2006-2007 REFERENCE DOCUMENT

In 2008, sodexo

is changing the Group's name and rejuvenating its visual identity.

Important information

At the annual shareholders' meeting held on January 22, 2008, the shareholders approved the change of the Group's name from Sodexho Alliance to Sodexo and updated the look of the brand.

In order to confirm to the Reference Document filed with the AMF on November 16, 2007, this change has not been implemented as part of this document.

Sodexho

Reference Document 2006 - 2007

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This Reference Document (registration document) was filed with the Autorité des marchés financiers on November 16, 2007 under number D.07-986, in accordance with Article 212-13 of its general Regulations. It may be used in support of a market transaction if supplemented by an information notice approved by the AMF.

Management report, consolidated Group financial statements and Statutory Auditors' reports for the years ended August 31, 2005 and 2006.

The following information is included by reference in the present reference document:

- Group management report, Group consolidated financial statements and Statutory Auditors' report on the consolidated financial statements for the year ended August 31, 2006 as presented on pages 88-153 of the reference document filed with the Autorité des marchés financiers (French financial markets authority) on November 24, 2006 under number D.06-1215.
- Group management report, Group consolidated financial statements and Statutory Auditors' report on the consolidated financial statements for the year ended August 31, 2005 as presented on pages 93-144 of the reference document filed with the Autorité des marchés financiers (French financial markets authority) on December 12, 2005 under number D.05-1370.

The information included in these two reference documents, other than that listed above, if necessary, is replaced and/or updated by the information included in the present reference document.

Copies of this document are available on Sodexho Alliance's website, www.sodexho.com or on the website of the Autorite des marches financiers, www.amf-france.org.

1. Making Every Day a Better Day

Food and Facilities Management services

FOODSERVICES

No.1 worldwide

Health Care
Seniors
Education

No.2 worldwide

Corporate Services
Remote Sites*

** Food and Facilities Management services*

FACILITIES MANAGEMENT SERVICES

The development of Facilities Management services

1967	CNES (National center for space studies), Kourou, French Guyana.
1974	Entry into Remote Sites activity.
1980-90	Global Hospitality Offer in Health Care in the United States and France.
1990-present	Development of Facilities Management services in Education and Defense.

Today, Facilities Management services accounts for 18.1% of Group revenue.

Service Vouchers and Cards

No.2 worldwide

Source: Sodexho

History

1966	Sodexho is founded in Marseille by Pierre Bellon, building on his family's 60-plus years of experience in catering for luxury liners and cruise ships to offer similar services to businesses, schools and hospitals.
1968	Sodexho begins operations in the Paris area.
1971-1978	International expansion starts with Belgium, Italy and Spain. The Remote Site Management business is launched, initially in Africa and then in the Middle East. A new business – Service Vouchers – is launched in Belgium and Germany.
1983	Initial public offering of Sodexho shares on the Paris Bourse.
1985-1993	Sodexho establishes operations in North and South America, Japan, Russia and South Africa, and reinforces its presence in Continental Europe.
1995	Alliances with Gardner Merchant in the United Kingdom and Partena in Sweden.
1996	The Service Vouchers and Cards business expands into Brazil with the acquisition of Cardàpio.
1997	Alliance with Universal Ogden Services, the US market leader in remote site management. The holding company changes its name to Sodexho Alliance.
1998	The merger of the Foodservice operations of Marriott International and Sodexho and the formation in the U.S. of Sodexho Marriott Services, 48.4% owned by Sodexho, which becomes North American market and global leader in Food and Facilities Management services. Acquisition of Luncheon Tickets, the Number 2 in Argentina in Vouchers.
1999	Sodexho becomes no.2 in service vouchers in Brazil with the acquisition of Refeicheque.
2000	Albert George is appointed Chief Operating Officer of Sodexho Alliance. Universal Services becomes the world leader in remote site management.
2001	Sogeres (France) and Wood Dining Services (US) join the Sodexho Group. Sodexho Marriott Services becomes a 100% subsidiary and changes its name to Sodexho, Inc.
2002	On April 3, Sodexho Alliance is listed for the first time on the New York Stock Exchange.
2003	Jean-Michel Dhenain and Michel Landel are appointed as Chief Operating Officers, succeeding Albert George.
2004	The succession plan for Pierre Bellon is put in place. In September, the Board of Directors announces that from September 1, 2005, the roles of Chairman of the Board and Chief Executive Officer will be separated.
2005	Michel Landel becomes Chief Executive Officer, succeeding Pierre Bellon, who retains his role as Chairman of the Board of Directors.
2006	After 40 years, Michel Landel, Chief Executive Officer sets a new challenge for the Group: *"To become the premier global outsourcing expert in Quality of Life services"*
2007	Sodexho Alliance reinforces its leadership position in Service Vouchers and Cards by announcing its intent to close several acquisitions. Sodexho Alliance delists from the New York Stock Exchange on July 16, 2007.

The Quality of Life Architect

To build Quality of Life, Sodexho designs and implements a global services offer planned and adapted to meet the needs of our clients and customers.
A leader in our markets, today Sodexho is internationally recognized for high quality services, efficient organization and commitment to corporate citizenship.
Our tools: expertise, innovation, creativity, cohesiveness and motivation of our teams.
With operations in 80 countries comprising 80 percent of the world's population, Sodexho's 342,000 employees engage their cultural diversity and global expertise to serve the same Sodexho vision:

"To become the premier global outsourcing expert in Quality of Life services."

MESSAGE OF PIERRE BELLON

Sodexho's Chairman and Founder

Sodexho's mission is to improve the Quality of Life of the 40 million people we serve every day.

We seek to make our company and the Sodexho brand the most desirable and attractive in all of our business segments.

At the Annual Shareholders' Meeting, the Board of Directors is asking the shareholders to approve a change in the company name and a revision to the visual identity in the form of a new logo.

The change in the Group's name involves **eliminating the word "Alliance"** and **the letter "h"**. The name of the Group would therefore be **SODEXO**.

The elimination of the word "Alliance"

From 1995 to 2000, we made three major acquisitions to strengthen our international network: Gardner Merchant in the United Kingdom, Partena in the Scandinavian countries and Marriott Management Services in North America. These three foodservices companies, all of them much older than Sodexho, had demonstrated their success through the skills of their respective employee teams. It was important not to break up these entities but, on the contrary, to help them develop further, to recognize their merits, to welcome them on an equal footing and to avoid at all costs creating opposition between the acquirers and the acquirees – in other words, creating a perception of winners and losers. To be perfectly clear, as I said at the time: *"Money will not buy a company's history, culture, skills and pride nor the motivation of the women and men responsible for its success."*

Gradually, all three companies expressed a desire to adopt the name of Sodexho. To gain their confidence and to prove that we keep our promises, we added the word "Alliance" to the Sodexho company name.

During Fiscal 2006, we took an employee engagement survey in 35 countries, interviewing 78,000 staff members, including the entire management and a sample of 20% of site employees. More than 80% of these employees declared their attachment and their pride in belonging to the Group and 83% stated they would not hesitate to recommend Sodexho to a friend seeking employment.

It therefore seems to us that the word "Alliance" is no longer necessary.

The elimination of the letter "h"

The primary purpose of eliminating the "h" is to facilitate the pronunciation and spelling of our brand in any language throughout the world. Studies we have carried out reveal that in certain languages an "x" followed by an "h" is difficult to pronounce.

The idea of eliminating the letter "h" has been discussed from the start of Sodexho. From the beginning, the company name was often mispronounced and misspelled. I therefore suggested eliminating it, but the 5,000 people who made up Sodexho at the time came essentially from the hotel and restaurant industry and considered the "h" an integral part of their identity. In view of their emotional reaction to the idea, I decided not to pursue it. Today, however, the diversity of our current services and those to come, as well as the new competencies of our employees (especially in Facilities Management) have made the elimination of the "h" necessary, and according to our surveys, the idea no longer elicits any particular reaction within the Group.

Rejuvenating our visual identity

The studies also indicate that we need a logo with greater impact, more readable and more modern. We called upon an agency specializing in brand strategy and design to help us.

Here is the result of their work.

1. Making Every Day a Better Day

The Quality of Life Architect

Our clients and our teams are scattered all over the world.

*We were dreaming about a star that brought us all together,
visible from deserts and glacial areas,
from Tierra del Fuego to the Bering Strait,
from the equatorial savannas to the Central Asian steppes.*

*The scientists we consulted told us there was no star that could be seen from all four corners of the earth.
So we invented our own star.*

*The Sodexo star is universal, visible at our sites and on our uniforms,
close to each one of us, lighting our way and guiding us.
It radiates with thousands of smiles like a bridge
between you and me, between us and the world.*

*To light up gray mornings. To make a child's eyes shine.
To squeeze the hand resting on the covers. To comfort those who live far from home.
To bring a little bit of everyday joy to everyone...*

The Sodexo Star will be our promise
"Making every day a better day"

When tested on audiences inside and outside the Group, our new company name and our rejuvenated visual identity were very well received. Now they have to be made into a truly global brand.

A single, global brand that is known and appreciated will be a considerable asset in helping us to accelerate the Group's internal growth and improve its profitability. It is the most visible cement uniting our clients, customers, employees and shareholders.

In a world of "over-communication", a strong, single global brand can be immediately identified and recognized. At the same time, any failure in performance, at a site or in a particular region, client segment or country can have repercussions on the whole Group by tarnishing its image.

Thus, a single, global brand requires all our businesses, entities and countries to have the same high standards of quality; it acts as a guarantee for all those who contract Sodexho services. It makes us more responsible and more unified in achieving progress and implementing innovations. Finally, it gives us an advantage in worldwide competition, boosting the effectiveness and productivity of our communications investments.

Many people, especially our employees, would be proud to have our brand become very well known.

As we prepare to accomplish this, we need to recognize that we have some weak points as well as strong points.

Our main weak point is obvious. Some high-margin products and services can incorporate significant advertising expenditures into their price. We cannot do that. Thus, it is going to take a wealth of imagination to make Sodexo known without costing us too much.

On the other hand, we have many strong points. We started out from nothing and today:

- we are one of the largest employers in the world;
- we have received numerous awards and now rank 4th in the Top 100 best outsourcing companies worldwide;
- we have been recognized for our corporate citizenship by the DJSI (Dow Jones Sustainable Indices) Europe and World, which named us "supersector worldwide leader" in our business sector;
- we are the global leader in most of our markets;
- we are independent, because my family is the majority shareholder;
- we have prestigious clients; we operate in famous places such as the Eiffel Tower, the Lido in Paris, Longchamp, Roland Garros, Ascot and Blenheim Palace in the United Kingdom...

We have set our sights on making Sodexo the most desired brand in its category. We cannot reach this goal unless each of our managers and employees is convinced that a strong, single global brand will accelerate our internal growth, improve our margins and allow us to keep our best talents and attract new ones.

Pierre Bellon

INTERVIEW WITH MICHEL LANDEL

Chief Executive Officer, Sodexho

November 15, 2007

It has been two years since you were appointed CEO. What is your assessment of the great challenges facing the Group?

Several major trends have marked the start of the new century. While the population in the Western world is declining and aging, emerging market countries are catching up with the standard of living in developed countries and their increasingly urbanized populations are adopting Western modes of consumption. There is growing concern about the resulting impact on the world's environment. The fight against global warming and, more broadly, the need to demonstrate corporate citizenship are becoming priorities everywhere. The need to secure energy resources is back on the world agenda. "New" technologies are now an integral part of business as well as daily life. Finally, innovation and economic power are starting to shift toward the East. All these global challenges offer Sodexho, in reality, considerable opportunities for growth as well as an increased responsibility as one of the world's largest corporate citizens.

Is Sodexho prepared to seize these opportunities?

From the very beginning, Sodexho's development as a company has been closely linked to societal changes. Our Group has succeeded in consistently anticipating the needs of our clients and customers. With its mission to improve the Quality of Daily Life – a profound aspiration – Sodexho has become the global leader in Foodservices in Education, Health Care and Seniors. For years, we have been committed to supporting our clients' development by contributing to the sustainable development of local economies. We continue to invest in employee training and improved quality standards, particularly in countries with emerging markets. With Service Vouchers and Cards, we offer companies and public authorities innovative solutions to manage their programs more efficiently. All these examples demonstrate our ability to anticipate major changes in society with a key asset: our 342,000 employees who represent the diversity of our clients and customers throughout the world.

What is Sodexho's ambition in coming years?

In order "to become the premier global outsourcing expert in Quality of Life services", Ambition 2015 was launched two years ago. We aim to double our revenue in ten years, with an average annual organic growth rate of seven percent. We have clearly defined a strategy to achieve this goal: reinforce our leadership in Foodservices, accelerate our development in Facilities Management services and become the global leader in Service Vouchers and Cards.

How do you plan to achieve this ambition?

First, our financial performance for Fiscal 2007 was good.

- Organic growth reached 8.4% in Fiscal 2007 representing an improvement of 4% in two years. All segments of Food and Facilities Management services and Service Vouchers and Cards activities contributed to this performance.
- As a result of the initiatives to improve site productivity in all activities and geographies, and the confirmed turn-around of Sodexho in the UK, operating profit increased by almost 15%, at constant exchange rates.
- Net cash provided by operating activities reached a new high.

Next, we plan to continue mobilizing our teams around six strategic imperatives: accelerate profitable organic growth; improve our operating profits, margins and cashflow; ensure compliance through reinforced standards, business rigor and best practices; live our values; create a competitive advantage through our people and their diversity, and make Sodexho's brand the benchmark for Quality of Life services. A series of initiatives are gradually being introduced in all these areas.

Thus, we recently decided to change our corporate name and the Group's single global brand. "Sodexho Alliance" will become "Sodexo" and our logo will be updated.

Why did you change the Sodexho brand?

Simply, our corporate name will be changed to reflect our Group strategy more accurately. I am convinced we can use it more effectively as a strategic tool. That is why I am determined to make Sodexho a premier brand worldwide to leverage profitable organic growth for the Group.

Our brand is a commitment to quality for our clients, customers, employees and shareholders. It is also the force that unifies us as a global community.

By modernizing the brand and increasing its impact, we are seeking to enhance its value –for the benefit of all of us.

EXECUTIVE COMMITTEE

As of September 1, 2007

Sodexho's Executive Committee, under the leadership of Michel Landel, sets a common vision, defines strategy, and oversees the implementation and monitoring of the operating entities' performance. The Committee defines the structures necessary for the company's development and ensures that each senior manager has a clearly designated successor. The members of the Executive Committee also are «ambassadors» of the Sodexho brand and are responsible for promoting it worldwide.

The Executive Committee relies on an Operating Committee comprising the main activity, business unit and country managers. This Committee transforms strategic decisions into action plans and mobilizes the teams necessary for deployment. Each member also has a mission to share information, transfer best practices and strengthen adherence to the Group's values.

Michel Landel
Chief Executive Officer, Sodexho Alliance
President, Executive Committee
President, Sodexho STOP Hunger Association

Élisabeth Carpentier
Group Senior Vice President and Chief Human Resources Officer

George Chavel
Group Chief Operating Officer
Chief Executive Officer, North America, Food and Facilities Management services

Roberto Cirillo
Group Senior Vice President, Strategic Planning and Innovation

Pierre Henry
Group Chief Operating Officer
Chief Executive Officer, Service Vouchers and Cards, and South America, Food and Facilities Management services

Siân Herbert-Jones
Group Chief Financial Officer

Philip Jansen
Group Chief Operating Officer
Chief Executive Officer Europe, Food and Facilities Management services

Nicolas Japy
Group Chief Operating Officer
Chief Executive Officer, Remote Sites, and Asia/Australia, Food and Facilities Management services

Clodine Pincemin
Group Senior Vice President, Communications and Sustainable Development

Damien Verdier
Group Senior Vice President, Marketing

QUALITY OF LIFE SERVICES – SODEXHO'S STRATEGY

Sodexho launched "Ambition 2015" two years ago to become the global expert in Quality of Life services. By the year 2015, the Group aims to double its revenue and achieve a well-balanced portfolio of business segments serving 100 million customers compared with 40 million today.

Ambition 2015 is mobilizing all Group employees around a clear-cut strategy to reinforce Sodexho's leadership in Foodservices, accelerate its development in Facilities Management services and become the global leader in Service Vouchers and Cards.

- **The Sodexho offer**
- **Considerable growth potential**
- **Three strategic objectives**
- **Sodexho in China**
- **Sodexho in India**

Sodexho's offer

Food and Facilities Management services			Service Vouchers and Cards
FOODSERVICES	SOFT SERVICES	TECHNICAL MAINTENANCE (HARD SERVICES)	
Staff restaurant	Reception, Help Desk	Plumbing	Meal Pass
Catering	General services	HVAC	Mobility Pass
Executive Dining	Cleaning	Energy management	Gift Pass
Vending	Laundry	Maintenance and repair	Leisure Pass
Meal Delivery	Groundskeeping	Project Management	Book Card
…	Waste management	…	Training Voucher
	…		

Significant growth potential

Estimated total market

Food and Facilities Management services

Over 650 billion euro

- **Over 250** billion euro — Foodservices
- **Over 200** billion euro — Soft services
- **Over 200** billion euro — Technical maintenance

Service Vouchers and Cards

Over 70 billion euro

Sodexho estimate

Three strategic objectives

Reinforce Sodexho's leadership in Foodservices

With 40 years of experience and recognized expertise in every area of its original Foodservices business, including gastronomy, well-balanced nutrition, food safety, socially responsible procurement and environmental protection, Sodexho possesses all the strengths required in a market in which only 45 percent of services are outsourced today.

The year's sales successes

Corporate Services

- **United States: Wellpoint, Inc.** chose Sodexho to provide Foodservices for 30,000 customers at 67 sites and SodexhoMagic won the employee Foodservices contract at **Disneyland** in Anaheim, California.

Leisure

- **France:** Sodexho ensures Foodservices at the **Eiffel Tower,** featuring an original culinary and commercial approach developed in partnership with the Alain Ducasse group.
- **United States:** Sodexho inaugurated "**Café St. Barts**" on Park Avenue in New York, one of the most celebrated addresses in the world.

Defense

- **Sweden:** the **Armed Forces** selected Sodexho to provide Foodservices at its five training camps in the Norbotten region.

Health Care

- **United Kingdom: Nuffield** has selected Sodexho to handle Foodservices for patients, visitors and staff at its 39 hospitals. The contract makes Sodexho the national leader in the private hospital market.

Education

- **Chile: Santo Tomas de Santiago University** awarded Sodexho the contract to deliver Foodservices to its 12,000 students at 6 sites.
- **Singapore:** Sodexho won the Foodservices contract at the **American School** (3,800 students).

2006-2007 Awards

United States

The **"Best Concept"** prize was awarded by *Food Management Magazine* for **"Sweet Shots"**, conveniently packaged treats allowing customers to enjoy small portions of desserts in the workplace without worrying about calories.

Accelerate Sodexho's development in Facilities Management services

At the core of Sodexho's strategy, the growth potential of Facilities Management services is one and a half times that of Foodservices.

From the start, the Group has offered a wide spectrum of services through a structure organized around client segments. This pioneering position, bolstered by the credibility earned with Foodservices clients, has enabled Sodexho to demonstrate its expertise and generate 18.1 percent of its consolidated revenues in Facilities Management services in Fiscal 2007.

Today, the Sodexho offer ranges from self-service Foodservices to maintenance of medical scanners and MRIs, waste treatment, construction and air conditioning engineering. These offers create sustainable value for clients, making their businesses more efficient while at the same time improving the Quality of Daily Life for customers. The acknowledged expertise and certified quality of these offers is helping Sodexho to reinforce its leadership position throughout the world.

