribution value determined by the DCF method

This table highlights the fact that the consideration for the contributions is consistent with the amount offered in the Contribution Agreement, especially based on the DCF method and on the stock price criterion, retained as a primary point.

It should be noted that this “exchange ratio” positioning contains significant differences to that of the draft Prospectus mainly:

- with respect to the DCF method, incorporating the average capital rate difference between those adopted for Atos and those applied to SIS Holding, both on the level of the revised business plan as on the TOP<sup>2</sup> level;
- with respect to the market comparables method, incorporation of a discount to the value of SIS Holding;
- with respect to the stock price criterion, processing of the recent Atos stock prices;
- the revaluation of the Océane bond value.

## 4 Conclusion

I shall conclude by stating that on the date of this report, it is my opinion that the consideration proposed for the contribution of the single SIS Holding share to Atos leading to the issuance of 12,483,153 Atos shares and to a cash payment of €400,196,974, €249,999,985 of which will be off-set against the subscription price of the Océane bonds, while the remaining €150,196,989 will be paid in cash, appears to be fair, on the understanding that the cash portion of this cash payment may be adjusted to reflect the actual net debt levels and working capital requirements of SIS Holding on 30 June 2011.

Executed in Paris, on 30 May 2011

The contribution appraiser

In five original copies

**Atos Origin S.A.**

Société Anonyme

River Ouest  
80, quai Voltaire  
95870 Bezons

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**Statutory auditors’ report on the pro forma  
financial information**

**Deloitte & Associés**  
185, avenue Charles de Gaulle  
92524 Neuilly-sur-Seine Cedex  
France

**Grant Thornton**  
100, rue de Courcelles  
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**Statutory auditors' report on the pro forma financial information**

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*This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers.*

*This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.*

To the Chairman of the Board of Directors and Chief Executive Officer,

In our capacity as statutory auditors and in accordance with the requirements of EC Regulation N°809/2004, we have prepared this report on the unaudited pro forma combined financial information of Atos Origin and the activities of the cross-sector division, Siemens IT Solutions and Services of Siemens ("SIS") relating to fiscal year 2010 (the "Pro forma Financial Information"), included in section B.7 of the prospectus prepared on the contribution of the sole share of Siemens IT Solutions and Services GmbH to Atos Origin by Siemens Beteiligungen Inland GmbH (the "Prospectus").

This Pro Forma Financial Information has been prepared solely for the purpose of reflecting the impact that the contribution of SIS's activity to Atos Origin (the "Contribution") could have had on the consolidated balance sheet if the transaction had taken effect as of December 31, 2010, and on the consolidated income statement if the transaction had taken effect as of January 1, 2010. By its very nature, the Pro Forma Financial Information describes a hypothetical situation and is not necessarily representative of the financial position or the performance which might have been recorded had the transaction or event occurred at a date prior to that of its actual or foreseeable occurrence.

This Pro Forma Financial Information has been prepared under your responsibility in accordance with EC Regulation N°809/2004 and the CESR's recommendations relating to pro forma information, based on the consolidated financial statements of Atos Origin for the year ended December 31, 2010 audited by Deloitte & Associés and Grant Thornton and the combined financial statements of SIS for the year ended September 30, 2010 audited by Ernst & Young.

Based on our procedures, it is our responsibility to express a conclusion, under the terms set forth in Annex II point 7 of EC Regulation N° 809/2004, on the appropriateness of the prepared Pro Forma Financial Information.

We performed our work in accordance with the professional guidelines of the *Compagnie nationale des commissaires aux comptes* (French Institute of Statutory Auditors). These procedures, which do not include a review of the financial information underlying the preparation of the Pro Forma Financial Information, have mainly consisted in verifying that the bases on which the Pro Forma Financial Information has been prepared is consistent with the relevant source documents described in the notes to the Pro Forma Financial Information, reviewing the probative elements substantiating the pro forma restatements and conducting interviews with the Senior Management of Atos Origin to obtain information and explanations which we deemed necessary.