This year's sales successes

Corporate Services

- **Australia: Westpac** outsourced its Facilities Management services to Sodexho at more than 1,600 sites across the country.
- **Netherlands:** Sodexho won the invitation to tender launched by **KLM** for Food and Facilities Management services at its 90 buildings in the Schiphol region (38,000 customers).
- **Spain:** Sodexho has succeeded in **developing its Facilities Management services.** Chosen in 2005 to provide technical maintenance services for major clients such as Coca-Cola and the Barcelona Football Club, Sodexho doubled its revenue in Facilities Management services in 2006.

Defense

- **Cyprus:** The **British Ministry of Defence** awarded its Food and Facilities Management services at the Sovereign Base of Cyprus to Sodexho.

Health Care

- **Canada: York Central Hospital of Toronto** outsourced its Food and Facilities Management services to Sodexho. The number of outsourced services makes this the largest contract of its type ever implemented at a Canadian hospital.
- **United States: Moses Cone Medical Center** (Greensboro, North Carolina) selected Clinical

Technology Management, a specialized service of Sodexho, to ensure the maintenance of 13,000 high-tech diagnostic equipment components.

Education

- **Singapore: École Française** (French School), an international school with a student body of 1,000, added technical maintenance to Foodservices and housekeeping already provided by Sodexho**.**
- **United States:**
  - Sodexho won the Facilities Management contract for the **State University of New York** at Buffalo which has a student population of 27,000;
  - the **Recovery School District,** which has 8,500 students in New Orleans, Louisiana, subcontracted its Food and Facilities Management services to Sodexho.

2006-2007 Awards

International

The **International Association of Outsourcing Professionals (IAOP)** ranked Sodexho **4th among the world's top performing service companies** and **1st** in its **"Facility Services"** category. Companies are rated on 18 criteria, including revenue, number of employees, employee skills and training, professional and technical certifications such as ISO 9001 and the quality of management and service to clients.

Brazil*:* Sodexho won the "***Prêmio Top Hospitalar***" and "**Top of the Mind**" *prizes*.

United Kingdom:

- **two prizes** were awarded to Sodexho at the Eventia Corporate Event for **Knebworth House:** "Best Event Organizer" and "Best Use of Facilities" at outstanding venues;
- the **CPIS** (Chartered Institute of Purchasing and Supply) awarded the **Salvation Army** its "Best Initiative" prize, as a result of its collaboration with Sodexho.

United States: Sodexho was named "**Outstanding Business Partner of the Year**" by the National Association of College Auxiliary Services (NACAS).

Become the global leader in Service Vouchers and Cards

Over the last 30 years, Sodexho has become No.2 worldwide in Service Vouchers and Cards. Sodexho offers companies and public authorities innovative, flexible, secure solutions to efficiently manage their social policies. In a constantly changing market, Sodexho relies on three key assets: its innovative capabilities, responsiveness and optimized synergies with other Group entities. In Fiscal 2007, Sodexho achieved numerous sales successes that have strengthened its positions.

This year's sales successes

- **Brazil:** 4,900 civil servants received Food Passes allocated by the **Secretary of State for Education in Minas Gerais**.
- **France:** the **City of Marseilles** awarded Sodexho the management of Restaurant Vouchers for its 9,500 municipal employees at 250 sites.
- **Spain:** Sodexho won an **Assistance contract with the Fondación Caixa**, the world's eighth largest private foundation, for its program to fight poverty among children under 16 years of age. The four year contract will concern 100,000 families.
- **Venezuela:** 1,700 employees of **Venevision** now use a Sodexho Food Pass.

2006-2007 Awards

France: Sodexho received the "**Public-Private Action Award**" for its service to distribute Culture Vouchers to students in the Centre region.

Luxembourg: The national convention of Human Resources Managers awarded Sodexho the prize for the "**Best incentive and motivation solutions in 2006**".

United Kingdom: Sodexho was named "**Childcare Voucher Provider of the Year**" by the magazine *Employee Rewards and Benefits***.**

Sodexho in China

The most populous country on earth, *which is now experiencing the world's most rapid economic growth, has naturally attracted the Group's attention. In 1995, Sodexho won its first Foodservices and cleaning contract with the American International School in Shanghai. From 1995 to 2001, Sodexho focused on developing the segments serving foreign companies and international schools and widened its range of services. In 2002, Sodexho signed its first Foodservices contract with a Chinese company, Haier (Qingdao), followed by its first public contracts, to become the uncontested leader in the Chinese market.*

At the same time, the Group has been expanding its Service Vouchers and Cards business. In May 1999, it obtained the first license delivered by the city of Shanghai to manage fringe benefits using a Meal Pass. In 2001, it launched the universal Meal Pass for holiday periods (Moon Festival and Chinese New Year), in 2003, the Loyalty Pass for shopkeepers and in 2006, the Leisure Pass for companies looking for ways to motivate their employees.

Sodexho is also the first foreign-based company to be awarded the "2007 Food Service Excellence" prize for its commitment to promoting employment and the sustainable development of the local economy.

The Chinese market

1.3 billion inhabitants, **450 million** of whom live in urban areas.

80 million are considered "middle class," a number which will grow to **700** million by 2020.

Average annual GNP growth over the last 20 years: **10%**

Estimated at **8%** for the next 10 years

Growth is balanced, qualitative and respectful towards the environment

Source: Sodexho

Sodexho in China
Food and Facilities Management services

- **Average growth rate** over the last 5 years: **26%**.
- **13,000** employees in **24** cities, that represent **25%-30%** of China's urban population (Beijing, Dalian, Dongguan, Foshan, Guangzhou, Hangzhou, Huizhou, Jiangmen, Jiaxing, Nanjing, Qingdao, Qingyuan, Shanghai, Shenyang, Shenzhen, Suzhou, Tangshan, Tianjin, Wuhan, Wuxi, Xiamen, Yangzhou, Zhongshan, Zhuhai).
- **500 sites**, including **88** new contracts in Fiscal 2007.

Among our new clients

The **Independent Schools Foundation** of Hong Kong has outsourced all its Food and Facilities Management services to Sodexho and **UBS** its soft services at nine sites (Beijing, Shanghai, Guangzhou, Shenzhen). Tianjin **Faw Xiali Automotive** and **Tianjin Faw Toyota Motor** in Tianjin, **GE China Technology Center,** the headquarters of **Unilever China** and **Henkel China** in Shanghai have entrusted their Foodservices to Sodexho.

Sodexho in China
Service Vouchers and Cards (Shanghai)

- **Average growth rate** in the last 5 years: **18%** *(Sodexho estimate).*
- **12,204** clients.
- **1,000,000** beneficiaries.
- **3,500** affiliated companies.

Among our new clients

China Netcom and **Shanghai Mobile Communications** have adopted the Sodexho Meal Pass.

Sodexho in India

In 1997, Sodexho began operations in India, *a country offering considerable potential, given the size of the population and a legislative environment favorable to the development of the Service Vouchers and Cards business. The first Indian clients received Restaurant vouchers, followed by Gift vouchers in 1999. To meet the needs of India's rapidly developing major groups, particularly in information and communication technologies, Sodexho relied on synergies within its operations and development teams across global regions to win the company's first Facilities Management services contracts in 2001. In 2002, Sodexho supported its large international clients who were starting up operations in India and obtained its first Foodservices contracts. Today, Sodexho is, in turn, supporting the international expansion of its major Indian clients.*

As the leader in India's Service Vouchers and Cards and Facilities Management markets, Sodexho's success is due to its sizable investments in employee training and service quality, respect for local cultures, synergies among the Group's activities and the strength of a recognized brand.

The Indian market

1.1 billion inhabitants and **1.3 billion** in **2020.**

An **average age** of **24.8** years.

A dynamic middle class of 300 million people.

10th biggest economy in the world.

Sustained economic growth in industry and services.

Global leader in information technologies.

Source: Sodexho

Sodexho in India
Food and Facilities Management services

- **Average growth rate** in the last 5 years: **102%**
- **9,000** employees in **26** cities (Ahmedabad, Bangalore, Baroda, Bellary, Chandigarh, Chennai, Coimbatore, Delhi, Faridabad, Gurgaon, Hyderabad, Indore, Kolkata, Lucknow, Madurai, Mumbai, Mysore, Nagpur, Noida, Patna, Pondicherry, Pune, Rudrapur, Secunderabad, Surat, Vizag).
- **311** sites, including **67** new contracts in Fiscal 2007.
- **117** clients.

Among our new clients

Sodexho opened the Education segment with an initial Foodservices contract for the **American School** in Mumbai, including renovation of the cafeteria and the kitchens. It also opened the Health Care segment with a contract in Foodservices, maintenance and help desk at **Columbia Asia Hospital** in Bangalore and technical maintenance services of facilities at **Fortis Hiranandani Health Care** in Mumbai. In the Corporate Services segment, **Cisco** in Bangalore has outsourced its Foodservices to Sodexho, **Siemens** the technical maintenance of 182,394 square feet in Mumbai and **IBM Daksh** 1.3 million square feet on 12 sites.

Sodexho in India
Service Vouchers and Cards

- **Average growth rate** in the last 5 years: **59%**.
- **11 cities** (Ahmedabad, Bangalore, Chennai, Coimbatore, Chandigarh, Ernakulam, Hyderabad, Kolkata, Mumbai, New Delhi, Pune).
- **5,173 clients.**
- **600,000 beneficiaries** of Restaurant Vouchers and Cards Restaurant.
- **16,000 affiliates.**

Among our 1,800 new clients

The software development company **Oracle** chose Sodexho's "Smart Card", the No.1 turnkey solution in the Indian market, for Foodservices delivery to its 12,000 employees at its 21 sites.

37,400 employees of **Bhilai Steel Plant** in Kolkata will receive the Sodexho Gift Pass.

FINANCIAL HIGHLIGHTS FISCAL 2007

13.4 billion euro in revenues
342,000 employees at **29,000** sites present in **80** host countries

CONSOLIDATED REVENUES

	EUR millions	USD millions*
2002-2003	11,687	12,490
2003-2004	11,494	13,855
2004-2005	11,693	14,880
2005-2006	12,798	15,676
2006-2007	13,385	17,694

* *Calculated at the average exchange rate for each year; for Fiscal 2007 1 euro = 1.3219 dollars.*

Organic growth was 8.4% for the year, which represents an improvement of 4% in two years. All Food and Facilities Management services segments as well as the Service Vouchers and Cards activity contributed to this performance.

REVENUES BY REGION

North America	41%
Continental Europe	34%
United Kingdom and Ireland	11%
Rest of the world	14%

Growth in Latin America, Australia, Asia, and especially in China and India, as well as in Remote Sites, contributed to an organic growth in Fiscal 2007 of more than 15% in the Rest of the World.

REVENUES BY ACTIVITY

Food and Facilities Management services	**97%**
Corporate Services	37%
Defense	3%
Correctional Services	2%
Health Care	19%
Seniors	6%
Education	23%
Remote Sites	7%
Service Vouchers and Cards	**3%**

Organic growth in Corporate Services reached the high level of 8.1% for Fiscal 2007, notably as a result of the strong recovery and efforts made by Sodexho teams in North America, as well as the dynamism of the Group's international network.

In Health Care and Seniors, organic growth totaled 9%, demonstrating Sodexho's solid leadership in this high-potential market. The Group's full-service offering is well-suited to this segment, both in Foodservices as well as in Facilities Management.

Organic growth in Education also accelerated, reaching 7%, a nice progression from the levels achieved in the two prior years.

NUMBER OF EMPLOYEES

2002-2003	308,385
2003-2004	312,975
2004-2005	324,446
2005-2006	332,096
2006-2007	**342,380**

NUMBER OF OPERATING SITES

2002-2003	23,873
2003-2004	24,866
2004-2005	26,634
2005-2006	28,234
2006-2007	**28,896**

EMPLOYEES BY REGION

North America	35%	119,242 employees
Continental Europe	27%	90,705 employees
United Kingdom and Ireland	12%	42,972 employees
Rest of the world	26%	89,461 employees

EMPLOYEES BY ACTIVITY

Food and Facilities Management services	**99%**
Corporate Services	40%
Defense	4%
Correctional Services	1%
Health Care	15%
Seniors	4%
Education	25%
Remote sites	8%
Shared Structures	2%
Service Vouchers and Cards	**1%**

OPERATING PROFIT

	EUR millions	USD millions*
2004-2005	450	573
2005-2006	605	741
2006-2007	640	846

* *Calculated at the average exchange rate for each year; for Fiscal 2007 1 euro = 1.3219 dollars.*

Primarily as a result of the turnaround in the United Kingdom and better management control in the Rest of the World, operating income increased at constant exchange rate, by 14.5% (excluding the impact of the gain on the sale of the Spirit Cruises subsidiary and the release of the U.S. litigation provision, both of which affected the comparable prior year amount).

GROUP NET INCOME

	EUR millions	USD millions*
2004-2005	212	270
2005-2006	323	395
2006-2007	347	459

* *Calculated at the average exchange rate for each year; for Fiscal 2007 1 euro = 1.3219 dollars.*

Group net income increased by 7.5% or by 11% excluding exchange rate effects. This increase primarily resulted from the following: strong growth in operating income, a decrease in financial expense related to continued reductions in debt levels during the year, and to good management of the effective tax rate, which was less than 35%.

DIVIDENDS PAID

	EUR millions	USD millions*
2004-2005	119	145
2005-2006	151	194
2006-2007**	183	250

* *Calculated at the closing exchange rate for each year; for Fiscal 2007 1 euro = 1,3684 dollars.*
** *Subject to approval by the Annual Meeting of the Shareholders on January 22, 2008.*

In view of the positive results and the level of free cashflow generated during Fiscal 2007, the dividend submitted to shareholders' approval will be 1.15 euro per share, 21% above the dividend paid in the previous fiscal year.

NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

	EUR millions	USD millions*
2004-2005	677	862
2005-2006	488	598
2006-2007	753	995

* *Calculated at the average exchange rate for each year; for Fiscal 2007 1 euro = 1.3219 dollar.*

For Fiscal 2007, net cash flows provided by operating activities are up 54% compared to the prior year, illustrating the quality of the Group's financial model.

NET DEBT AS A PERCENTAGE OF SHAREHOLDERS' EQUITY*

(Including minority interests)

2004-2005	33%
2005-2006	21%
2006-2007	5%

* *Debt net of cash and financial assets related to Service Vouchers and Cards activity less over-drafts.*

EARNINGS PER SHARE

(in euro)	
2004-2005	1.36
2005-2006	2.07
2007-2008	2.22

In the absence of the creation of any new shares, earnings per share increased in line with Group net income.

A CORPORATE CITIZEN

The Group's 342,000 employees share common values and a commitment to a socially responsible world that must prepare for future generations. These values are conveyed by the individual daily actions of each of our employees, as well as by the Group's policies and programs to Improve the Quality of Life.

Sodexho's business, social and environmental commitments are expressed in its Ethical Principles and Sustainable Development Contract. These commitments are recognized and rewarded throughout the world where the Group continually strives to make every day a better day.

Living our values

Our philosophy is the foundation of our success, both in the past and in the future. It is based on six pillars:

- who we are;
- our business strategy: organic growth;
- our mission;
- our vision;
- our core values;
- our ethical principles.

Who we are

Our company is the community of our clients, customers, employees and shareholders. Our purpose is to exceed their expectations.

Our business strategy: organic growth

We continue to focus on achieving organic growth in revenues and earnings, while contributing to the economic development of countries in which we operate.

Our mission

To Improve the Quality of Daily Life.

Our vision

To become the premier global outsourcing expert in Quality of Life services.

Our core values

Service spirit

- Clients and customers are the center of everything we do.
- In order to serve them well, on a daily basis, at all levels, we have to demonstrate our ability to listen, our capacity to anticipate their expectations, our sense of conviviality, our responsiveness to their needs and our pride in satisfying them.
- Sodexho has become a large, worldwide company, but we still remain a local company in which each manager in the field is a true entrepreneur, close to their clients and empowered in their decision-making.

Team spirit

- It is an imperative in all of our operations, our business units and support functions, as well as in our management committees.
- Each person's skills combine with other team members' knowledge to help ensure Sodexho's success. Teamwork depends on the following: listening, transparency, respect for others, diversity, solidarity in implementing major decisions, respect for rules, and mutual support, particularly in difficult times.

Spirit of progress

We demonstrate the spirit of progress through:

- our will, but also the firm belief that one can always improve on the present situation;
- acceptance of the evaluation of our performance, which compares us to our colleagues in the company, or with competitors;
- rejection of preconceived notions and false alibis for avoiding change;
- self-evaluation, because understanding one's successes as well as one's failures is fundamental to continuous improvement;
- a balance between ambition and humility;
- optimism, the belief that for every problem there is a solution, an innovation, or an improvement to be made.

Our ethical principles

Loyalty

A foundation of trust between Sodexho and its clients, employees, and shareholders, based on loyal relations. Trust is one of the cornerstones of operations in our organization.

Respect for people

Humanity is at the heart of our business.

Sodexho is committed to providing equal opportunities regardless of race, origin, age, gender, beliefs, religion, or lifestyle choices.

"Improving Quality of Life" means treating each person with respect, dignity and consideration.

Transparency

This is one of Sodexho's major principles, and is a constant with all stakeholders: clients and customers, employees and shareholders.

Business integrity

We do not tolerate any practice that is not born of honesty, integrity and fairness, anywhere in the world where we do business.

We clearly communicate our position on this issue to our clients, suppliers, and employees, and expect them to share our rejection of corrupt and unfair practices.

In November 2006, the Group Executive Committee recommended to the Board of Directors the adoption of a "**Business Integrity Code**". The code enshrines Sodexho's core beliefs and practices in the area of business ethics, so that every employee understands and shares the Group's commitment to business integrity.

All of our employees at every level are expected to adhere to our philosophy and the six progress pillars above guide each of us in our daily work.

Sodexho's Ambition for 2015

We aim to double our fiscal 2005 revenue and triple our operating profit.

To achieve this objective, we have a clear-cut strategy:

- reinforce our leadership position in Foodservices;
- accelerate our development in Facilities Management services;
- become the global leader in Service Vouchers and Cards.

Improving Quality of Life for everyone now and for future generations

An integral part of our strategy

Present in 80 countries covering 80 percent of the world's population, Sodexho's 342,000 employees, who represent more than 130 nationalities, put their collective cultural diversity and expertise to accomplish a shared vision, to: "Become the premier global outsourcing expert in Quality of Life services." **"Improving the Quality of Daily Life"** expresses not only Sodexho's desire to make life better for everyone we serve today, but also our commitment to ensuring a better future for generations to come.

As a socially responsible company, Sodexho makes social and environmental criteria an integral part of our policies and programs. The Ethical Principles and Sustainable Development Contract, which formulates our commitments and sustainable development strategy, was signed by our senior management team in 2003. In keeping with an improvement-oriented approach, our actions in the field are adapted to the specific cultural, economic and environmental features of the countries in which we operate.

The will to progress

Sodexho forms a community of progress with its clients, customers, employees, suppliers, shareholders and host countries. Our ambition is to structure a progress-driven approach and measure achievements to make every day a better day. The action plan has three objectives:

- build a network of coordinators throughout the Group;
- develop our commitments and indicators; and
- introduce common tools.