In our opinion:

- The Pro Forma Financial Information has been appropriately prepared on the basis indicated in the notes to this information;
- This basis complies with the accounting policies adopted by Atos Origin.

Without qualifying the conclusion expressed above, we draw your attention to:

- The second introductory paragraph of section B.7 of the Prospectus which specifies that the Pro Forma Financial Information does not take into consideration any cost savings or other synergies that could result from the contribution, nor any payment that could arise from future restructuring costs, integration costs or change in control clauses that could be triggered as a result of the contribution.
- The seventh introductory paragraph of section B.7 of the Prospectus which mentions that it was not possible to:
  - o Carry out a detailed review of the accounting policies adopted by SIS for the purpose of harmonizing these accounting policies with those of Atos Origin; as a result, the additional restatements made to those presented in section B.7.3.3 – *Description of pro forma restatements* and which could arise from this in-depth analysis could not be quantified precisely or completely.
  - o Allocate the contribution price under IFRS 3 revised “*Business Combinations*”, and in particular, recognize any possible intangible assets, as well as determine the fair value of assumed assets and liabilities.
- Section B.7.3.2.4 – *Other agreements* which states that the Pro Forma Financial Information does not include the following agreements:
  - o The commercial contract known as the “*Customer Relationship Agreement*”, governing the terms and conditions of the IT services provided in the areas of facilities management and integration that would be rendered by Atos Origin and the SIS companies to Siemens after the completion date;
  - o The strategic partnership between the two parties pursuant to several contracts known as the “*Operational Collaboration Agreements*” defining the methods for implementing a strategic partnership enabling the development of new products and solutions.
- Section B.7.3.2.6 – *Tax impact* which indicates that the detailed review of the tax positions of the new group's various entities will be carried out after the completion date and that this may lead to the recognition of deferred tax by Atos Origin in addition to the deferred tax which is already presented in the Pro Forma Financial Information.

This report is issued solely for the filing of the Prospectus with the French Securities Regulator (*Autorité des Marchés Financiers*) and cannot be used for any other purpose.



Neuilly-sur-Seine and Paris, June 7, 2011

The Statutory Auditors

Deloitte & Associés

Grant Thornton  
*French member of Grant Thornton International*

Tristan Guerlain   Christophe Patrier

Jean-Pierre Colle   Vincent Frambourt

**Atos Origin S.A.**

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**Statutory auditors' report on the revenue and  
operating margin forecasts**

**Deloitte & Associés**  
185, avenue Charles de Gaulle  
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France

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**Statutory auditors' report on the revenue and operating margin forecasts**

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*This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.*

To the Chairman of the Board of Directors and Chief Executive Officer,

In our capacity as statutory auditors and in accordance with the requirements of EC Regulation N°809/2004, we have prepared this report on the revenue and operating margin forecasts for fiscal year 2011 determined on a consolidated basis covering 12 months for Atos Origin (from January to December) and six months for the cross-sector division, Siemens IT Solutions and Services of Siemens ("SIS") (from July to December), included in section A.5.1.5 of the prospectus prepared on the contribution of the sole share of Siemens IT Solutions and Services GmbH to Atos Origin by Siemens Beteiligungen Inland GmbH (the "Prospectus").

It is your responsibility to prepare these forecasts, together with the material assumptions upon which they are based, in accordance with the requirements of EC Regulation N° 809-2004 and the CESR's recommendations relating to forecasts.

It is our responsibility to provide the opinion required by Annex I item 13.2 of EC Regulation N° 809-2004 that these forecasts have been properly compiled.

We performed our work in accordance with the professional guidelines of the *Compagnie nationale des commissaires aux comptes* (French Institute of Statutory Auditors). Our work included an evaluation of the procedures undertaken by Senior Management in compiling the forecasts and the consistency of these forecasts with the accounting policies adopted by Atos Origin for the preparation of its historical financial information. We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the forecasts have been properly compiled on the basis stated.