In 2006, Sodexho implemented a management tool to exchange and share the best sustainable development initiatives and since then has published a Sustainable Development Report available at www.sodexho.com.

The Group's commitments

Global Sullivan Principles

Since 2002, Sodexho has been a signatory of the Global Sullivan Principles, a framework for companies of all sizes and segments that share the same vision of law and justice. We are committed to implementing those principles and accepting our social responsibilities in all countries where the Group operates.

For more information: www.thesullivanfoundation.org/gsp.

The United Nations Global Compact

In 2003, Sodexho joined the Global Compact, making a commitment to respect its ten principles and recognizing a responsibility for human rights, compliance with labor and environmental standards and non-tolerance of corruption.

For more information: www.unglobalcompact.org.

Recognized corporate citizenship

Sodexho Alliance is included in four Social Responsibility Investment indices:

- **FTSE4Good**: Sodexho Alliance has been one of four France-based companies included in this index since its creation in 2001 (www.ftse4good.com). The 2007 ranking shows the Group as a benchmark in its business sector.
- **ASPI Eurozone:** Sodexho Alliance was included in this index in 2004 on the basis of sustainable development criteria defined by the Vigeo rating system. The Vigeo survey shows that the Sodexho approach covers all aspects of corporate citizenship, with two particularly strong points: its business behavior and community involvement (www.vigeo.fr).
- Sodexho was again selected in 2007-2008 for inclusion in the **Dow Jones Sustainability World Index** and **Dow Jones STOXX Sustainability Index** (Europe area). For the third year in a row, Sodexho was also named "worldwide supersector leader" in the Travel and Leisure category. Sodexho is the only company headquartered in France to receive this recognition. According to the SAM Group, the DJSI rating agency, *"Sodexho's performance has been remarkable, testifying to a clear business philosophy and great transparency."*

Our sustainable development strategy is set forth in our ethical charter, presenting our objectives and commitments we have made to our stakeholders.

Clients

OBJECTIVE	COMMITMENT
Create strong, long-term partnerships	• Create value for clients over the long term, thereby forging strong partnerships

Customers

OBJECTIVE	COMMITMENTS
Improve the Quality of Daily Life, safely	• Develop a portfolio of services that help to improve the Quality of Life for everyone who has entrusted us with their well being • Reduce food safety risks • Inform future generations about the importance of eating correctly and educate them regarding good practices

Employees

OBJECTIVE	COMMITMENTS
Encourage a fulfilling professional life	• Provide employees with a powerful “social elevator” • Promote and respect diversity

Suppliers

OBJECTIVE	COMMITMENTS
Build balanced, long-term relationships	• Pursue procurement policies that guarantee the quality of products • Strongly encourage suppliers and subcontractors to respect our sustainable development values

Shareholders

OBJECTIVE	COMMITMENT
Ensure that all shareholders receive the same information at the same time	• Regularly provide all shareholders with the same simultaneous, accurate, clear, transparent information

Host countries

OBJECTIVE	COMMITMENTS
Contribute to the economic and social development of the countries in which we operate	• Support the development of local economies by promoting local hiring, the purchase of local products and, in the most disadvantaged countries, local initiatives to stimulate economic growth • Fight hunger and malnutrition by expanding the STOP Hunger program • Help protect the environment in our host countries

Our objectives, our successes

Clients

Progressing with our clients

Ensuring customer loyalty is the key to Sodexho's continuing growth. This means forging solid, lasting partnerships through open communication and consistent performance, enabling us to progress together, day after day. Our loyalty strategy is based on the diversity of talent and cultures that make up our teams, our common Clients For Life® approach, and our numerous sustainable development initiatives.

United States

Expanded partnership with Stanford University Medical Center (California)

"We are excited to partner with an acknowledged industry leader like Sodexho to enhance the overall patient experience at the hospital. We are confident that the new programs, technological innovations and operations Sodexho is providing will help the hospital to run more efficiently and cost effectively, while at the same time, improving all aspects of the patient's stay."

Paul Watkins, Administrative Director, Support Services, Stanford University Hospital & Clinics.

For more than 25 years, Sodexho has provided foodservice to the Stanford University Medical Center, a contract that was extended to environmental services and later to patient transportation. Through innovative transportation solutions, a greater than 300% increase of productivity in on-time delivery (within 15 minutes) was achieved and productivity of existing staff increased by 17%.

In March 2007, Sodexho was awarded a new multi-million-dollar engineering contract for Stanford Hospital & Clinics, Stanford University School of Medicine and the Lucile Packard Children's Hospital in Palo Alto, California. Under the new contract, Sodexho will manage the plant operations and maintenance and infrastructure renovation projects for the three facilities totaling over 4.5 million square feet in size – the largest physical space managed by Sodexho in the United States.

"GreenBacks" – Sweden

Protecting the environment through waste recycling

"GreenBacks" is a system solution for by-product handling first tested in Sodexho offices. Ten GreenBacks contracts have been signed in partnership with Ragn-Sells, the Swedish leader in salvage, recycling and waste recovery. By enabling our clients to achieve their environmental goals, this solution helps sustain their loyalty.

For example, **The Swedish Teachers Union** headquarters in Stockholm, where Sodexho has been delivering food and conference services since 1984, has used "GreenBacks" since 2001. **ESAB** in Gothenburg, where Sodexho has been providing food, maintenance and concierge services since 1986, introduced the new system in 2003.

Indicator

Retention rate

06-07: 93.9%

05-06: 93.8%

04-05: 93.3%

03-04: 92.9%

02-03: 92.8%

Objective for Fiscal 2008: 95%

2006-2007 Awards

Sodexho's Health, Safety and Environment practices have been recognized in Australia by **ExxonMobil**, in Chile by the **Chilean Security Association**, **Antofagasta Minerals** and Mining Company **Anglo American**, in New Caledonia by **Goro Nickel**, in Peru by **Techint**, on **Sakhalin Island** (Russia) and in the United Kingdom by **RoSPA** (Royal Society for The Prevention of Accidents) and the **British Safety Council**.

Argentina

Sodexho was named **"Voucher Issuer of the Year"** by the business magazine *Revista Mercado*.

China

Sodexho won the prize for **"Corporate Foodservice Excellence in China"** awarded by the Chinese Cuisine Association (CCA). Sodexho is the only foreign-based foodservice company to receive recognition for its operating practices, its results and its commitment to job promotion and sustainable development of the local economy.

Mexico

Sodexho is the only Food and Facilities Management company in Mexico to receive the prestigious ***Empresa Socialmente Responsable*** (socially responsible company) certification for the third year by the **Mexican Philanthropy Center** for its business ethics, community involvement and environmental protection in business strategy.

Peru

Sodexho was named **"Company of the Year 2006"** in the "Services" category for the third consecutive year by an association created to promote entrepreneurial spirit and service quality.

United Kingdom

Sodexho moved into the **"Silver Performance band"** in its second year of official recognition as one of the Top 100 Companies in the **Corporate Responsibility Index** published in the **"Sunday Times Companies that Count**".

United States

Sodexho won the 2006 **"Outstanding Business Partner of the Year Award"** from the National Association of College Auxiliary Services (NACAS).

Sodexho won two **"2007 Best Practice"** awards for the ***"Energy Efficiency Partnership Program"*** developed at the **University of California at Davis**.

Customers

Offering balance and health

As the global leader in Foodservices and the world's foremost corporate employer of dietitians, Sodexho is proud of our role in promoting healthy, well-balanced nutrition and has made the fight against obesity, described as a "pandemic" by the World Health Organization, one of its top priorities.

Chile

***"Atina Come Sano":* Tasty and Healthy**

In 2006, Sodexho launched the nutrition educational program *"Atina Come Sano"* (Atina eats healthy food) to give children a taste for wholesome, varied food and a healthy lifestyle. A "Nutritional Traffic Light" system allows them to identify the nutritional value of the various dishes available and compose a balanced menu. Today, some 30 private schools with more than 3,000 students are learning good eating habits that will serve them their entire lives.

Sodexho also involves parents in this educational approach. They receive a monthly newsletter and can consult the recommendations posted each week to help them plan weekend meals.

Sodexho has developed a partnership with INTA (Institute of Nutrition and Food Technology) at the University of Chile which audits and certifies the program.

International

Freedom, pleasure and health with the "Vitality" offer

Sodexho has developed "Vitality", an innovative offer allowing customers to balance their menus during the week. The offer combines taste, variety and know-how with original recipes featuring the wealth and flavor of local products. More than just low-calorie recipes, "Vitality" ensures varied, flavorful meals.

Everyone wants to eat a well-balanced diet, but people are often rushed at mealtime and do not always know what to buy or consume throughout the day. To help customers make their choices and achieve a healthy balance, Sodexho provides information on the nutritional qualities of products and explains how to prepare tasty recipes.

Developed by Sodexho in Sweden with the support of Sodexho's operations in all the European countries, "Vitality" has been adopted in Sweden, Austria and Morocco and is being developed in the Czech Republic, Finland, France, Italy, the Netherlands and Portugal. Adapted to local products, eating habits and cultures, the offer has been enthusiastically welcomed by customers, who are increasingly taking their meals at company restaurants where it is available.

Indicator

For fiscal 2007, 99% (89% in 2005) of subsidiaries provide clients, customers and employees with information and training on good eating habits.

Basis for consolidation: 95% of subsidiaries weighted on revenue.

2006-2007 Awards

***Food Management Magazine* awarded Sodexho its "Best Concept"** prize for "Sweet Shots". The low-calorie treats are designed to deliver big flavor in convenient portable packages, allowing customers to enjoy snacks in the workplace without worrying about calories.

France

Sodexho received the **"Public-Private Action Award"** for Culture Vouchers given out to students in the Centre region.

United Kingdom

The magazine *Employee Rewards and Benefits* awarded Sodexho the prize for **"Childcare Voucher Provider of the Year".**

United States

The **Vegetarian offer** introduced in **Atlanta Public Schools** in Georgia won the **Golden Carrot Award**. The award, presented by the Physicians' Committee for Responsible Medicine, recognizes Sodexho's innovative approach to encouraging healthy eating habits among children.

Employees

Maximizing the value of talent and diversity

Sodexho's success stems from the motivation, expertise and diversity of our employees. The Group is always striving to attract, develop, motivate and retain talented individuals. Committed to equal opportunity and diversity, Sodexho views these differences as an asset.

Marit Teigland

Vice President Gulf of Mexico, Remote Sites

"Most limits on what you can do are in your own head. Never stop challenging them and you will discover Sodexho and the world are open to you."

A hands-on individual, Marit Teigland embodies the true spirit of Sodexho. Involved, committed and ambitious, she leverages life's opportunities and turns them into successful endeavors.

Marit began her career in 1997 as a Managing Director, when she was recruited to set up a new remote site entity in Norway. She spent her its first six months prospecting in the oil and gas community.

In August 1998, the team was awarded the first contract at three ExxonMobil offshore platforms. Marit continued growing the business, and within two years, it was delivering revenue of 40 million euros, with 600 employees on 20 sites offshore in Norway.

In 2005, Marit became Business Development Director for the Asia Pacific Zone, and at the end of 2007 was named Vice President for Remote Sites in the Gulf of Mexico, thus becoming a member of the organization's Executive Committee.

Marit is very enthusiastic about her work: *"As part of the Remote Sites team, I get to go to some of the most beautiful places on our planet."* Colleagues describe Marit as a woman who likes challenges and she is proud of having entered a male-dominated industry where she has earned the respect of internal colleagues, external clients and the community. Marit recognizes that she has been fortunate in having the support of people both inside and outside the Group in managing a booming business: *"With our rapid growth and my limited experience, I needed good advice. I found my mentors in the local oil and gas industry and among the members of my management team."*

When asked if she had any advice for new employees joining Sodexho, Marit replies with enthusiasm and energy: *"Most limits on what you can do are in your own head. Never stop challenging them and you will discover Sodexho and the world are open to you."*

Marit has two children and three grandchildren. She started her university studies when her children started school. They always accompanied her for her first relocations. *"Being a mother and at the same time pursuing a challenging career is not so easy,"* she admits, *"but it becomes what you make of it."*

Indicators

Rate of internal promotion

Fiscal 2007: 20% of vacant site manager positions or equivalent were filled through employee promotions and **28%** of vacant management positions by the promotion of site managers or equivalents.

Employee diversity

Sodexho employs people with **132** different nationalities in **80** countries.

2006-2007 Awards (Human Resources Development)

France

Sodexho won the "Silver Award" at the first "**Individual Right to Training Awards"** presented in 2007 by the **Demos Group**. The awards are given for the most successful integration of rights to individual training, widespread access to training and career development prospects. 2,000 Sodexho employees received training in 2006 and 4,000 in 2007.

Germany

Sodexho was placed among the "Top 10" of "2007 Employers" in a survey by the **Institut Geva**. The study examined Human Resources strategy, organization and working conditions, retirement and social benefits, the company's attractiveness in the market, career development opportunities, job security, manager retention rates and team spirit.

United States

The prize for "Best Business Management Concept" was given to Sodexho by *Food Management Magazine* for COCE (Circle of Customer Excellence), an employee training program to improve service quality, increase sales and ensure greater customer satisfaction. The rate of satisfaction indicated by students in schools with COCE programs rose by 15%.

International Quality and Productivity Center, an international company specializing in senior executive training, awarded Sodexho the **"Best Hiring Program"** prize for its outstanding managerial practices in four areas: problem solving, innovation, brand strength and return on investment.

2006-2007 Awards (Diversity)

Belgium

Sodexho received the **"Equality Diversity" label** from the Federal Ministries of Employment and Equal Opportunity.

Canada

Sodexho obtained **Gold PAR** (Progressive Aboriginal Relations program) accreditation for the third year from the **Canadian Council of Aboriginal Businesses** (CCAB) in recognition of the Group's commitment to Aboriginal communities for the past 20 years.

The **Women's Affairs Network of Quebec** presented Marie Line Beauchamp, Vice President, Operations, with the **"2006 Quebec Businesswomen"** prize in the Private Company Manager category.

France

Sodexho won the **"2006 Corporate Diversity Award for Innovations"** for its commitment to promoting equal opportunity. The award was presented at the closing ceremony of the 18-city "Diversity Tour de France" launched in October 2006 to build corporate awareness and support for progressive approaches to diversity, highlighting positive examples and best practices.

United States

Sodexho was selected:

- by HRC - Human Rights Campaign – in its 2008 Corporate Equality and Best Places to Work with a perfect score of 100;
- by *Profiles in Diversity Journal* in the "Top 10 2007 Innovations in Diversity Award";
- by *DiversityInc* for the third year as one of the 50 companies most committed to promoting diversity;
- by *Latina Style Magazine* for the fifth year, among the 50 companies offering the best opportunities to Hispanics and in the "Top 60" of *Hispanic Business Magazine* for its commitment to the Hispanic community;
- by *Hispanic Trends* among the Groups favoring supplier diversity;
- by *Black Enterprise Magazine* as one of the top 15 companies promoting employee diversity;
- by *Asian Enterprises Magazine*, for the third consecutive year, in the "Top 20" of the groups most committed to Americans originating in Asia Pacific";
- by *Working Mother Media* in the "Top 20" of companies encouraging women employees with multicultural backgrounds.

ERE Media. Inc awarded Sodexho the prize for the Best Hiring Program for diversity.

Countries

Fighting hunger and malnutrition

Sodexho refuses to accept the fact that 854 million people worldwide, including 200 million children, suffer from hunger and malnutrition. To help combat this far-reaching problem, the Group is expanding our STOP Hunger program to our main host countries, encouraging employee involvement and developing many new initiatives.

STOP Hunger

For Fiscal 2007, STOP Hunger initiatives throughout the world raised a total of 2.7 million euro for organizations involved in the fight against hunger, allowing them to serve more than 721,000 meals to the homeless.

The STOP Hunger program, launched more than ten years ago in the United States, is being gradually rolled out in the countries where the Group operates. The aid and initiatives of Sodexho employees, customers, clients and suppliers fall into four categories:

- **Encouraging volunteer work**: Sodexho encourages our employees to demonstrate their service spirit through initiatives to combat hunger in local communities.
- **Organizing information and training programs on well-balanced nutrition**: vocational training for the unemployed and the homeless and education in healthy, teaching the basics of well-balanced eating without wasting food.
- **Collecting food donations:** packaged and fresh surplus food or prepared meals distributed by associations committed to the fight against hunger.
- **Fundraising:** support and sponsorship of programs to combat hunger and malnutrition.

Indicator

STOP Hunger Fiscal 2007

During fiscal year 2007, **22 countries** (Argentina, Australia, Belgium, Brazil, Canada, Finland, France, Germany, Hungary, Ireland, Madagascar, Mexico, Morocco, Netherlands, Norway, Peru, Poland, Romania, Russia, Singapore, United Kingdom, United States) conducted **229 major STOP Hunger initiatives** and developed partnerships with **153 NGOs, associations, and charities**.

The Sodexho Foundation in the United Kingdom

Since it began in June 2005, the Sodexho Foundation has raised nearly 250,000 pounds sterling to combat hunger and malnutrition in the United Kingdom, where four million people lack the resources to eat adequately.

It supports a number of organizations such as Feed the Children, National Children's Homes and the St. Vincent de Paul Society and has entered a three-year partnership with FareShare, a UK charity that redistributes surplus quality goods to those in need.

FareShare – Sodexho partnership

In 2006, the Sodexho Foundation donated 95,000 pounds sterling to FareShare, which allowed the charity to provide more than 220,000 meals. Sodexho employees volunteered 357 hours to distribute eight tons of food. In September 2007, Sodexho launched a new fundraising campaign in all the divisions. The Sodexho Foundation plans to support several local charity initiatives, launch a nationwide employee volunteer program and encourage suppliers to join the Group in working to combat hunger. Sodexho will also increase its contribution by taking advantage of the possibility of donating a percentage of wage taxes to charitable programs.

Tony Lowe – Chief Executive, FareShare.

"Becoming a partner of the Sodexho Foundation has had a huge impact on FareShare's ability to grow and develop over the past two years. Sodexho's fantastic contribution has enabled us to support many more organizations providing much needed food to thousands of people living on the margins of society and helped us develop important training and education programs aimed at improving the health, well-being and employability of many of these vulnerable people."

2006-2007 Awards

United States

"Feeding Rhode Island's Future"[1] wins Food Management Magazine's Best Concept Award

Countless studies indicate that children who eat breakfast and lunch perform better on standardized tests, are tardy or absent less often and are more attentive in class. In the state of Rhode Island, however, many eligible high school students do not apply for the National School Lunch Program's free and reduced priced meal plan (NSLP). Even though students in the program retain their anonymity at the cash register, they would rather skip lunch than risk being labeled "poor".

To erase the stigma of applying for assistance and show students that school meals can be healthy and tasty, Sodexho General Manager Solange Morrissette began coordinating a two-day NSLP application drive at Tolman High School and 15 other local high schools. To make the event exciting, she enlisted the sponsorship of Rhode Island Credit Union and a popular radio station, Hot 106. Hot 106 personalities were on-site with their booth to interact with students, play games and music and encourage everyone (regardless of eligibility) to fill out NSLP applications as entry forms for prizes being given away. This provided a non-threatening way to turn in applications because the completed forms were viewed by students as opportunities to win movie tickets, CDs, tee shirts and duffle bags. There was an immediate 18% increase in the number of students participating in the program.

1 The "Feeding Rhode Island's Future" initiative has been developed within the scope of the STOP Hunger program.

Experiencing and Sharing Quality of Life

Sodexho's global offer covers Food and Facilities Management services as well as Service Vouchers and Cards to create sustainable value for its clients and improve the wellbeing of its customers throughout the world. Employees in companies, students and teachers in schools and universities, patients and health care personnel in hospitals, inmates in correctional facilities, seniors in specialized nursing homes and retirement communities, personnel on major onshore and offshore projects… they all benefit from the expertise of Sodexho and the professionalism of our dedicated teams, specifically trained to **Improve their Quality of Daily Life.**

2 activities in the service of the Quality of Life

Food and Facilities Management services

- Corporate Services
- Leisure
- Defense
- Correctional Services
- Health Care
- Seniors
- Education
- Remote Sites

97% of Group revenues
12,946 million euro in consolidated revenues
17,114 million U.S. dollars in consolidated revenues

Service Vouchers and Cards

3% of Group revenues
7.5 billion euro in issue volume
447 million euro in consolidated revenues
591 million U.S. dollars in consolidated revenues
310,000 clients (excluding individuals)
20.2 million beneficiaries
1 million affiliated partners

Source: Sodexho

Food and Facilities Management services

➜ CORPORATE SERVICES

No.2 worldwide – Foodservices

4,953	6,546	37%	135,982	15,371
Revenues in EUR millions	Revenues in USD millions	Share of Group revenues	Employees	Sites

Source: Sodexho

Creating value with "Quality of Life" services

Sodexho expertise relies on anticipating client needs, applying the Group's broad experience and delivering comprehensive services. With our global scope, Sodexho designs and implements customized solutions to create sustainable value for our clients worldwide. Our teams, focused on the needs of customers, combine a service spirit with high standards of quality, safety and health and environmental protection to improve the Quality of Life of customers.

Achievements

France

The "Equilibre" Program for working adults **earned the PNNS 2 (National Nutrition and Health Plan) label.** Sodexho is the first Foodservices company to receive the label from the French Ministry of Health.

India

DLF Builders has delegated to Sodexho the management of **three shopping malls** in New Delhi, Gurgaon and Chandigarh covering 682,000 total square feet.

Spain

Sodexho enjoyed **successful Facilities Management expansion**. Chosen in 2005 to deliver technical maintenance services for major clients such as Coca-Cola and Barcelona Football Club, Sodexho doubled its sales in Facilities Management services in Fiscal 2007 and achieved **ISO 14001** certification.

United Kingdom

ING has extended the range of Facilities Management services outsourced to Sodexho with a new, three-year contract worth 12 million pounds sterling. The new services include engineering, security, help desk, space planning, waste management and porterage.

United States

Food Management Magazine **awarded Sodexho its "Best Concept" prize** for "Sweet Shots", a concept delivering big flavor in small packages for a low-calorie treat in the workplace.

Events

Sodexho partnerships in 2007 included:

- the **Rugby World Cup,** September 7-October 20, 2007 in France and the UK supplying 110,000 hospitality packages and 185,000 travel packages to fans;
- the **World Scout Jamboree** for 31,000 scouts and 10,000 volunteers at Hylands Park in Chelmsford, UK on July 27-August 8, 2007;
- **Special Olympic European Youth Games,** September 30-October 6, 2007 in Rome, Italy, with 1,400 athletes, 400 trainers, 2,000 volunteers, and 3,000 parents from 57 countries.

Market trends

Three key trends are dominating the market:

- **companies are seeking partners** capable of supporting their development. Sodexho ensures integrated management of all their support services while optimizing value;
- **to be closer to new prolific markets and cut production costs,** clients are moving into the emerging regions of Asia, South America and Central and Eastern Europe. Sodexho's wide geographical scope and capabilities in these regions give us strong local knowledge, as well as valuable sustainable development expertise. Therefore Sodexho is able to partner with our clients as they expand abroad;
- **globalization is creating new human resources challenges** – among these are managing an increasingly mobile workforce and attracting and retaining talents.

  Sodexho's Quality of Life Services help clients create work environments that foster productivity, comfort, convenience and efficiency, thus increasing client competitiveness.

Source: Sodexho

Over 250 billion euro in

estimated total market value*, including:

85 billion euro in **Foodservices**

- outsourcing rate: 79% (highest rate: USA around 97%; among the lowest rates: Russia around 30%);
- outsourced market average annual growth rate: between one percent and two percent over the next three years.

(*)The **market value for Facilities Management services** (excluding Foodservices) is **more than double** that of **Foodservices**.

Sodexho estimate

KLM – Sodexho (The Netherlands)

"The transition to Sodexho has been completed successfully. Based on the first deliverable, the financial data warehouse, we are confident that Sodexho will deliver the promised performance."

Roel Varossieau, Vice President Demand Management & Real Estate – KLM.

Successful transition and guaranteed performance

Building on a longstanding relationship of trust, the Dutch airline company KLM and Sodexho have expanded their partnership. Building on the success of 15 years of providing Foodservices, Sodexho is now supplying support services, and has integrated 255 KLM employees who specialize in Facilities Management services.

KLM outsources its Facilities Management services

In late 2003, KLM decided to outsource its Facilities services to cut costs while improving service quality. The contract encompasses more than thirty Food and Facilities Management services for 90 KLM buildings covering a total of two million square feet in the Schiphol region. Knowing that employment issues related to 255 KLM staff members were a key concern for KLM, Sodexho pledged to ensure smooth team transfers and continuous quality service.

Sodexho builds a customized offer in partnership with KLM

Sodexho won the KLM contract in late 2006, in particular thanks to its team management experience and the quality of its staff engineering offer. It proposed taking 255 KLM employees on board and recommended jointly defined Service Level Agreements, along with a clear procurement policy and a transparent online reporting system.

Close cooperation for a successful transition

A strong partnership with a project management team made up of Sodexho and KLM employees has helped ensure a smooth transition. Fully transparent reporting has been implemented. Today, Sodexho is benefiting from the expertise of the newly integrated KLM specialists, and customers are enjoying guaranteed service quality.

A 250 million euro contract over five years
36 Food and Facilities Management services
Building maintenance, crew transport, uniform distribution and waste management.

Sodexho Experience

An innovative food offer rolled out across countries

An innovative, process-based foodservice offer, "be' by Sodexho", provides high quality, customization and evolution to clients. The offer is personalized using Sodexho's Personix™ tool, which identifies customers' catering needs and expectations by taking into account their mindset and consumption behaviors at work. Surveys pinpoint what customers expect from their catering outlets: staff restaurants, coffee corners, take-aways, etc. Local culinary traditions and healthy options are offered, providing plenty of choice. Programmed theme changes supply a variety of visuals, while menus are periodically adapted, taking into account seasons, customer tastes and comments. After its great success in the UK, "be' by Sodexho" was duplicated in Ireland, Finland and Belgium and is now continuing its international growth. Customized applications of this offer have been well-received by many clients, including Nokia and Cisco.

Among our clients...

Alcatel: *Austria, Belgium, Canada, France, Morocco, Poland, South Korea, USA.*

Axa: *Australia, Belgium, France, Germany, UK, USA.*

Bristol Myers Squibb: *Argentina, Colombia, France, Italy, Mexico, Netherlands, USA.*

Canon: *Belgium, France, Germany, Italy, Malaysia, Netherlands, Norway, Russia, Spain, Sweden, UK, USA.*

Cisco: *Australia, Austria, Belgium, Denmark, Finland, France, Germany, Luxembourg, Netherlands, New Zealand, Norway, Sweden, Switzerland.*

General Electric: *Canada, Czech Republic, Finland, Norway, Russia, Sweden, USA.*

GlaxoSmithKline: *Austria, Belgium, Canada, Chile, Colombia, France, Germany, Ireland, Morocco, Netherlands, Poland, UK.*

HSBC: *China, France, India, Malaysia, UK, USA.*

IBM: *Chile, Colombia, Costa Rica, Czech Republic, Denmark, France, India, Italy, Peru, Russia, Sweden, UK, USA, Venezuela.*

Pfizer: *Belgium, Brazil, Chile, Finland, France, Ireland, Italy, Norway, Peru, Spain, Sweden, Turkey, UK, USA.*

Procter & Gamble: *Argentina, Belgium, Brazil, China, Colombia, France, Germany, Ireland, Italy, Poland, Russia, UK.*

LEISURE

Offering exceptional moments

With upscale services, prestigious venues and memorable events, Sodexho combines creativity, expertise, refinement and friendliness to give daily life its exceptional moments.

Achievements

Belgium: BMW and Sodexho opened **"Enjoy"** restaurant, offering the public a gourmet menu in a refined décor.

France: Bateaux Parisiens, a Group subsidiary, opened the **"Café Seine"** on the riverside at the foot of the Eiffel Tower.

United Kingdom: Sodexho received the **"Best Event Organizer"** and **"Best Use of Facilities"** awards for services at **Knebworth House** at the first Eventia Corporate Event.

United States: In partnership with St. Bartholomew's Church, Sodexho is inaugurating the "**Café St Barts"**, its first direct-to-customer restaurant in New York, on Park Avenue, one of the world's most prestigious locations.

Société d'Exploitation de la Tour Eiffel (SETE) – Alain Ducasse group – Sodexho

"It is a great honor and an exciting challenge to put the expertise of the Alain Ducasse Group, its culinary creativity and excellent service quality at the service of one of the most symbolic venues in Paris. We could not have embarked on this grand adventure without Sodexho's experience."

Alain Ducasse

An ambitious partnership for the Eiffel Tower

The Eiffel Tower receives 6.7 million visitors each year. To satisfy this diverse clientele, our client wanted to offer a restaurant experience in keeping with the celebrated monument and suited to varying customer profiles. In 2006, the Sodexho-Alain Ducasse partnership was awarded the concession for a conceptual, economical culinary approach.

An original concept for each floor

The Sodexho-Alain Ducasse partnership proposes a dining experience at the high end of each segment to meet a range of customer expectations and budgets. Contemporary snacks at low prices are available on each level of the Eiffel Tower. The first floor restaurant turns from theme-based counters at noon into a trendy dining spot at night. On the top floor, the legendary "Jules Verne" restaurant offers *nouvelle cuisine française* with three types of clienteles: business clients at midday, international tourists in early evening and sophisticated diners at night.

Combining talents

To create this innovative offer, Sodexho partnered with prestigious names. In a newly designed décor by Patrick Jouin, the renowned designer, the Alain Ducasse Group joins its gastronomic creativity with Sodexho's 40 years of experience, resources and management of outstanding venues to ensure an unforgettable experience for every diner.

Sodexho Experience

United Kingdom

Business is blooming

After providing food and hospitality services at England's renowned Chelsea Flower Shows for twenty years and the Tatton Flower Show for eight years, Sodexho has added the Hampton Court Palace to its roster of prestigious clients, a sign of the renewed confidence of the Royal Horticultural Society.

Among our clients...

Prestige Restaurants and Events

Art Café *(Modern Art Museum restaurant), Strasbourg (France).*

Ascot Racecourse, *Berkshire (UK).*

Blenheim Palace, *Oxfordshire (UK).*

Château de Vaux-le-Vicomte, *Paris area (France).*

Children's Museum of Indianapolis, *Indiana (USA).*

Cincinnati Zoo and Botanical Gardens, *Ohio (USA).*

Detroit Institute of Art, *Michigan (USA).*

Epsom Downs Racecourse, *Epsom (UK).*

Huntington Library Gardens Café, *Pasadena, California (USA).*

L'Atelier Renault, *Paris (France).*

Le Jardin du Petit Palais, *Paris (France).*

Le Roland Garros, *Paris (France).*

Les restaurants de la tour Eiffel, *Paris (France).*

Murrayfield Stadium, *Edinburgh (Scotland).*

Racecourses of *Auteuil, Chantilly, Enghien, Longchamp, Maisons-Laffitte, Vincennes (France).*

St. Bartholomew's Church, *New York (USA).*

The Churchill Museum & Cabinet War Rooms, *London (UK).*

The John G. Shedd Aquarium, *Chicago, Illinois (USA).*

Private Clubs, Associations and Conference Centers

Black Canyon Conference Center, *Phoenix, Arizona (USA).*

Centre d'Affaires Etoile Saint-Honoré, *Paris (France).*

Conference Center at NorthPointe, *Columbus, Ohio (USA).*

Desert Willow Conference Center, *Phoenix, Arizona (USA).*

Johnson Space Center, *Houston, Texas (USA).*

La Maison des Polytechniciens, *Paris (France).*

Les Salons de la Maison des Arts et Métiers, *Paris (France).*

San Ramon Valley Conference Center, *California (USA).*

Tecnológico de Monterrey *(Mexico).*

The Parkway Hotel at the Barnes Jewish Medical Center, *St. Louis, Missouri (USA)*

Directors Tables and Executive Dining Rooms

Bank of America, *Ottawa (Canada).*

BAT, *London (UK).*

BNP Paribas *(Headquarters), Paris (France).*

EADS *(Headquarters), Paris (France).*

ING Bank, *London (UK).*

DEFENSE

444	587	3%	13,482	1,104
Revenues in EUR millions	Revenues in USD millions	Share of Group revenues	Employees	Sites

Source: Sodexho

A commitment to service

Bolstered by extensive experience of military life at home and abroad, Sodexho is committed to supporting military personnel and their families by facilitating their careers and improving their Quality of Life. Sodexho tailors its offers, from Foodservices to complex logistics solutions, to maximize the resources of the armed forces.

Achievements

Cyprus: the **British Ministry of Defence** has entrusted Sodexho with Food and Facilities Management services at the Sovereign Base.

Singapore: For the third time, **Civil Defense** honored Sodexho with the "**Distinguished Defense Partner Award"** for outstanding Foodservices.

United States

- The **Defense Department** honored Sodexho with the prestigious **"Liberty Award - Pro Patria"** for its commitment to National Guard and Reserve employees.
- **Greg Verone,** President of the Government Services Division of Sodexho, Inc., was appointed to the **Armed Services YMCA** Board.

Market trends

In an effort to retain troops and cut costs, armed forces today are seeking flexible, creative partners ready to act as genuine stakeholders in the military community. Under "Defense Career Partnership" agreements with the United Kingdom, France and the United States, Sodexho is committed to preferential hiring of military family members on bases and enabling defense personnel to continue their careers later on within the Group.

Source: Sodexho

Over 20 billion euro in **estimated total market value*, including**
6.5 billion euro in **Foodservices:**

- outsourcing rate: 35% (highest rate: Italy around 75%; among the lowest rates: Netherlands: less than five percent);
- outsourced market average annual growth rate: between four percent and five percent over the next three years.

(*)The **market value for Facilities Management services** (excluding Foodservices) is **about 2.5 times** that of **Foodservices**.

Sodexho estimate

Swedish Defense Forces – Sodexho (Sweden)

"We are very impressed by the resources Sodexho provides and we consider Sodexho to be a very serious partner."

Anitha Jansson, Client Relations, Swedish FM Logistics Directorate.

Quality of Life at the best price

Sweden's armed forces first called upon Sodexho to optimize costs while providing quality Foodservices in 2005 at the Skovde garrison in Stockholm, and again in 2006 and 2007 at five training camps in the Norbotten region.

Mission accomplished!

Selected for its experience, innovations and quality offerings at the right price, Sodexho has not only succeeded in reducing costs by 25% while maintaining service quality, but also in generating additional revenue by renting facilities for civilian purposes.

Sodexho's performance has prompted the armed forces to consider expanding the partnership through further outsourcing in the coming years.

Sodexho Experience

France

Sodexho reinforces deployed French Army's projected forces

The relationship forged between Sodexho and the French Armed Forces over the last six years has borne fruit: Sodexho has been chosen to manage camps under the plan to outsource support services for the French Army's projected forces.

Among our clients...

Australian Defense Force, *six bases (Australia).*

Astilleros y Maestranzas de la Armada Naval Base (ASMAR), *Temuco (Chile).*

British Ministry of Defense, *Riyadh (Saudi Arabia).*

British Sovereign Base Area (SBA), *Cyprus.*

Civil Defense Force Basic Rescue Training Centre *(Singapore).*

Garrisons *of Aldershot, Catterick, Colchester, Salisbury Plain, York and* **RM Bases** *in SW England (United Kingdom).*

Military Medical Institute, *Warsaw (Poland).*

Naval Hospitals, *Concepcion, Tacalhuano, Vina (Chile).*

Naval Officers Club, *Delhi and* **RSI Army Club**, *Pune (India).*

Swedish Defense Forces, *Skovde Garrison and five sites in Norbotten Region (Sweden).*

US Marine Corps, *55 bases (USA).*

In-theatre military forces

US Defense Logistics Agency *(South Korea).*

CORRECTIONAL SERVICES

211	279	2%	3,022	127
Revenues in EUR millions	Revenues in USD millions	Share of Group revenues	Employees	Sites

Source: Sodexho

Laying the groundwork for resettlement

Sodexho partners with architects, engineers, builders and bankers to design, build and manage correctional facilities and post-release rehabilitation hostels. It aims to improve inmate living conditions and lay the groundwork for successful resettlement by encouraging prisoners to maintain family ties and help them find jobs and housing upon release.

Achievements

France: The World Schools Association *(Association des Ecoles du Monde)*, the Ministry of Justice and SIGES, a Sodexho subsidiary, are contributing to a humanitarian project in Madagascar. Prisoners at the Liancourt penitentiary are producing manual presses to make clay bricks for use in building permanent dwellings.

United Kingdom: the Independent Monitoring Prison Board praised "the safe and humane environment" created the very first year at **Peterborough**, a facility managed by Kalyx, a Group subsidiary.

Market trends

For ethical reasons, Sodexho only provides services where the staff do not carry firearms and only in democratic countries where there is no death penalty and where the ultimate aim of imprisonment is rehabilitation. While the number of offenders and the demand for new prison construction is rising worldwide, there is increasing determination in many countries to improve prison conditions and reduce the rate of recidivism. More countries are now seriously considering using Sodexho, since the company has shown it delivers efficient holistic solutions, from design to everyday operational management, that meet these societal needs.

Source: Sodexho

Ministry of Justice – Kalyx, Sodexho Group (United Kingdom)

"Salford City Council is delighted to be working with Kalyx at HMP Forest Bank prison, to train its offenders to get real jobs helping to regenerate Salford and re-introduce its citizens so that they can be socially responsible members of the community "

Barbara Spicer, Chief Executive of Salford City Council.

Resettlement through employment

At HMP Forest Bank, Kalyx has teamed with local government and companies to train prisoners and offer them genuine employment opportunities, thereby helping to reduce the rate of recidivism.

Committed companies

Kalyx has instituted training workshops to provide basic skills for jobs in the local construction and foodservices companies, which are committed to providing employment upon their release.

Benefits for the community

The training leads directly to real jobs: in 2006, 371 prisoners had jobs to go to upon release, thus improving the likelihood of long-lasting resettlement. Local employers, agencies and organization now see HMP Forest Bank as a source of workers and part of the community.

Sodexho Experience

Longuenesse – France

A socially responsible commitment to sustainable employment

Siges signed a partnership with the Regional Association for Resettlement in the Building Industry. The association, created by Siges, will provide jobs for 80 prisoners upon their release over a three-year period.

Among our clients...

Chile *(Food and Facilities Management services)*

Ministry of Justice

3 prisons: La Serena, Alto Hospicio, Rancagua.

France *(Food and Facilities Management services)*

Ministry of Justice

- *8 prisons in the North: Bapaume, Liancourt 1, Liancourt 2, Lille-Séquedin, Longuenesse, Loos, Maubeuge, Saint-Mihiel;*
- *6 prisons in the South: Aix-en-Provence, Avignon, Grasse, Salon-de-Provence, Tarascon, Toulon-La Farlède.*

Italy *(Foodservices)*

Ministry of Justice

16 prisons.