Since the forecasts and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the forecasts and differences may be material.

In our opinion:

- a) The forecasts have been properly compiled on the basis stated; and
- b) That basis of accounting is consistent with the accounting policies adopted by Atos Origin for the preparation of its consolidated financial statements.

This report is issued solely for the filing of the Prospectus with the French Securities Regulator (*Autorité des Marchés Financiers*) and cannot be used for any other purpose.

Neuilly-sur-Seine and Paris, June 7, 2011

The Statutory Auditors

Deloitte & Associés

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Tristan Guerlain   Christophe Patrier

Jean-Pierre Colle   Vincent Frambourt

**Schedule IV: Draft resolutions submitted to the ordinary and extraordinary shareholders' general meeting of Atos Origin called to resolve upon the Transaction on 1 July 2011**

\*\*\*\*

***Agenda***

***Extraordinary resolutions***

- Approval of the contribution in kind by Siemens Beteiligungen Inland GmbH of one share of Siemens IT Solutions and Services GmbH, of its valuation, of the contribution agreement relating thereto, of the consideration for the contribution, and the corresponding capital increase, and delegation of powers to the Board of Directors of the Company for the purpose of acknowledging the final completion of the contribution and to accordingly amend the Company's by-laws.
- Decision to issue in the context of the partnership between the Company and Siemens, bonds convertible into and/or exchangeable for new or existing ordinary shares (the "Bonds") with suppression of preferential subscription rights in favor of a designated beneficiary.

[...]

***Ordinary resolution***

- Appointment of Dr Roland Emil Busch as a member of the Board of Directors

\*\*\*\*

***Text of resolutions***

***Extraordinary resolutions***

**First resolution** (*Approval of the contribution in kind by Siemens Beteiligungen Inland GmbH of one share of Siemens IT Solutions and Services GmbH, its valuation, the contribution agreement relating thereto, the consideration for the contribution, and the corresponding capital increase, and delegation of powers to the Board of Directors of the Company for the purpose of acknowledging the final completion of the contribution and to accordingly amend the Company's by-laws.*)

The general meeting, resolving upon the quorum and majority required for extraordinary general meetings,

After having reviewed:

- (i) the report from the Board of Directors and more specifically the prospectus approved by the *Autorité des Marchés Financiers* annexed thereto;
- (ii) the main provisions of the framework agreement drafted in English and entered into on 1 February 2011 (as amended) between the Company and Siemens AG, a company incorporated in Germany, having its registered office in Munich and in Berlin, and whose registration numbers with the commercial register of the local courts of Berlin and Munich are respectively HRB 6684 and HRB 12300 ("**Siemens**"), (the "**Framework Agreement**"), to define all the transactions to be completed in order to implement the partnership of the Company with Siemens (the "**Transaction**"), as summarised in the prospectus attached to the Board of Directors' report and approved (*visé*) by the *Autorité des Marchés Financiers*;
- (iii) reports on the valuation of the contribution and its consideration of Mr. Thierry Bellot (Bellot Mullenbach & Associés firm), contribution appraiser appointed by order of the Pontoise commercial court dated 14 February 2011;
- (iv) the contribution agreement (the "**Contribution Agreement**") entered into on the 20 May 2011 between the Company and Siemens Beteiligungen Inland GmbH, whose registered office is located at 2, Wittelsbacherplatz, 80333 Munich, Germany, and whose registration number with the commercial register of the local court of Munich is HRB 139644 ("**Siemens Inland**"), a wholly-owned subsidiary of Siemens, providing for the contribution to the Company by Siemens Inland of one (1) share of Siemens IT Solutions and Services GmbH, a company incorporated in Germany, and whose registered office is located at Otto-Hahn-Ring 6, 81739 Munich, Germany and whose registration number with the commercial register of the local court of Munich is HRB 184933 ("**SIS Holding**"). The share so contributed represents 100% of the capital and voting rights of SIS Holding (such contribution, the "**Contribution**");

and after having acknowledged that:

- (i) the report on the valuation of the Contribution of the contribution appraiser was filed with the Pontoise commercial court registry at least eight (8) days prior to this meeting, in accordance with the statutory and regulatory provisions;
- (ii) the total net value of the Contribution amounts to 814,388,000 euros, subject to certain adjustments in accordance with Article 2.1 of the Contribution Agreement;
- (iii) the completion of the Contribution depends on the completion of conditions precedent set forth in Article 5 of the Contribution Agreement;

subject to the approval of the second and the eight resolutions submitted to this meeting:

1. approves the Contribution and in particular its valuation, subject to the charges, terms and conditions set forth in the Contribution Agreement;
2. approves all the provisions of the Contribution Agreement, and in particular those relating to the consideration for the Contribution consisting in the following:
  - 12,483,153 new ordinary shares issued by the Company as a capital increase in favor of Siemens Inland, each having a nominal value of euro one (1) and bearing dividend entitlement as from the date of completion of the Contribution; and
  - as a cash payment ("*soulte*"), an amount of 400,196,974 euros, including which 249,999,985 euros that shall be paid by way of set-off against the subscription price for 5,382,131 bonds convertible into and/or exchangeable for new or existing shares, of a total nominal value of 249,999,985 euros, which shall be issued by the Company in favor of Siemens Inland, in accordance with the second resolution, it being specified that the remaining balance, i.e.150,196,989 euros, shall be paid in cash by the Company to Siemens Inland;
3. acknowledges that the compensation for the Contribution as described above (the "**Initial Consideration**") shall be subject to a cash adjustment (the "**Cash Adjustment**"), upward or downward, in accordance with the terms and conditions provided for in the Contribution Agreement, based on the amounts of Debt, Cash and Working Capital of the SIS Activity as of 30 June 2011 (as these terms are defined in the Contribution Agreement), approves the computation and payment thereof in accordance, in particular, with the following conditions:
  - In the event that the amount of the Cash Adjustment, as finally determined pursuant to the provisions of the Framework Agreement and the Contribution Agreement, were positive, the Company shall pay Siemens Inland an amount equal to the amount of the Cash Adjustment as a additional cash payment;
  - In the event that the amount of the Cash Adjustment, as finally determined pursuant to the provisions of the Framework Agreement and to the Contribution Agreement, were negative, Siemens Inland shall pay to the Company an amount equal to the amount of the Cash Adjustment as a reduction of the Initial Consideration, it being specified that this amount shall be first deducted from the cash payment ("*soulte*");

and grants full powers to the Board of Directors of the Company, with the faculty to sub delegate in accordance with the statutory and regulatory provisions, in order to determine or to have determined the amount of the Cash Adjustment as set out in the Framework Agreement and the Contribution Agreement, and to proceed, if applicable, with the payment of the Cash Adjustment;

4. As a consequence of the above, decides, subject to the completion of the conditions precedent and the other conditions provided for in the Contribution Agreement, to increase the Company's share capital, as consideration for the Contribution, by a nominal amount of twelve million four hundred eighty-three thousand, one hundred fifty-three euros (€ 12,483,153) by issuing twelve million four hundred and eighty-three thousand, one hundred and fifty-three (12,483,153) new ordinary shares of the Company, each of them with a nominal value of one (1) euro, fully paid-up and entirely allocated to Siemens Inland;
5. decides, under the same condition, that the twelve million four hundred eighty-three thousand one hundred fifty-three (12,483,153) shares of the Company newly issued, shall be, as from the completion date of the Contribution fully assimilated to the ordinary existing shares, shall enjoy the same rights and bear the same charges and shall be subject to all the provisions of the Company's by-laws; they will be entitled to receive any distribution that would be decided after their issuance, and they will be transferable as from the completion date of the Contribution;