Netherlands *(Foodservices)*

Ministry of Justice

46 prisons.

Portugal *(Foodservices)*

Ministry of Justice

7 prisons.

Spain *(Foodservices)*

Catalonian Government

4 correctional premises.

United Kingdom *(Specialist services)*

Home Office / Scottish Prison Service

- *4 prisons: Forest Bank, Bronzefield, Peterborough and Addiewell, Scotland, to be opened in late 2008;*
- *1 detention center: Harmondsworth;*
- *2 resettlement hostels for ex-offenders in Bristol.*

HEALTH CARE

No.1 worldwide – Foodservices

2,578	3,409	19%	51,109	3,324
Revenues in EUR millions	Revenues in USD millions	Share of Group revenues	Employees	Sites

Source: Sodexho

Caring about Quality of Life

Sodexho offers a varied spectrum of services tailored to the specific needs of each health care facility and delivered by specially trained staff. Services include Foodservices, reception, information, hygiene, environmental management, free time activities and medical equipment maintenance. By ensuring a high quality Patient Experience, Sodexho also reassures their families and boosts staff motivation to make facilities more attractive and competitive.

Achievements

Segment opened in Slovenia with a Foodservices contract at the Golnik University Clinic.

Brazil

Sodexho received the "***Prêmio Top Hospitalar***" and "**Top of the Mind**" awards, along with **JCI** (Joint Commission International) and **ISO 14001** - V. 2004 certification.

Canada

The York Central Hospital in Toronto has awarded its Food and Facilities Management services provision to Sodexho. The number of outsourced services makes this the largest contract of its kind ever implemented in a Canadian hospital.

Germany

Acquisition of Gastro Kanne, which runs cafeterias and shops in hospitals (9 sites, 28 franchises).

India

Columbia Asia has outsourced Food and Facilities Management services to Sodexho at the Fortis Hiranandani Health Care facility in Mumbai.

Thailand

The Bangkok Medical Centre (5 stars, 550 beds) earned **JCI certification** (Joint Commission International) with the assistance of Sodexho in part, for its outstanding Food and Facilities Management services.

United Kingdom

Nuffield, a not-for-profit organization, selected Sodexho to handle Foodservices for patients, visitors and staff at its 39 hospitals. The contract makes Sodexho the leader in the country's private hospital market.

United States

- **Moses Cone Medical Center** (Greensboro, North Carolina) chose Sodexho's **Clinical Technology Management,** a specialized Sodexho health care service, to maintain more than 13,000 pieces of high-tech diagnostic equipment (CAT scans, MRI, X-ray equipment, etc.).
- **Sodexho has launched two new services** "First Impression and Parking" and "Concierge Services" to provide arrivals with a cheerful welcome and improve Quality of Life at the hospital.

Market trends

Increasing longevity is leading to higher health care expenditures. The rising cost of ever-more sophisticated technology is resulting in shorter stays, mergers of facilities and a growing number of alternative solutions to hospitalization.

Hospitals are now competing for patients and encountering problems in recruiting skilled nursing and support service staff. They are expected not only to deliver first-rate medical care, but also to offer a palette of non-clinical services to enhance the experience of their patients, visitors and personnel.

By improving the Quality of Life in health care facilities, Sodexho is helping clients realize their strategic goals, remain financially stable and expand their market share.

Source: Sodexho

Over 150 billion euro in

estimated total market value*, including

45 billion euro in **Foodservices:**

- outsourcing rate: 31% (highest rate: Spain around 65%; among the lowest rates: Brazil around 10%);
- outsourced market average annual growth rate: between four percent and five percent over the next three years.

(*)The **market value for Facilities Management services** (excluding Foodservices) is **about three times** that of **Foodservices**.

Sodexho estimate

Nebraska Medical Center – Sodexho (United States)

"We are fortunate to have the strong, progressive Sodexho leaders who develop quality services for our patients, families and employees. Their efforts truly enhance our organization's mission to deliver quality, compassionate care."

Marty Carmody, Executive Director of Support Services, Nebraska Medical Center.

A shared commitment to serving patients

Since 1986, the Nebraska Medical Center of Omaha has been sharing with Sodexho its commitment to patients. To differentiate the Center in an extremely competitive marketplace, and to field test the Patient Experience model, Sodexho bolstered the partnership by making it a Patient Experience Pilot Account.

"Well-being" services

In 2005, the Nebraska Medical Center (689 beds) became a pilot account in Sodexho's "Patient Experience" program. For one year, Sodexho introduced new services including Housekeeping Upon Request and the expansion of Sodexho's At Your Request-Room Service Dining® patient dining program, now available at any time of the day or night. The use of touchscreens to facilitate communication is being tested. Also, for the first time, Foodservices and Facilities Management teams were given joint training under a new program called CARES[2].

Making the difference – together

Sodexho's leading-edge programs help Nebraska Medical Center market their services and stand out from their competitors. In exchange, Sodexho has gained a "living laboratory" to test its new services and survey the satisfaction of patients and staff. Sodexho has become a genuine partner in the hospital's strategic plan.

The "Patient Experience" program has solidified the partnership in a "win-win" situation, as Bud Tice, Administrator of Physician Relations, emphasizes: *"Sodexho employees are showcase quality… all are engaged and contributing to the success of Sodexho and the Nebraska Medical Center."*

2 *CARES: Compassion, Accountability, Respect, Enthusiasm and Service*

Sodexho Experience

France

Luxurious treatment for new mothers

Based on its analysis of a survey conducted by the *Institut des Mamans*, Sodexho developed the *Maternéa* offer to give new mothers extra special attention:

- **welcome and receive** new mothers with a welcome card, a congratulatory card, pretty dishware, and other special touches;
- **offer menu selections** proposing full or light versions of wholesome meals;
- **fill in the corners** with a mid-morning and afternoon snack;
- **create a friendly atmosphere** with meal ideas and festive products for new fathers and friends;
- **provide individual nutritional advice** by a dietician on a dedicated line during their stay or after returning home.

The *Maternéa* offer was tested at the Clinique Privée Associée in Rennes with highly encouraging results showing a 10% increase in satisfaction expressed by new mothers.

Among our clients...

Aid Equipment, *Stockholm County Council (Sweden).*
Albert Schweitzer Hospital, *Zwijndrecht (Netherlands).*
Clinica Alemana, *Santiago (Chile).*
Ebel FachKlinik, *7 sites (Germany).*
Fraser Health Authority, *British Columbia (Canada).*
Hospital Albert Einstein, *São Paulo (Brazil).*
Hospital 12 de Octubre, *Madrid (Spain).*
Johns Hopkins Hospital, *Baltimore, Maryland (USA).*
Liverpool Women's Hospital *NHS Trust (UK).*
Middelheim Academic Hospital, *Antwerp (Belgium).*
Pantai Medical Centre, *Kuala Lumpur (Malaysia).*
Paris Public Hospitals (AP-HP), *7 sites (France).*
Privatklinik Rudolfinerhaus, *Vienna (Austria).*
Samitivej Sukhumvit Hospital, *Bangkok (Thailand).*
Universita Cattolica Policlinico Gemelli, *Rome (Italy).*

SENIORS

No.1 worldwide - Foodservices

820	1,084	6%	13,954	2,765
Revenues in EUR millions	Revenues in USD millions	Share of Group revenues	Employees	Sites

Source: Sodexho

Creating the conditions to age gracefully

Trained to listen to and support the elderly, Sodexho teams are dedicated to creating the conditions required to grow old gracefully at home or in specialized facilities. With services designed to foster dignity, well-being, pleasure and social contact adapted to the individual's age and degree of dependence, Sodexho aims to enhance the pleasure of taste and the joy of living in a warm, open environment.

Achievements

France

Sodexho obtained ISO 9001 - V. 2000 certification for its Food and Facilities Management services at nursing home facilities. The certification rewards the efforts undertaken since 1999 by Sodexho teams to adopt a Service Commitment approach.

Market trends

Increased life expectancy is giving seniors greater demographic, economic and political influence. It also brings greater dependence for more members of the population and thus a growing need for specialized facilities.

Homes for the elderly have to provide more medical care while keeping costs from spiraling out of control. They must cope with problems of malnutrition, dependence and isolation among their residents, compounded by the difficulty of recruiting skilled, devoted personnel.

Sodexho's familiarity with this many-faceted market and experience in this demanding profession make it an ideal partner to support the lifestyle projects of eldercare facilities.

Source: Sodexho

Over 100 billion euro in **estimated total market value***, including **30** billion euro in **Foodservices**:

- outsourcing rate: 21% (highest rate: Japan 50%; among the lowest rates: Netherlands 5%);
- outsourced market average annual growth rate: three percent to four percent over the next three years.

(*)The **market value for Facilities Management services** (excluding Foodservices) is **about 2.5 times** that of **Foodservices**.

Sodexho estimate

Salvation Army – Sodexho (United Kingdom and Ireland)

"Sodexho is more than capable of meeting our sometimes incredibly complex needs. The Sodexho team has been impeccable in identifying our concerns and tackling them directly and quickly. Their open and honest approach has helped to deliver enhanced service levels. We would be delighted to recommend Sodexho to other organizations."

Mark Johnston-Wood, Territorial Property Director, The Salvation Army UK and Ireland.

An expanded assignment within a shared ethical culture

Sodexho has been providing Foodservices at Salvation Army social service centers since 1995 and at its Territorial Headquarters (THQ) since 1998. In 2005, the organization decided to widen the scope of already outsourced services to encompass Facilities Management at the THQ and William Booth Memorial College in London. After a trial year, Sodexho won the contract, testifying to a 12-year partnership of trust and common ethical principles.

Combining services with cost-cutting and ethical values

To achieve maximum efficiency and rationalize expenditures at the THQ, which houses administration and central services, the Salvation Army asked Sodexho to determine the feasibility of expanded outsourcing. The one-year trial also involved William Booth Memorial College (WBC), built in 1929 as a home for cadets and their families. Key specifications included optimized service quality, detailed financial and operational information, compliance with health and safety regulations and a matching ethical culture.

A trial year to ensure a successful transition

Sodexho's open, honest relationship with the Salvation Army team, its ethical and environmental approach to service provision and the smooth transition of contract implementation were rewarded by the signing of a five-year contract in July 2006. Within a year, costs were cut by 500,000 pounds sterling. In October, the Salvation Army won an award from the Chartered Institute of Purchasing and Supply for "Best Initiative", largely due to its work with Sodexho.

In one year:

A twofold increase in the recycling rate: from **50%** to **97.5%**;

500,000 pounds sterling in savings.

Sodexho Experience

France

Seniors rediscover a taste for snacks

In specialized facilities, Sodexho uses appeal to counteract problems of malnutrition and emotional isolation affecting the elderly.

The "Oh... snacks!" program is a highlight of the afternoon with elegant dishware and hotel-style service.

"Oh...delights!" goes even further by creating a real tearoom open to outside visitors where residents can spend pleasant moments with their loved ones.

Two ideal opportunities to rediscover the pleasure of taste at teatime!

People with disabilities

Thinking in terms of "Quality of Life"

Enhancing Quality of Life for disabled people begins by integrating them into society. Through activities, training and public awareness campaigns, Sodexho helps them to integrate into a society that accepts difference.

Achievements

France

- Sodexho signed the **Accord Handicap** to "Make room for every skill", with a view to doubling its hiring of people with disabilities by 2009.
- In keeping with its involvement in the lifestyle projects of 800 homes for people with disabilities, Sodexho took part for the tenth time in the **National Week for the Employment of People with Disabilities.**

Sodexho Experience

France

"One for all, all for one"

The ninth edition of the "One for all, all for one" national cooking contest drew the participation of 140 specialized facilities. At each center, a disabled person, a special needs teacher and a Sodexho cook shared a moment of complicity by forming a team to create an original dessert recipe.

Among our clients...

Appalachian Christian Village, *Johnson City, Tennessee (USA).*
Centro Medico P. Richiedei, *Palazzolo, Brescia (Italy).*
Christie Gardens, *Toronto, Ontario (Canada).*
Eichenhöhe Nursing Home (Red Cross), *Hamburg (Germany).*
Fondation Caisses d'Epargne pour la Solidarité, *75 sites (France).*
Fundacion Sociosanitaria de Barcelona, *9 sites (Spain).*
Grand Hotel Philadelphia, *Rotterdam (Netherlands).*
Korian, *104 sites (France).*
Lutheran Social Services, *York, Pennsylvania (USA).*
Maison de Soins de Bettembourg *(Luxembourg).*
Maison Marie Immaculée*, 5 sites, Neufvilles (Belgium).*
Pension Schloss Kahlsperg in Oberalm, *Salzburg (Austria).*
Retirement Homes-Stockholm Municipality *(Sweden).*
Unitingcare Ageing-Northern Sydney Region, *New South Wales (Australia).*
Wellwood, *Newport (UK).*

EDUCATION

No.1 worldwide – Foodservices

3,068	4,056	23%	86,150	4,824
Revenues in EUR millions	Revenues in USD millions	Share of Group revenues	Employees	Sites

Source: Sodexho

Developing the sense of taste and the taste for success

Sodexho shares the aims of the education community. From pre-schools to universities, Sodexho supports the institutions' mission of learning by creating safe and comfortable environments conducive to academic success. We offer the benefits of customized dining experiences and living and learning spaces, provided by our full palette of services that improve Quality of Life. Through our global range of service solutions, Sodexho is helping to build a successful future.

Achievements

Education segments opened in **India, Malaysia** and **Thailand**.

Belgium

Sodexho has launched the "**Pleasure of flavor, Taste of wellness**" **charter** to promote well-balanced eating habits among children. As Sodexho extends its mission beyond schools to the general public, nutritional information and advice is also provided on the website.

China – Hong Kong

- **ISF** *(The Independent School Foundation)* has chosen Sodexho to provide **Food and Facilities Management services** at its new establishment: "Cyberport".
- Sodexho obtained **ISO 14001 certification** for its Facilities Management services at the **International School** of Hong Kong.

Singapore

The **French School**, an international school with an enrollment of 1,000 students, has expanded the range of services provided by Sodexho, from its existing Foodservices and cleaning services to include **technical maintenance**.

United Kingdom

Sodexho made a successful bid for **ISO 14001 re-accreditation** for Food and Facilities Management services **for the Wiltshire County Concil**. Sodexho was the first British company to obtain this accreditation.

United States – Campus Services

Sodexho was honored with the 2006 "**Outstanding Business Partner of the Year Award**" from the National Association of College Auxiliary Services (NACAS).

Market trends

Four main trends are impacting this market:

- **rising Asian demographics** will bring about a sharp increase in global demand for Education. The world's student population is expected to climb from 97 million in 2000 to 263 million by 2025, half of them Chinese or Indian. The estimated number of students studying abroad will jump from 1.7 million to an estimated 8 million during the same period;
- **increased use of new technologies** is helping to expand online degree programs;
- **regional alliances and campus openings abroad** are being stepped up to pool resources, attract students and facilitate exchanges between schools;
- **increasing competition** is encouraging worldwide acceptance of the concept of accreditation as a system enabling institutions to gain recognition for their high quality curriculum, building and services standards.

These trends are leading colleges and universities to seek an experienced, worldwide partner capable of optimizing costs, building and running dynamic facilities and enhancing the institution's reputation.

Source: Sodexho

Over 150 billion euro in

estimated total market value*, including

60 billion euro in **Foodservices;**

- outsourcing rate: 30% (highest rate: Canada around 70%; among the lowest rates: Japan around 25%);
- outsourced market average annual growth rate: three percent to four percent over the next three years.

(*)The **market value for Facilities Management services** (excluding Foodservices) is **nearly double** that of **Foodservices**.

Sodexho estimate

The University of Tampa – Sodexho (Florida, United States)

"Sodexho is more than just a business partner at The University of Tampa. They are dedicated to our success and put every effort into making our aspirations become a reality."

President Ronald Vaughn – The University of Tampa.

The University turns toward the future

Founded in 1933, the University of Tampa currently has 5,300 students from each U.S. state and 100 countries. About 65% of students live on campus. With Sodexho as its partner since 1991, the university is prepared for the future with a completely revitalized campus structure, facilities and student services.

"Changing mind and place"

In 1991, to help it prepare for a dynamic future, the university asked Sodexho to oversee the maintenance and upkeep of its buildings and grounds. To revitalize the campus structure and plant operations, Sodexho was asked in 1994 to design and develop a new Campus Master Plan. This marked the beginning of a close working relationship.

An environment for tomorrow

To pave the way for dynamic development, Sodexho introduced a new facilities plan, building schedule and comprehensive range of Facilities Management services. In 1997, Sodexho managed the construction of the campus' first high-rise residence hall. In 2002, Sodexho was asked to provide a campus dining program with retail concepts befitting the first-rate campus. And, in 2006, Sodexho and The University of Tampa signed a 15-year partnership agreement for Food and Facilities Management services.

On the path to success

Today, thanks to Sodexho's expertise and service spirit, the University of Tampa can focus on what it does best: education. President Vaughn estimates that the partnership with Sodexho has resulted in 20% initial savings per year. Best of all, the campus now enhances the quality of students' daily life, offers a leading educational experience and contributes to their academic success.

45 buildings on almost 100 acres of land

5,300 students

Sodexho Foodservices staff: **141**

Facilities Management staff: **110**

Sodexho Experience

France

Attracting high school students with a tailor-made offer

Sodexho has created an innovative student restaurant designed to reverse the trend of high school students deserting their school cafeterias for off-campus fast food restaurants.

Students choose from a variety of experiences: a quick meal on stools at counters, a relaxed lunch comfortably seated around a coffee table, or a gathering of the "group" at a large table. Six self-service stations provide a host of possibilities for creating a balanced menu.

Judging by the 18% increase in meals served at Blanche de Castille High School in Le Chesnay (Paris area), Sodexho has created a winning recipe for success.

Among our clients...

Abilene Independent School District, *Texas (USA).*

Andrès Bello University, *Santiago (Chile).*

Assumption College, *Massachusetts (USA).*

Australian Institute of Management, *Melbourne, Perth, Sydney (Australia).*

Brock University, *St. Catharines, Ontario (Canada).*

Campus Sainte Thérèse, *Ozoir-la-Ferrière (France).*

Chinese International School, *Hong Kong (China).*

Gimnasio Moderno, *Bogotá (Colombia).*

Helsinki Business College *(Finland).*

Singapore American School *(Singapore).*

Stockholm University *(Sweden).*

Texas A&M University *(Qatar, USA).*

The University of Economics, *Prague (Czech Republic).*

University Hospital, *Buenos Aires (Argentina).*

University of Bradford *(UK).*

University of Cagliari *(Italy).*

University of Technology, *Eindhoven (Netherlands).*

French Lycées: *Buenos Aires (Argentina), Antwerp (Belgium), Hong Kong (China), Frankfurt (Germany), Moscow (Russia), (Singapore), Madrid (Spain), Riyadh (Saudi Arabia), Johannesburg (South Africa), Seoul (South Korea), Istanbul, Izmir (Turkey), Bethesda (USA).*

International Schools: *Perth (Australia), Hong Kong International School, Western Academy of Beijing (China), Bonn, Düsseldorf, Frankfurt, Munich, Wiesbaden (Germany), Black Forest Academy Kandern (Germany), Helsinki (Finland), Sotogrande (Spain), Izmir (Turkey).*

Jesuit Institutions: *Colegio Antonio Viera, Pontificia Universidad Catolica (Brazil), Colegio San Ignacio (Chile), Ecole de Provence (France), Georgetown University (Qatar), Deusto University (Spain), Creighton University, Fairfield University, Fordham University, Loyola Marymount, Loyola of Baltimore, Loyola University New Orleans, Regis University, Rockhurst University, St. Peter's College, Xavier University (USA).*

REMOTE SITES

No.2 worldwide – Food and Facilities Management services

872	1,153	7%	27,366	1,381
Revenues in EUR millions	Revenues in USD millions	Share of Group revenues	Employees	Sites

Source: Sodexho

Bringing Quality of Life to the ends of the earth

Sodexho boasts a unique combination of experience in challenging environments, technical expertise and a culturally diverse workforce to accompany clients during each step of a remote site's life cycle, from design to environmental restoration following operations, while contributing to the sustainable development of local economies. With comprehensive services and state-of-the-art technological solutions, Sodexho ensures the comfort and safety its clients' teams need to accomplish their assignments under extreme conditions.

Achievements

ISO 9001-V. 2000 certification for Sodexho in **Algeria**, **India**, **Indonesia** and **Norway**.

Sodexho's Health, Safety and Environment practices have been recognized in **Australia** by ExxonMobil, in **Chile** by the Chilean Security Association, Antofagasta Minerals and Mining Company Anglo American, in **New Caledonia** by Goro Nickel, in **Peru** by Techint, on **Sakhalin Island** (Russia) and in the **United Kingdom** by RoSPA (Royal Society for The Prevention of Accidents) and the British Safety Council.

Canada, British Colombia

Nova Gold chose Sodexho to provide **Food and Facilities Management services** at six camps located on the territory of the Tahltan people, with whom Sodexho has forged a relationship of trust.

Laos

Sodexho has established a **full supply chain** solution with a first contract won in 2006, comprising sourcing through on-site transportation of food and a wide range of equipment necessary for life on a remote site camp.

Madagascar

With **Rio Tinto** and its local partner **QMM**, Sodexho contributed to **economic and social development** of the island in 2006 through 100% local procurement, 250 hours of training per employee and regular HIV prevention campaigns.

Norway

BP, ExxonMobil, Talisman and **Transocean** have adopted Sodexho's "**Healthy Food**" concept.

United Kingdom, Scotland

Sodexho received the "**Social Responsibility Award**" from the Cornerstone National Charity and the "**Healthy Living Award**" from the Scottish Consumer Council.

Market trends

Sodexho Remote Site markets are benefiting from four positive trends:

- **the rising price of energy and other natural resources** is driving the oil and gas industries and mining groups to undertake long-term investments;
- **the trend towards mergers** in these segments and resulting efforts to create synergies between businesses is resulting in an increasing number of invitations to tender;
- **the search for sustainable and less polluting energy sources** such as liquid natural gas, nuclear power and hydroelectric dams is also giving rise to major investment projects;
- **the boom in Middle Eastern and Asian engineering projects** is prompting clients to seek out a global, experienced partner, capable of managing large-scale work sites in often harsh environments.

Clients know they can count on Sodexho's longstanding experience, international scope and expertise to provide the support they need to ensure their successful development.

Source: Sodexho

10 billion euro
in **estimated total market value**

(Food and Facilities Management services)

Sodexho estimate

BP - Sodexho (Indonesia) – Tangguh Papua coastal camp

"BP was particularly impressed with Sodexho's commitment to the project ensuring that issues related to schedule, quality and costs were attended to in a timely manner and in a way that exceeded BP's expectations. I would not hesitate to recommend Sodexho to any organizations requiring the same services in remote locations."

Andrew J. Vincent, Drilling Team Consultant, BP Indonesia, Jakarta.
Tangguh LNG Development Project.

In record time, within budget, to standard

BP confirmed its appreciation of Sodexho's professionalism over the years by awarding it the challenging contract for a turnkey camp at Tangguh Papua to support the company's offshore drilling program. Today BP has nothing but praise for Sodexho's successful project management.

Rigorous specifications for a camp in the jungle

BP had to install a camp in a coastal jungle located 300 km from the nearest town to accommodate 150 people. They needed a partner capable of overseeing the entire operation and meeting considerable challenges: a strict budget, extremely high Health, Safety and Environment standards and a deadline determined by the fixed arrival date of the drilling rig.

Maximum mobilization with local partners

Sodexho brought the highest standards to project planning, engineering and the materials approval process. It called upon a specialized camp builder and a reliable shipper, subcontracted site works to local firms, obtained crucial regulatory certifications and set up a supply chain to handle overall camp management.

Quality of Life ahead of schedule

The Tangguh Papua camp was completed to specification in March 2007, four weeks ahead of schedule. Since the handover, the Sodexho team has been offering varied services to ensure the comfort and safety of more than 150 people, responding to the camp's operational requirements with the quality BP has come to expect.

Sodexho Experience

Sakhalin Island – Russia

CTSD secures its remote site with SOKeez

The Prigorodnoe LNG plant on Sakhalin Island operates in temperatures down to -30°C during the winter. To reinforce security and simplify management on the 6,000-man camp, Sodexho rolled out the SOKeez Access Control system. SOKeez is a multi-application smart card solution with which the Client manages access rights, creates ID cards, performs real-time security checks, tracks meals and the use of various camp services, stores personnel information to establish statistics and measures working hours without accidents. For CTSD, SOKeez is easy to use and requires little maintenance. Designed to work under extreme conditions, it is suited to the demands of remote sites.

Among our clients...

Oil and Gas

AP Moller-Maersk Group, *Congo.*

BP, *Argentina, USA (Alaska and Gulf of Mexico), Indonesia, Norway, Netherlands, United Kingdom, Russia.*

ConocoPhillips, *USA (Alaska, on-shore) and Gulf of Mexico (offshore), United Kingdom.*

ExxonMobil, *Saudi Arabia, Australia, Canada, USA (on-shore) and Gulf of Mexico (offshore), Norway, Netherlands, Venezuela.*

Noble Drilling, *Denmark, United Arab Emirates, Gulf of Mexico, Qatar, United Kingdom.*

Qatargas, *Qatar.*

Saudi Aramco, *Saudi Arabia.*

Shell, *Gabon, Gulf of Mexico, Nigeria, Netherlands, Russia, Sultanate of Oman, Venezuela.*

Sinopec, *Saudi Arabia.*

Total, *Angola, Cameroon, Congo, Gabon, Gulf of Mexico, Nigeria, Norway, Netherlands, Qatar.*

Transocean, Inc., *Gulf of Mexico, India, Nigeria, Norway, Thailand, Vietnam.*

Mining

Alcan, Inc., *Australia.*

BHP Billiton, *Australia, Canada, Peru.*

Barrick Gold, *Australia, Canada, Peru, Tanzania.*

INCO, *Australia, USA (Alaska), New Caledonia.*

Pan Australian Resources (PAR), *Laos.*

Phu Bia, *Laos.*

Rio Tinto, *Australia, Madagascar, Peru.*

Engineering and Construction

Bechtel, *Qatar.*

Chiyoda, *Russia, Qatar.*

Fluor Daniel, *Saudi Arabia, Peru, Qatar.*

SNC Lavalin, *New Caledonia, Venezuela.*

Service Vouchers and Cards

No.2 worldwide

447	591	3%	3,348	310,000
Revenues in EUR millions	Revenues in USD millions	Share of Group revenues	Employees	Clients[1]

Source: Sodexho

Issue volume: 7.5 billion euro

(1) Excluding individuals

Inventing a simpler life for everyone

Sodexho's innovative, flexible, secured solutions ensure added value for businesses and local authorities, making it a benchmark in its markets. Through a wide range of easy-to-use vouchers, magnetic cards and smart cards with embedded chips, contactless or electronic accounts, Sodexho is inventing a simpler, more pleasant life in the workplace and in society.

Achievements

Acquisition of **Tir Groupé, the French leader** in gift voucher issue volume and **Vivaboxes,** a **Belgian** gift box specialist, thereby expanding Sodexho's global presence in the **gift voucher** market.

Launch of **Gift Pass** and **Premium Pass** in Brazil and Indonesia, **Shopping Pass** in United Kingdom, **Meal Card** in Spain, the **Motivation offer** in Romania, **Flexi Pass** in Slovakia and **Solidarity Card** in Turkey.

Argentina

Sodexho was ranked **"Voucher Issuer of the Year"** in a B-to-B rating conducted by the business magazine *Revista Mercado*.

France

- Sodexho received the **"Public-Private Action Award"** for its CLARC service, a culture checkbook issued to students in the Centre Region.
- The **City of Marseilles** chose Sodexho to manage **meal vouchers** for its 9,500 employees at 250 sites.

Luxembourg

The national convention of Human Resources Managers gave Sodexho the prize for ***"2006 Best Incentive and Motivation Solutions"***.

Spain

Caixa Foundation, the world's eighth largest private foundation, awarded Sodexho an **Assistance Contract** for its anti-poverty program for children under age 16. The 4-year contract will touch 100,000 families.

United Kingdom

Sodexho won the ***"Childcare Voucher Provider of the Year"*** prize awarded by *Employee Rewards and Benefits* magazine.

Market trends

Several factors are influencing this market:

- **Rapid growth** in countries such as India, Argentina, Brazil and Venezuela is generating significant development opportunities.
- **Employee motivation and retention problems** are also beginning to affect Small and Medium-sized Enterprises, which are calling for solutions adapted to their organizations to help their employees achieve a better balance between career demands and home life.
- **At the same time, governments and local authorities** are seeking a specialized service provider to manage and monitor their social aid programs. They expect aid traceability and the shortest possible delay between the decision to allocate funds and their actual distribution to target populations.

Source: Sodexho

Market figures

Over 70 billion euro global issue volume in the market

20.2 million beneficiaries

15.5 million employees enjoy Daily Life solutions.

3.6 million employees use Motivation and Loyalty solutions.

1.1 million citizens benefit from public aid through Sodexho solutions.

1 million Sodexho affiliated partners

Source: Sodexho

Oracle-Sodexho (India)

Experience makes the difference

Oracle software development operations in India employ more than 12,000 people at 21 sites throughout the country. When the company's meal coupon system became unwieldy, Oracle chose Sodexho's Smart Card, the No.1 turnkey solution in the Indian market.

From a complex system with built-in restrictions...

Oracle's policy was to issue employees a monthly booklet of paper coupons to pay for their meals at the company cafeteria. This manual system was unwieldy and difficult to manage. Meal choices were limited by the fixed coupon value and the coupons were valid only at the on-site restaurant. To support its human resources expansion and increase the meal options of staff members, Oracle sought a reliable, flexible solution for use at all its sites.

... to the solution for today and tomorrow

Sodexho, the leading Restaurant Card service provider in India, proposed to develop and test a customized solution. The team analyzed the company's workplace methods and constraints and designed a Smart Card with an embedded chip. For Oracle, the new system has proved to be efficient and simple to operate, while ensuring freedom of choice and quick, easy payment for users. In less than six months, the company and its employees have made the transition to the Smart Card, which not only satisfies their expectations today, but can be adapted to meet the needs of tomorrow.

12,000 users on **21** sites

Sodexho Experience

France

Synergies in "gift vouchers" with Tir Groupé

In October 2007 Sodexho finalized the acquisition of "Tir Groupé", a pioneer and France's leading issuer of gift vouchers to businesses and local communities, an alliance offering promising prospects for both parties. Tir Groupé will accelerate its growth through access to Sodexho's client portfolio. Sodexho will strengthen its international presence by entering this high-potential French market segment. The takeover will also open up a new distribution channel for Sodexho's Meal Vouchers.

Tir Groupé

35,000 clients

200 employees

7 regional agencies

325 French trade names
(5,000 local stores
and 180 e-commerce websites).

Among our clients...

Banks – Insurance

BNP Paribas, *Austria, Chile, Czech Republic, Germany, Poland, Spain, Tunisia, Turkey.*

Citigroup, *Belgium, Chile, Colombia, Czech Republic, Philippines, Slovakia, Spain.*

ING Group, *Chile, Czech Republic, Poland, Slovakia, Spain.*

Société Générale, *Czech Republic, Mexico, Poland, Spain.*

IT-Electronics

Hewlett-Packard, *Belgium, Colombia, Czech Republic, India, Philippines, Poland, Turkey.*

Microsoft, *Colombia, Czech Republic, India, Philippines, Poland, Slovakia, Venezuela.*

Samsung Electronics, *Argentina, Colombia, Czech Republic, Germany, Mexico, Peru, Philippines, Poland, Slovakia.*

Consumer goods

Coca-Cola, *Austria, Belgium, Czech Republic, Hungary, Luxembourg, Philippines, Poland, Slovakia.*

Nokia, *Austria, Chile, Colombia, Hungary, Peru, Philippines, Poland, Turkey, Venezuela.*

Unilever, *Argentina, Belgium, Chile, Czech Republic, Hungary, Philippines, Poland, Slovakia, Spain.*

Industry - Energy

Exxon Mobil, *Austria, Colombia, Czech Republic, Hungary, Tunisia.*

Merck, *Austria, China, Colombia, Czech Republic, Mexico, Philippines, Poland, Turkey.*

Michelin, *Belgium, Czech Republic, Hungary, Philippines, Poland, Slovakia, Turkey.*

Renault Group, *Argentina, Austria, Belgium, Colombia, Czech Republic, Luxembourg, Mexico, Poland.*

Sanofi-Aventis, *Austria, Belgium, Chile, Colombia, Czech Republic, Mexico, Philippines.*

Siemens, *Austria, Chile, Colombia, Czech Republic, France, Germany, Hungary, Philippines, Poland, Slovakia, Tunisia, Turkey.*

Public services

National Postal Services, *La Poste (Belgium), La Poste (France), Magyar Posta Rt. (Hungary), Poczta Polska (Poland).*

National Railways Services, *MÁV (Hungary), SNCB (Belgium).*

Public Authorities, *Banco de Brasilia (Brazil), Communidad de Madrid, Generalitat de Cataluña, (Spain), Her Majesty's Government (UK), Steel Authority of India (India).*

2. Corporate Governance

Corporate Governance

Sodexho respects the principles of strong corporate governance, and has taken into account the recommendations of the Viénot and Bouton reports. The Board of Directors comprises 14 members. Ten are French nationals, two are American, one is Canadian and one British. Six directors qualify as independent in accordance with accepted corporate governance criteria.

DESCRIPTION OF THE GROUP

Activities

Sodexho Alliance has two core activities: **Food and Facilities Management services** and **Service Vouchers and Cards**.

The Food and Facilities Management services activity operates in the following geographic areas:

- **North America;**
- **Continental Europe;**
- **United Kingdom and Ireland;**
- **Rest of the World** (including **South America, Asia/Pacific, Africa** and the worldwide **Remote Site Management** segment).

The Group's business units consist of the **Service Vouchers and Cards** activity and the individual geographic areas within the **Food and Facilities Management services** activity.

Organization

Sodexho Alliance is administered by a Board of Directors, chaired by Pierre Bellon.

On September 1, 2005 the roles of Chairman of the Board of Directors and Chief Executive Officer were separated, and Michel Landel succeeded Pierre Bellon as Chief Executive Officer of Sodexho Alliance. The Internal Rules of the Board of Directors defined their respective roles as follows:

- **role of the Chairman of the Board of Directors :**

  The Chairman of the Board of Directors represents the Board of Directors, and organizes and directs their work, for which he is accountable to the general shareholders' meeting. He ensures that the company's administrative bodies are functioning properly, and in particular ensures that the directors are capable of fulfilling their remit.

- **role of the Chief Executive Officer:**

  The Chief Executive Officer has the authority to manage the operations and functions of the Group. Limits are placed on the powers of the Chief Executive Officer; these limits are set by the Board of Directors, based on recommendations from the Chairman of the Board. The Chief Executive Officer must obtain the prior consent of the Board to pledge corporate assets as collateral or to bind the company beyond specific limits as regards investments, disposals or borrowings. The Chief Executive Officer must also obtain the prior consent of the Board for decisions relating to the start-up of new operations. These limits are not enforceable against third parties, as the Chief Executive Officer has the broadest powers to bind the company in its dealings with third parties.

In his role as Chief Executive Officer, Michel Landel is supported by an Executive Committee with ten members. The Committee includes the four Chief Operating Officers responsible for each of the Group's business units, together with the Group's senior executives in charge of Strategic Planning and Innovation, Marketing, Finance, Human Resources, and Communications and Sustainable Development. The Executive Committee meets once a month, and is the linchpin of the management structure. It is responsible not only for discussing and developing strategies to be recommended to the Board of Directors, but also for monitoring implementation of these strategies once they have been approved by the Board. The Executive Committee tracks implementation of action plans, monitors business unit performance, and assesses the potential benefits and risks of growth opportunities.

There is also an Operational Committee, consisting of the Executive Committee members plus the Group's principal operating and functional managers, which meets at least twice a year.

Its role is:

- to share a common vision;
- to assess the risks and opportunities facing the Group at the global level;
- to mobilize around the Group's major strategic imperatives;
- to improve information flows.

The Board of Directors

The rules and operating procedures of the Board of Directors are defined by the law, the company's by-laws and the Internal Rules of the Board. In addition, committees have been established in accordance with these rules (see the Chairman's Report). The company's by-laws contain few specific provisions relating to directors over and above the standard legal requirements, other than provisions concerning the term of office and age limit of directors, and the number of shares each director is required to own.

1. MEMBERS OF THE BOARD OF DIRECTORS AS OF AUGUST 31, 2007

		First Elected	Term Expires
Pierre Bellon	Chairman	Nov 14, 1974	2010
Rémi Baudin	Vice-Chairman	Feb 25, 1983	2010
Robert Baconnier*	President, ANSA	Feb 08, 2005	2008**
Patricia Bellinger*	Company Director	Feb 08, 2005	2008**
Astrid Bellon	Member of the Management Board, Bellon SA	Jul 26, 1989	2010
Bernard Bellon	Chairman of the Board of Directors, Finadvance	Feb 26, 1975	2009
François-Xavier Bellon	CEO of Bright Yellow Group PIc	Jul 26, 1989	2010
Sophie Clamens	Chairman of the Management Board, Bellon SA	Jul 26, 1989	2010
Paul Jeanbart*	Chief Executive Officer, Rolaco	Feb 13,1996	2008**
Charles Milhaud	Chairman of the Management Board, CNCE	Feb 4, 2003	2009
François Périgot*	Honorary President, MEDEF International	Feb 13, 1996	2008**
Nathalie Szabo	Member of the Management Board, Bellon SA	Jul 26, 1989	2010
Peter Thompson*	Company Director	Feb 08, 2005	2008**
Mark Tompkins*	Company Director	Feb 05, 2002	2008**

* *Independent Director*
** *The Board of Directors will propose the renewal of these mandates for three years to the shareholders at the meeting of January 22, 2008.*

2. INFORMATION ABOUT MEMBERS OF THE BOARD OF DIRECTORS

Pierre Bellon

Born January 24, 1930.
Married, 4 children.
Graduate of the Ecole des Hautes Etudes Commerciales (HEC).
Nationality: French.

Business address:
Sodexho Alliance
3, Avenue Newton – 78180 – Montigny-le-Bretonneux, France.

Background

Pierre Bellon joined Société d'Exploitations Hôtelières, Aériennes, Maritimes et Terrestres in 1958 as Assistant Manager. He later served as Managing Director and then Chairman and Chief Executive Officer.