6. approves, under the same condition, the contribution premium of an amount of four hundred one million seven hundred seven thousand eight hundred seventy-three euros (€ 401,707,873), representing the difference between the issue price of the Company's new ordinary shares to be issued in consideration for the Contribution in a total amount of four hundred fourteen million one hundred ninety-one thousand twenty-six euros (€ 414,191,026), and the nominal amount of the share capital increase completed as consideration for the Contribution, in a total amount of twelve million four hundred eighty-three thousand one hundred fifty-three euros (€ 12,483,153);
7. allows the Board of Directors to pay from the Contribution premium, as the case may be, all fees and taxes incurred for the completion of the Contribution, and to deduct from this Contribution premium the amounts needed to reconstitute the legal reserve up to the tenth of the Company's new share capital as resulting from the completion of the Contribution;
8. decides, under the same condition, that this Contribution premium or its balance, as the case may be, shall be recorded among the liabilities of the Company on a "contribution premium" special account on which the rights of existing and new shareholders shall be exercised and which shall receive any allocation decided by the Company's general meeting;
9. acknowledges that the Contribution shall be definitively completed after the completion of all the conditions precedent set forth in Article 5 of the Contribution Agreement;
10. consequently, decides to delegate to the Board of Directors, with the faculty to sub delegate to the Chairman of the Board of Directors and Chief Executive Officer, the power to:
  - acknowledge the completion of the Contribution once all conditions precedent have been fulfilled or waived in accordance with the provisions of the Contribution Agreement and the Framework Agreement;
  - amend Article 6 of the Company's bylaws as follows, once the share capital increase following the Contribution has been definitely completed:

Article 6 "Share Capital" of the by-laws shall be amended as follows :

*"The share capital amounts to eight- two million four hundred fifty-nine thousand seven hundred fifty-four euros (€ 82,459,754), divided in eighty-two million four hundred fifty-nine thousand seven hundred fifty-four (82,459,754) shares, each with a nominal value of one (1) euro, fully paid-up."*

**Second resolution** (*Decision to issue in the context of the partnership between the Company and Siemens, bonds convertible into and/or exchangeable for new or existing ordinary shares (the "Bonds") with suppression of preferential subscription rights in favor of a designated beneficiary.*)

The general meeting, resolving upon the quorum and majority required for extraordinary general meetings,

after having reviewed:

- (i) the report from the Board of Directors;
- (ii) the terms and conditions of the 249 999 985 bonds convertible into and/or exchangeable for new or existing ordinary shares (the "Bonds"), as described in the prospectus approved by the *Autorité des Marchés Financiers* attached thereto, in particular in its sections A.2.2.3 (*Information relating to the terms and conditions of the Bonds*), A.2.2.4 (*Right to the delivery of shares - Conversion and/or exchange of bonds into shares of Atos Origin*) and A.2.2.6 (*additional information concerning the shares delivered upon exercise of the conversion/exchange right*); and
- (iii) the special reports from the statutory auditors;

and, after having acknowledged that:

- (i) the Company has more than 2 years of existence;
- (ii) has established two balance sheets duly approved by the shareholders;
- (iii) its capital is fully paid;

In accordance with the provisions of the French Commercial Code, and in particular its Articles L. 228-91 *et seq.*, subject to the approval of the first and the eighth resolutions submitted to this meeting and to the condition precedent of the completion of the Contribution:

1. decides to issue at once 5,382,131 bonds convertible into and/or exchangeable for new or existing ordinary shares (the “Bonds”) for a total nominal value of €249,999,985, each such Bond with a nominal value of € 46.45, it being specified, as need be, that this amount shall not be deducted from the global cap of the debt instruments that may be issued pursuant to the eleventh resolution of the shareholders’ general meeting dated 27 May 2010;
2. decides pursuant to Article L. 225-138 of the French Commercial Code, to suppress the shareholders’ preferential right for the subscription of the Bonds, and to reserve to Siemens Inland the right to entirely subscribe them;
3. decides that the subscription of the Bonds shall be carried out as at the date of the completion of the Contribution by way of set-off against Siemens Inland’s certain, liquid and payable receivable against the Company pursuant to the cash payment (“*soulte*”) to be made by the Company as partial consideration for the Contribution, as described in the first resolution, and their subscription shall be immediately paid up at once upon their subscription;
4. decides, pursuant to Article L. 225-135 of the French Commercial Code, to suppress the shareholders’ priority period to subscribe to the Bonds;
5. allows the Company’s share capital increase and the issuance of shares to come, as the case may be, from the conversion of the Bonds, i.e. € 5,382,131 corresponding to the issuance of a maximum of 5,382,131 new shares of the Company, to which shall be added the nominal amount of the additional shares to be issued as need be, in order to preserve, in accordance with law and pursuant to the terms and conditions of the Bonds described in the prospectus approved by the *Autorité des Marchés Financiers*, the Bonds holders’ rights, it being specified that this amount shall not be deducted from the global cap set out in the fifteenth resolution of the shareholders’ general meeting dated 27 May 2010;
6. acknowledges that the decision to issue the Bonds automatically entails a waiver by the shareholders of their preferential subscription rights to the shares to be issued upon conversion of the Bonds, in favor of Siemens Inland, in accordance with the provisions of Article L. 225-132, last paragraph, of the French Commercial Code;
7. decides that the Bonds shall be issued in accordance with the terms and conditions described in sections A.2.2.3.2 to A.2.2.3.10 (included), A.2.2.3.12, A.2.2.3.13, A.2.2.4, A.2.2.6.1 to A.2.2.6.6 (included) of the prospectus approved by the *Autorité des Marchés Financiers* attached to the report of the Board of Directors presented to the general meeting, and which provide for in particular the main following characteristics:

<b>Bonds issue price</b>	At par.
<b>Bonds issue date, entitlement date and settlement date</b>	On the date of the completion of the Contribution.
<b>Term</b>	5 years from the issue date, subject to early repayment cases at the option of the Company or at the option of holders, and mandatory repayment cases.
<b>Conversion and/or exchange of the Bonds in shares</b>	At any time from the issue date, and up to and including the seventh business day which precedes the maturity date or early redemption date, allocation of shares at the ratio of one (1) share for one (1) Bond, subject to any adjustments.  Atos Origin may at its option grant new shares to be issued or existing shares or a combination of the two.
<b>Nominal rate – Interest</b>	The Bonds will bear interest at an annual nominal rate of 1.50% payable in arrears on 1 January of each year (or the next business day if such date is not a business day).
<b>Dividend of the shares issued or delivered upon conversion and/or exchange of Bonds</b>	The new shares shall bear dividend entitlement from the first day of the fiscal year in which falls the date of exercise of the right to receive shares. Existing shares shall entitle to dividends.



8. decides that, in accordance with Article L. 225-138 III of the French Commercial Code, the issuance of the Bonds shall not be completed after a period of eighteen (18) months from this meeting;
9. grant full powers to the Board of Directors, with the faculty to sub delegate to the Chairman of the Board of Directors and Chief Executive Officer in accordance with statutory and regulatory provisions, in order to acknowledge the subscription and the final completion of the issuance of the Bonds in the conditions set out in this resolution, and more generally, to take all measures, enter into any agreements and complete all formalities to complete the issuance of the Bonds as provided by this resolution, acknowledge as the case may be, the completion of the capital increase resulting from such an issuance, and accordingly amend the by-laws.

[...]

#### ***Ordinary Resolution***

#### **Eighth resolution** (*Appointment of Dr Roland Emil Busch as member of the Board of Directors*)

The general meeting, resolving upon the quorum and majority required for ordinary general meetings, after having reviewed the report of the Board of Directors, decides to appoint, subject to the completion of the Contribution in accordance with the first resolution above, Dr Roland Emil Busch as member of the Board of Directors, for a term of three years, ending after the shareholders' annual general meeting resolving upon the accounts for the year ending on 31 December 2013.