In 1966, he founded Sodexho SA, which became Sodexho Alliance SA in 1997. He served as Chairman and Chief Executive Officer until August 31, 2005, when he was replaced as Chief Executive Officer by Michel Landel. Pierre Bellon remained as Chairman of the Board of Directors, a position he still holds.

From 1988, he served as Chairman and Chief Executive Officer of Bellon SA, the family holding company that controls Sodexho Alliance; he also served as Chairman of the Management Board of Bellon SA from 1996 to 2002. He has been Chairman of the Supervisory Board of Bellon SA since February 2002.

Since 1976, he has been a member of the Executive Council of CNPF, the French employers' federation, now known as MEDEF.

Pierre Bellon has also served as:

- Vice-President of CNPF (subsequently MEDEF), 1980-2005;
- National President of the French National Center for Young Business Leaders (formerly the Center for Young Employers), 1968-1970;
- President of the French National Federation of Hotel and Restaurant Chains, 1972-1975;
- Member of the French Economic and Social Council, 1969-1979.

Other corporate offices held

- Bellon SA (Chairman of the Supervisory Board);
- PPR (Member of the Board of Directors);
- CMA CGM (Member of the Supervisory Board);
- Sobelnat SCA (Member of the Supervisory Board);
- He also serves as a Director of various Sodexho Group companies.

Other positions

- President/founder of the French Management Improvement Association (APM);
- Board Member of the French National Association of Joint Stock Companies (ANSA);

Number of Sodexho Alliance shares held: 12,900.

Other corporate offices held within the past five years but no longer held

- L'Air Liquide (Member of the Supervisory Board).

Robert Baconnier

Born April 15, 1940 in Lyon (France).
Married, 3 children.
Degree in Literature, Graduate of the Institute d'Etudes Politiques de Paris and of the Ecole Nationale d'Administration (1965-1967).
Nationality: French.

Business address:
ANSA
39, rue de Prony – 75017 – Paris, France.

Background

Robert Baconnier began his career in 1967 as a civil servant at the French Ministry of Economy and Finance, and was assigned to the Internal Revenue Service (Direction Générale des Impôts). From 1977 to 1979 he was Technical Advisor to the office of the Minister of Economy and Finance, then Deputy Director in the office of the Minister for the Budget. From 1979 to 1983 he was Deputy Director in charge of the International Division of the Tax Legislation Department; in 1983, he was appointed head of the Litigation Department of the Internal Revenue Service. In 1986 he became head of the Internal Revenue Service. From 1990 to 1991 he was Paymaster General at the French Treasury.

In 1991, he joined the law firm Bureau Francis Lefebvre, where he served as Chairman of the Management Board until 2004.

He is currently Chairman and COO of ANSA, the French National Association of Joint Stock Companies.

Other corporate offices held

- Member of the Board of Directors, Lafarge Ciments;
- Member of the Supervisory Board, ELS (Editions Lefebvre Sarrut).

Other positions

- Non-Voting Observer and member of Audit Committee, Siparex Associés;
- Member of the Conseil des Prélèvements Obligatoires (the French Tax and Social Charges Board).

Number of Sodexho Alliance shares held: 410.

Other corporate offices held within the past five years but no longer held

- Chairman of the Tax Committee of MEDEF, the French employers' federation.

Rémi Baudin

Born October 19, 1930.
Married, 4 children.
Graduate of the Ecole des Hautes Etudes Commerciales (HEC).
Nationality: French.

Business address:
Sodexho Alliance
3, avenue Newton – 78180 – Montigny-le-Bretonneux, France.

Background

Before helping Pierre Bellon to create Sodexho, Rémi Baudin took part in a number of foreign projects for management consultancy SEMA, from 1957 to 1965.

He reorganized and managed the ship chandlery business (1965-1969), then set up a joint venture with Sonatrach in remote site management and headed the joint venture in Algeria (1969-1970). He successively managed the Food Services France division, starting up operations in Belgium (1971-1976); the France and Africa division, overseeing start-ups in Cameroon, Nigeria, Ivory Coast, Angola, Benin, Equatorial Guinea, Algeria and Libya (1977-1982); and the Food Services France and Europe division (1982-1992). In 1996 he was appointed Chairman of the Supervisory Board of Bellon SA, becoming its Vice-Chairman in 2002.

Other corporate offices held

- Bellon SA (Vice-Chairman of the Supervisory Board);
- Octofinances SA (Chairman of the Supervisory Board).

Other positions

- President and founder of FERCO, the European Food Services Confederation.

Number of Sodexho Alliance shares held: 4,016.

Other corporate offices held within the past five years but no longer held

None.

Patricia Bellinger

Born March 24, 1961 in Connecticut (USA).
Married, 2 children.
BA in Literature, Harvard University.
Nationality: Dual American and British.

Business address:
Sodexho Alliance
3, avenue Newton – 78180 - Montigny le Bretonneux, France.

Background

Patricia Bellinger began her career in Madrid, Spain in 1986 by founding a casting agency, and she continued to work in media and communications in Spain until 1995. In 1995, she returned to the USA and joined Bristol Myers Squibb (BMS), the pharmaceutical company, where she was successively Associate Director for Communications and Associate Director for Public Affairs. In 1998 she became the Corporate Director of Culture and Human Resources Diversity. In 2000, she joined British Petroleum in London as head of diversity and inclusion; she was Group Vice President and Director of the BP Leadership Academy until 2007.

Other positions

- Member of the Executive Leadership Council (Washington DC);
- Member of the Breakthrough Breast Cancer Generations Appeal Board (UK);
- Member of the Global Diversity Advisory Board, Organizational Resources Council (ORC) Worldwide.

Number of Sodexho Alliance shares held: 400.

Other corporate offices held within the past five years but no longer held

- Member of the Advisory Board of the Leadership Center at Morehouse College (Atlanta, US).

Astrid Bellon

Born April 16, 1969.
Graduate of ESLSCA.
Master of Arts in Cinema Studies, New York City.
Nationality: French.

Business address:
Bellon SA
3, avenue Newton – 78180 – Montigny-le-Bretonneux, France.

Background

Astrid Bellon is a member of the Management Board of Bellon SA.

Other corporate offices held

- Bellon SA (Member of the Management Board);
- Sofrane SAS (Chairman);
- Sobelnat SCA (Permanent Representative of Sofrane SAS, Managing Partner).

Number of Sodexho Alliance shares held: 36,723.

Other corporate offices held within the past five years but no longer held

None.

Bernard Bellon

Born August 11, 1935.
Married, 5 children.
Degree in French Literature from IAE Aix – Marseille.
Nationality: French.

Business address:
14, rue Saint Jean – 1260 – Nyon, Switzerland.

Background

Bernard Bellon was Director of Compagnie Hôtelière du Midi (part of the Compagnie de Navigation Mixte Group) from 1962 to 1970 and then held various managerial positions in banking at CIC-Banque de l'Union Européenne Group from 1970 to 1988. He founded Finadvance SA, a venture capital company of which he has been Chairman since its creation in 1988.

Other corporate offices held

- Bellon SA (Member of the Supervisory Board);
- Finadvance SA (Chairman of the Board of Directors);
- Copelia (Director).

Number of Sodexho Alliance shares held: 323,732.

Other corporate offices held within the past five years but no longer held

- Perfin SA (Executive Director);
- Jefco (Director);
- Allios Industries (Director);
- CIC France (Non-Voting Observer).

François-Xavier Bellon

Born September 10, 1965.
Married, 4 children.
Graduate of the European Business School.
Nationality: French.

Business address:
Bright Yellow Group Plc
20-22 Richfield Avenue
Reading, Berkshire RG1 8EQ (United Kingdom).

Background

François-Xavier Bellon began his career in the temporary employment industry as an agency manager for Adia France (1990-1991), then for Ecco in Barcelona, Spain (1992-1995), where he was promoted to Sales and Marketing Director and Regional Director for Catalonia (1993-1995).

He joined the Sodexho Group in September 1995 as Regional Manager, subsequently becoming Development Manager in the Health Care segment in France. In 1999, he became the Managing Director of Sodexho in Mexico. In January 2004, he was appointed Chief Executive of Sodexho in the UK, before resigning a few months later. From December 2004 to December 2006, he was appointed as Sales and Marketing Director of the Temporary Work Division of the Adecco Group. In August 2007, he formed his own company, and subsequently acquired Bright Yellow Group Plc, a small British company providing home assistance for seniors.

Other corporate offices held

- Bellon SA (Member of the Management Board);
- Bright Yellow Group Plc (Chief Executive);
- Footprint Ltd (Director).

Other positions

- Advisor, French Foreign Trade Commission.

Number of Sodexho Alliance shares held: 36,383.

Other corporate offices held within the past five years but no longer held

None.

Sophie Clamens

Born August 19, 1961.
Married, 4 children.
Graduate of the Ecole des Hautes Etudes Commerciales du Nord (EDHEC).
Nationality: French.

Business address:
Sodexho Alliance
3, avenue Newton – 78180 – Montigny-le-Bretonneux, France.

Background

Sophie Clamens began her career in 1985 with Crédit Lyonnais in New York as a mergers and acquisitions advisor for the bank's French clientele. She joined the Sodexho Group Finance Department in 1994 as a senior analyst. In 2001, she was appointed Project Manager – Strategic Financial Planning within the Group Strategic Planning Department, to develop and implement key performance indicators. In addition to this role, she worked on the identification and dissemination of best practices, and rolled out the worldwide client retention strategy. Since September 2005, she has been dedicated to this latter role on a full-time basis as Group Vice-President Client Retention.

Other corporate offices held

- Bellon SA (Chairman of the Management Board since 2002);
- Holding Altys SA (Director);
- Baumira SARL (Officer).

Number of Sodexho Alliance shares held: 7,964.

Other corporate offices held within the past five years but no longer held

None.

Paul Jeanbart

Born August 23, 1939.
Married, 3 children.
Civil engineer.
Nationality: Canadian.

Business address:
Rolaco Holding SA
28, boulevard du Pont d'Arve – 1205 – Geneva, Switzerland.

Background

Co-founder, partner and Chief Executive Officer of the Rolaco group since 1967.

Other corporate offices held

- Oryx Finance Limited, Grand Cayman (Chairman);
- Hôtels Intercontinental Genève, Switzerland (Chairman of the Board of Directors);
- Rolaco Holding SA, Luxembourg (Executive Director) and subsidiaries/affiliates of the Rolaco Group (Member of the Board of Directors);
- Semiramis Hotel Co., Egypt (Member of the Board of Directors);
- Luxury Brand Development SA, Luxembourg (Chairman of the Board of Directors);
- Club Méditerranée SA, France (Member of the Supervisory Board).

Number of Sodexho Alliance shares held: 400.

Other corporate offices held within the past five years but no longer held

- XL Capital Ltd (Member of the Board of Directors);
- Orfèvrerie Christofle SA (Member of the Supervisory Board);
- Delta International Bank (Member of the Board of Directors);
- Nasco Insurance Group (Member of the Board of Directors).

Charles Milhaud

Born February 20, 1943.
Married, 2 children.
Advanced degree in Mathematics, Physics and Chemistry.
French.

Business address:
CNCE (Caisse d'Epargne Group)
50, avenue Pierre Mendès France – 75201 – Paris Cedex 13, France.

Background

In 1964, Charles Milhaud joined the Caisse d'Epargne, where in 1983 he became Chief Executive Officer of the Bouches-du-Rhône and Corsica regions and a member of the Supervisory Board of the Centre National des Caisses d'Epargne (CNCEP). In 1995, he became Vice-Chairman of the Board of Directors of Caisse Centrale des Caisses d'Epargne. In 1999, after the merger of these two institutions, Charles Milhaud was appointed Chairman of the Management Board of Caisse Nationale des Caisses d'Epargne (CNCE).

Other corporate offices held

- Financiére Océor (Chairman of the Supervisory Board);
- CNP Assurances (Member of the Supervisory Board);
- Banque de Tahiti (Permanent representative of CNCE - Director);
- Banque de Nouvelle-Calédonie (Permanent representative of CNCE - Director);
- Sopassure (Director);
- SAS Erixel (Chairman);
- Sogima (Director via his chairmanship of GCE Participations, permanent representative);
- Centre National d'Enseignement à Distance (Chairman of the Board of Directors);
- Banque des Mascareignes (Director);
- SCA Veolia Eau – Compagnie Générale des Eaux (Member of the Supervisory Board);
- SAS GCE Maroc (Chairman of the Board of Directors);
- Massira Capital Management (Director);
- SAS GCE Participations (Permanent representative of CNCE – Chairman);
- SAS IDF Tele (Member of the Supervisory Board);
- Natixis (Chairman of the Supervisory Board);
- Credit Immobilier et Hôtelier (Vice-Chairman of the Supervisory Board);
- Coface (Director);
- Europacorp (Member of the Supervisory Board);
- GCE Domaines (Chairman of the Board of Directors);
- Nexity (Vice-Chairman of the Board of Directors).

Other positions

- Groupement Européen des Caisses d'Epargne (Vice-Chairman);
- Fédération Bancaire Française (Member of Executive Committee);
- Groupement National de la Coopération (Member of the Board of Directors);
- Fondation Belem (Treasurer);
- Fondation Caisses d'Epargne pour la Solidarité (Chairman).

Number of Sodexho Alliance shares held: 400.

Other corporate offices held within the past five years but no longer held

- Caisse des Dépôts Développement (Director);

- Cetelem (Member of the Supervisory Board);
- Ecureuil Participations (Director);
- Société Nouvelle d'Exploitation de la Tour Eiffel (Director);
- Université René Descartes (Paris V) (Director);
- SICP (Chairman of the Board of Directors);
- CDC Finance-CDC Ixis (Vice-Chairman of the Supervisory Board);
- Université du Groupe Caisse d'Epargne (Chairman);
- GCE Immobilier (Vice-Chairman of the Supervisory Board);
- Perexia (Vice-Chairman of the Supervisory Board);
- Ixis Corporate & Investment Bank (Member of the Supervisory Board);
- Ixis Asset Management Group (Member of the Supervisory Board);
- Natixis Global Asset Management (Member of the Supervisory Board);
- Crédit Foncier de France (Chairman of the Supervisory Board);
- CDC Entreprise (Member of the Supervisory Board);
- GCE Habitat (Member of the Supervisory Board);
- Issoria (Chairman of the Supervisory Board);
- Banque de la Réunion (Permanent representative of CNCE - Director).

François Périgot

Born May 12, 1926.
Married.
Advanced degree in Law, graduate of the Institut d'Etudes Politiques de Paris.
Nationality: French.

Business address:
MEDEF International
9, avenue Frédéric Le Play – 75007 – Paris, France.

Background

After serving as Chairman and Chief Executive Officer of Thibaud Gibbs et Compagnie from 1968 to 1970, François Périgot successively held the positions of Chairman and Chief Executive Officer of Unilever Spain and Chairman and Chief Executive Officer of Unilever France (1971-1986).

From 1986 to 1998, he was Chairman of Compagnie du Plâtre, and from 1988 to 1998 he served as Vice-Chairman, and later Chairman, of UNICE, the European union of employer and industry confederations. François Périgot has also been:

- Chairman of the French Enterprise Institute (1983-1986);
- Chairman of the CNPF, the French employers' federation (1986-1994);
- Member of the Executive Committee of the International Chamber of Commerce (1987-1989);
- Member of the French Economic and Social Council (1989-1999);
- Chairman of MEDEF International (1997-2005);
- Chairman of the Franco-Dutch Chamber of Commerce (1996-2002);
- President of the International Organization of Employers (2001-2006).

He has been Honorary President of MEDEF and MEDEF International since 2005.

Other corporate offices held

- OENEO (Director).

Number of Sodexho Alliance shares held: 400.

Other corporate offices held within the past five years but no longer held

- Marine Wendel (Director);
- Astra Calvé (Director);
- Lever (Director);
- CDC Participations (Director);
- Radoux (Director);
- Unilever France Holdings (Director).

Nathalie Szabo

Born January 26, 1964.
Married, 3 children and legal guardian for 2 nephews.
Graduate of the European Business School.
Nationality: French.

Business address:
Sodexho Prestige- L'Affiche
19, rue de Sèvres – 92100 – Boulogne, France.

Background

Nathalie Szabo began her career in the Food Services industry in 1987. From 1989, she was an account manager for Scott Traiteur, and then Sales Manager of "Le Pavillon Royal".

She joined Sodexho in March 1996 as Sales Director for Sodexho Prestige in France, becoming a Regional Manager in 1999. In September 2003 she was appointed Managing Director of Sodexho Prestige, and was also appointed as Managing Director of L'Affiche in January 2006.

Other corporate offices held

- Bellon SA (Member of the Management Board);
- SEGSHMI – Société du Lido (Member of the Supervisory Board).

Number of Sodexho Alliance shares held: 1,147.

Other corporate offices held within the past five years but no longer held

None.

Peter Thompson

Born September 15, 1946 in Melbourne (Australia).
Married, 3 children.
BA Modern Languages, Oxford University; MBA, Columbia University.
Nationality: American.

Business address:
Thompson Holdings LLC
11 Broad Road
Greenwich, CT 06830, United States.

Background

Peter Thompson began his career in marketing in 1970. In 1974, he became a Product Manager at General Foods Corp. He joined GrandMet Plc in 1984, where he held management positions (Green Giant, Häagen-Dazs, Pillsbury, etc.). In 1992 he became Chairman and CEO of GrandMet Foods Europe, based in Paris. In 1994 he joined the PepsiCo Group where he successively held the following positions: Chairman of Walkers Crisps in the UK; CEO Europe, Middle East, Africa of Frito-Lay International; and finally CEO of Pepsi-Cola International (1996-2004).

Currently, he is a private investor and a Director of Syngenta AG.

Other corporate offices held

- Syngenta AG (Director and Member of the Audit Committee).

Number of Sodexho Alliance shares held: 400.

Other corporate offices held within the past five years but no longer held

- Pepsi-Cola International (Chief Executive Officer) – United States;
- Pepsi Gemex SA de CV (Director) – Mexico;
- Stanwich School (Chairman of the Board of Trustees) – United States.

H. J. Mark Tompkins

Born November 2, 1940.
Married, 3 children.
Masters degree in Natural Sciences and Economics from the University of Cambridge; MBA from the Institut Européen d'Administration des Affaires (INSEAD).
Nationality: British.

Business address:
Thurloe Capital Partners Ltd
15 Cromwell Road, London SW7, United Kingdom.

Background

Mark Tompkins began his career in investment banking in 1964 with Samuel Montagu & Company (now HSBC). From 1965 to 1971, he was a management consultant with Booz Allen & Hamilton working on assignments in the UK, continental Europe and the USA. He joined the Slater Walker Securities group in 1972 and was named Chairman and Chief Executive Officer of Compagnie Financière Haussmann, a publicly traded company in France. From 1975 through 1987, he was active in residential and commercial property investment in the Middle East, Germany, Spain, France and the United States. In 1987 and subsequent years, his focus moved to private equity and development capital in publicly traded entities, notably in the healthcare, biopharmaceutical, tourism and leisure, and manufacturing sectors.

Other corporate offices held

Mark Tompkins is also on the Board of Directors of:

- Allied Healthcare International, Inc. (United States);
- Healthcare Enterprise Group Plc (United Kingdom);
- Kingkaroo (Pty) Ltd (South Africa);
- Samara Private Game Reserve (Pty) Ltd (South Africa).

Number of Sodexho Alliance shares held: 400.

Other corporate offices held within the past five years but no longer held

- Original Investments Ltd (Member of the Board of Directors);
- Baobaz SA (Member of the Board of Directors);
- Partners Holdings Plc (Member of the Board of Directors);
- Calcitech Ltd (Member of the Board of Directors).

3. DIRECTORS' COMPENSATION

Directors' fees

Directors' fees were calculated and paid in accordance with the Board's Internal Rules, based on the following criteria:

- **16,000 euro** fixed fee to each Director;
- **1,600 euro** per attendance at Board meetings;
- **5,000 euro** fixed fee to each member of a Board Committee;
- **700 euro** per attendance at Committee meetings.

The total amount of directors' fees paid for fiscal 2007 was 455,200 euro, out of the maximum of 472,500 euro authorized by the general shareholders' meeting of January 30, 2007.

Compensation and other benefits paid to members of the Board of Directors (in compliance with article L. 225-102-1 of the French Commercial Code)

(in euro)	Total Fiscal 2006[1]	Total Fiscal 2007[1]	Sodexho Alliance Directors' fees	Bellon SA[2]
Pierre Bellon	272,703[3]	240,000[3]	40,000	200,000
Robert Baconnier	29,900	40,000	40,000	
Rémi Baudin	40,900	44,100	42,100	2,000
Patricia Bellinger	34,000	39,300	39,300	
Astrid Bellon	94,296	95,896	25,600	70,296
Bernard Bellon	32,300	35,600	33,600	2,000
François-Xavier Bellon	92,796	97,496	27,200	70,296
Sophie Clamens	202,673	216,208	30,000	101,776
Paul Jeanbart	21,000	25,600	25,600	
Charles Milhaud	16,500	19,200	19,200	
François Périgot	36,100	40,700	40,700	
Nathalie Szabo	181,203	189,020	32,900	81,628
Peter Thompson	24,000	25,600	25,600	
Mark Tompkins	28,700	33,400	33,400	

(1) Total including directors' fees paid by Sodexho Alliance and all forms of compensation paid for positions held in Bellon SA, Sodexho Alliance, and/or Sodexho Group companies.
(2) All forms of compensation paid for positions held in Bellon SA.
(3) Pierre Bellon receives no compensation for his position as Chairman of the Board of Sodexho Alliance, but has the use of a company car, an office and an assistant.

4. COMPLIANCE WITH CORPORATE GOVERNANCE RULES

The shares of Sodexho Alliance stock were listed on the New York Stock Exchange until July 16, 2007. As a result of Sodexho Alliance having been listed on two different stock exchanges until July 16, 2007, the Group's corporate governance structure includes the mandatory provisions of French corporate governance law and the securities laws and regulations of both France and the US, as well as the rules promulgated by the stock market authorities in both countries. The Group therefore believes that it has an appropriate corporate governance structure that reflects current best practice in France and in the US.

Family relationships between members of the Board of Directors and of the Senior Management are as follows:

- Astrid Bellon, Sophie Clamens, Nathalie Szabo and François-Xavier Bellon (Directors) are the children of Pierre Bellon, Chairman of the Board of Directors;
- Bernard Bellon (Director) is the brother of Pierre Bellon.

There are no other family relationships between members of the Board of Directors and members of the Executive Committee of Sodexho Alliance.

No loans or guarantees have been made or given to either members of the Board of Directors or Senior Management by Sodexho Alliance or by any Group company.

No assets necessary for the Group's operations are owned by either members of the Board of Directors or Senior Management or by their families.

There are no potential conflicts of interest between the duties to Sodexho Alliance of members of the Board of Directors or Senior Management and their private interests. In particular:

- Pierre Bellon and his children control 68.5% of Bellon SA, which holds 36.83% of the share capital of Sodexho Alliance;
- Bernard Bellon, with other members of his family, holds 13% of the shares of Bellon SA;
- Charles Milhaud is Chairman of the Management Board of CNCE, which in June 2004 granted Bellon SA, the parent company of Sodexho Alliance, a €413 million loan repayable in July 2012. This loan cancelled and replaced the €400 million bond issue subscribed in May 2001. In addition, the Sodexho Group has signed framework agreements with the Fondation Caisses d'Epargne in France relating to the management of approximately fifty sites.

During fiscal 2007, Sodexho Alliance was not notified of the acquisition of Sodexho Alliance shares by any director.

As far as we are aware, no member of the Board of Directors or of the senior management has during the past five years been:

- convicted of fraud;
- associated with a bankruptcy, receivership or liquidation;
- officially incriminated and/or subject to any official public sanction issued by a statutory or regulatory authority.

Also as far as we are aware, no member of the Board of Directors or of the Senior Management has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a publicly-traded company or from participating in the management or conduct of the affairs of a publicly-traded company during the past five years.

Controlling shareholder measures

In the interests of transparency and disclosure, Sodexho Alliance has put in place a series of measures inspired by the recommendations of the October 2003 AFEP-MEDEF report on corporate governance for listed companies, and by applicable rules issued by the Securities and Exchange Commission in the United States.

Examples of these measures include:

- the independent status of six of the fourteen members of the Board of Directors;
- the existence of three Board committees, two of which (the Nominating Committee and the Compensation Committee) include independent directors, and the third of which (the Audit Committee) is composed entirely of independent directors;
- the separation of the roles of Chairman of the Board and Chief Executive Officer. On September 1, 2005, Michel Landel – neither a member of Pierre Bellon's family, nor a corporate officer of Bellon SA – succeeded Pierre Bellon as Chief Executive Officer of Sodexho Alliance. Pierre Bellon remained as Chairman of the Board;
- the disclosures within this Reference Document of the relationship between Sodexho Alliance and Bellon SA. These include the service agreement described below (the fee basis of which was approved by shareholders in accordance with the procedure required under French law for regulated related-party agreements), and the status of and changes in the ownership interest of Bellon SA in Sodexho Alliance (disclosed on page 223 of this Reference Document).

Regulated related-party agreements

- On December 31, 1991, Bellon SA and Sodexho Alliance entered into a service agreement whereby Bellon SA provides Sodexho Alliance and Sodexho Group companies with assistance and advice in areas such as strategy, finance, accounting and capital markets, either directly or with the assistance of external advisers. In return for these services, Bellon SA is paid a fee, the amount of which is approved annually by the Board of Directors of Sodexho Alliance in accordance with the relevant legal requirements.

  The following are directors of both companies: Pierre Bellon, Rémi Baudin, Bernard Bellon, François-Xavier Bellon, Sophie Clamens, Nathalie Szabo and Astrid Bellon. Bellon SA invoiced a total of 8,126,800 euro (excluding VAT) to Sodexho Alliance under this agreement for Fiscal 2007.
- On September 13, 2005, Bellon SA and Michel Landel clarified various terms of the latter's employment contract. Bellon SA undertook to make various payments to Michel Landel in the event of the termination of his contract over and above the termination payments to which he would be entitled under the law or collective agreements.

  Bellon SA also agreed to enroll Michel Landel in the Sodexho Group executive retirement benefit plan, in addition to his compulsory retirement benefit entitlement. Contributions paid with respect to Fiscal 2007 amounted to 128,664 euro.
- On June 18, 2007, two share exchange transactions took place: (i) Sodexho Alliance transferred all the shares of Excel SAS to Sofinsod SAS, in exchange for Sofinsod SAS shares; followed by (ii) Sofinsod SAS transferred all the shares of Excel SAS to Loisirs Developpement SAS in exchange for shares in Loisirs Developpement SAS.

As far as we are aware, there are no other service agreements between any corporate officer and Sodexho Alliance or a subsidiary of Sodexho Alliance from which he/she might derive a benefit.

5. CHAIRMAN'S REPORT ON THE OPERATING PROCEDURES OF THE BOARD OF DIRECTORS AND ON INTERNAL CONTROL PROCEDURES

"In accordance with article L. 225-37 of the Commercial Code, the present report is issued as a supplement to the Board of Directors' Report in order to inform shareholders about the preparation and organization of the work of the Board of Directors and about internal control procedures."

5.1 Preparation and organization of the work of the Board of Directors

Operating procedures of the Board of Directors

In addition to the company's bylaws, the Board of Directors is governed by the Board's Internal Rules, which define the Board's mission, set the number of Board members, establish the Directors' Charter, and determine the minimum number of Board meetings and the allocation of directors' fees. The Internal Rules also set assessment criteria for the performance of the Board, organize the delegation of powers to the Chief Executive Officer, and define the policy for issuing guarantees.

Mission of the Board of Directors

The Board of Directors establishes corporate strategy, appoints corporate officers to run the business, supervises the management of the business, assesses internal control procedures, and oversees the quality of information provided to shareholders and to the financial markets in the financial statements and in connection with major financial transactions.

As required by law, the Board of Directors finalizes the financial statements, proposes dividends, and makes decisions on investments and financial policy.

At least three days ahead of Board meetings, each Board member is given briefing documents so that he or she can review or investigate the issues to be discussed.

The Group's senior operational executives keep the Board informed of market conditions, strategy, the resources used in their activities, and action plans implemented to meet objectives.

The Board of Directors performs periodic in-depth reviews of the financial statements at meetings attended as necessary by members of the Group's operational and financial management teams and by the internal and external auditors.

The Board of Directors is also kept regularly informed of questions, comments and criticisms raised by shareholders, whether at shareholders' meetings or by mail, e-mail or telephone.

The Directors' Charter

Each Director must personally own at least 400 Sodexho Alliance shares.

Except in cases of force majeure, all Directors of Sodexho Alliance must attend shareholders' meetings.

Directors are required to disclose to the Board all actual or potential conflicts of interest and must abstain from voting on those matters.

Any Director of Sodexho Alliance who obtains unpublished information during the course of his or her duties is bound by a duty of confidentiality. Directors are also prohibited from trading in Sodexho Alliance securities:

- during a period commencing thirty calendar days before the Board meeting that finalizes the interim consolidated financial statements and ending two business days after the publication of those financial statements;
- during a period commencing September 1 and ending two business days after publication of the annual consolidated financial statements.

Transactions by Directors in the company's shares must be disclosed to the public. Consequently, Directors are required to inform the Chief Financial Officer or Corporate Secretary of all transactions in Sodexho Alliance shares.

Board meetings

The Board of Directors met eight times during Fiscal 2007, fulfilling the minimum requirement of four meetings per year as stated in the Internal Rules.

Date	Main items on the agenda	Attendance rate
Sep 12, 2006	• Approval of budgets for Fiscal 2007 • Business update presented by Group Senior Vice President Marketing	93%
Nov 14, 2006	• Finalizing the financial statements for Fiscal 2006 • Finalizing the Board Report • Convening of the Combined Shareholders' Meeting	86%
Jan 16, 2007	• Adoption of new stock option plan	100%
Jan 30, 2007	• Business update for opening months of Fiscal 2007	93%
Jan 30, 2007	• Nomination of Chairman of the Board	93%
Mar 14, 2007	• Business update for first 5 months of Fiscal 2007 • Impact of IFRS implementation • Presentation on Service Vouchers and Cards activity	79%
April 24, 2007	• Finalizing the interim consolidated financial statements for the six months to February 28, 2007 • Update on Group communications and brand strategy	100%
June 6, 2007	• Update on investment projects	86%

The average attendance rate during fiscal 2007 was 91%.

Composition of the Board of Directors

A list of members of the Board of Directors is provided on page 56 of this Reference Document.

The Board of Directors has fourteen members, four of whom are women. Ten are French nationals, two are American, one is Canadian and one is British.

Directors are chosen for their ability to act in the interests of all shareholders and for their expertise, experience and understanding of the strategic challenges in markets where Sodexho operates.

The composition of the Board is intended to reflect the geographic mix of the business (as far as possible), to provide a range of technical skills, and to include individuals with in-depth knowledge of Sodexho's activities.

Currently, the term "independent director" has no definition in French law. However, the Bouton report on corporate governance offers the following definition of director independence:

"A director is independent when he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that is such as to color his or her judgment."

Based on this definition, the Board regards all Sodexho Alliance directors as independent.

This is because the Board of Directors is a collegiate body that collectively represents all the shareholders. Each Board member has a duty to act at all times in the interest of all shareholders and in the corporate interest of Sodexho Alliance.

However, to comply with different concepts of director independence, the Nominating Committee provides the Board of Directors from time to time with a list of Directors qualifying as independent.

During Fiscal 2007, six Board members qualified as independent directors.

Directors hold office for a term of three years.

Board Committees

To support its decision-making process, the Board has created three Committees, each with its own Charter. Broadly, their role is to examine specific issues ahead of Board meetings, and to submit opinions, proposals and recommendations to the Board.

Audit Committee

The Audit Committee is chaired by Robert Baconnier, who is considered a financial expert. The other members are Mark Tompkins and François Périgot. Sophie Clamens and Rémi Baudin are invited to attend all Audit Committee meetings, but are not members.

The Audit Committee is responsible for ensuring that the Group's accounting policies are appropriate and consistently applied and that effective internal controls are in place. The Committee periodically reviews Senior Management reports on risk exposure and prevention.

The Committee assesses proposals from auditing firms and submits candidate firms for approval by the general shareholders' meeting.

It also performs an annual review of the fees paid to the auditors of Sodexho Alliance and its subsidiaries, and assesses auditor independence.

In fulfilling its role, the Audit Committee is assisted by the Chief Executive Officer, by the Group Chief Financial Officer, the Group Internal Audit Director, and by the external auditors. It may also make inquiries of any Group employee and seek advice from outside experts.

Michel Landel (Chief Executive Officer of Sodexho Alliance), Siân Herbert-Jones (Group Chief Financial Officer) and the Group's Internal Audit Director are regularly invited to attend Audit Committee meetings to discuss their activities and answer questions.

The Audit Committee met four times during Fiscal 2007, with a 100% attendance rate. Issues addressed by the Committee included:

- approval of the Internal Audit Plan for Fiscal 2007;
- review of the principal accounting policies applied by the Group;
- organization of the finance function within the Group;
- reports issued by the Internal Audit department, and progress reports on the implementation of internal audit recommendations;
- progress reports on the "CLEAR" project (internal control assessment, particularly with respect to the Sarbanes-Oxley Act and the "Loi de Sécurité Financière");
- review of the Form 20-F for Fiscal 2006 filed with the Securities and Exchange Commission;
- supervision of the independence and work of the external auditors. The Committee also approved the terms of engagement and fees of the auditors of Sodexho Alliance and its subsidiaries in connection with the audit of the consolidated financial statements and assessment of internal control procedures for Fiscal 2007. The Audit Committee also approved in advance all other engagements performed by the Group's auditors and by member firms of their international networks.

The Audit Committee reviewed the annual consolidated financial statements for Fiscal 2006, and the interim consolidated financial statements for the six months ended February 2007. In addition to four formal meetings, the Chairman of the Audit Committee also had periodic meetings during Fiscal 2007 with the Group Chief Executive Officer, the Group Internal Audit Director, the Group Chief Financial Officer and the external auditors.

Nominating Committee

The Nominating Committee is chaired by François Périgot. The other members are Patricia Bellinger, Nathalie Szabo, Pierre Bellon and Rémi Baudin.

This Committee examines proposals made by the Chairman of the Board, and advises the Board on the appointment of Directors, the Chief Executive Officer and Chief Operating Officer(s). It also:

- examines proposals made by the Chief Executive Officer on succession plans for members of the Executive Committee and other key executives, and advises the Board on these proposals;
- ensures that the Chief Executive Officer is able to propose potential replacements to the Board in complete confidence at any time if a position suddenly becomes vacant.

The Committee reviews nominees prior to their election as Directors, and where it sees fit assesses the position of Directors by reference to the criteria related to the composition of the Board specified in the relevant legislation and in the Board's Internal Rules. For compliance reasons, the Committee also provides the Board of Directors from time to time with a list of Directors qualifying as independent.

The Nominating Committee met formally twice in Fiscal 2007 to discuss succession planning for members of the Group Executive Committee. In particular, it reviewed the arrangements for replacing Executive Committee members on an urgent basis, and for the replacement of Richard Macedonia (Group Chief Operating Officer, CEO North America, Food and Facilities Management services) by George Chavel effective September 1, 2007.

The attendance rate was 100%.

Compensation Committee

The Compensation Committee is chaired by Rémi Baudin. The other members are Patricia Bellinger, Pierre Bellon and Bernard Bellon.

This Committee makes proposals relating to compensation packages for corporate officers, executive compensation policy, performance-based incentives (including stock option plans), and employee stock ownership plans.

The Committee met three times in Fiscal 2007 to make recommendations to the Board on issues such as the advisability of introducing a new International Employee Stock Ownership Plan, the implementation and plan rules of a new stock option plan, a review of executive incentivization tools, and compensation packages for the Chairman and the Chief Executive Officer. The Committee also offered its opinion to the Board on the granting of 1.5 million stock options to 450 senior managers under the 2007 plan in accordance with individual grants as proposed by the Chief Executive Officer.

The average attendance rate in Fiscal 2007 was 83%.

Working Group: Public-Private Partnership Projects

The Board of Directors has also set up a working group to conduct in-depth studies of Public-Private Partnership and Private Finance Initiative investment projects. Recommendations from this working group are used by the Board in deciding whether to authorize the investments and issue any related guarantees.

The working group consists of four directors (Sophie Clamens, Robert Baconnier, Pierre Bellon and Mark Tompkins) and also includes Michel Landel (Chief Executive Officer), Siân Herbert-Jones (Group Chief Financial Officer), and members of the Group Finance Department. The group is chaired by Siân Herbert-Jones.

Assessment of Board operating procedures

Following an assessment of Board operating procedures conducted by one of the Directors in Fiscal 2004, a number of improvements were made to the Board's Internal Rules during the following fiscal year, including the location and length of meetings and themed meetings. During Fiscal 2006, Board members expressed an interest in holding periodic meetings with Group Executive Committee members, and a series of such meetings was scheduled.

In September 2006, the Board decided to conduct a new formal self-assessment procedure. The results of this assessment will be presented to the Board during Fiscal 2008.

5.2 Internal control procedures

Sodexho's senior management demonstrated its commitment to enhancing internal control with the launch in Fiscal 2004 of the **CLEAR** program (*Controls for Legal requirements and to Enhance Accountability and Reporting*). This ambitious program resulted in Sarbanes-Oxley certification in Fiscal 2006, confirmed by the Group's external auditors. On April 24, 2007 the Board of Directors of Sodexho Alliance decided to delist from the New York Stock Exchange and deregister from the U.S. financial market. Despite this decision, Sodexho has reaffirmed its determination to improve the effectiveness of internal control, which remains a key priority. It is for this reason that management has committed to reinvesting part of the savings gained by delisting from the NYSE to provide robust, sustainable improvements to the internal control structure.

General organization of internal control procedures

The Group's principal **internal control** objectives are:

- to ensure that management decisions, the way in which the Group conducts business, and the behavior of its employees are consistent with the strategies and policies decided by the Board of Directors, with applicable laws and regulations, and with the Group's internal policies and procedures;
- to ensure that financial information provided to the Board of Directors and to the financial markets fairly reflects the Group's financial position and gives a reasonable assessment of any actual or potential risks incurred by the Group.

The internal control system is based on the Group's **values and policies** as defined by Sodexho Alliance senior management and implemented by each subsidiary, taking account of local factors.

Sodexho is at the service of its clients, its employees and its shareholders.

Its mission is to improve the quality of daily life.

Its signature is "Making Every Day a Better Day".

Its values: service spirit, team spirit, spirit of progress.

Its ethical principles include trust, respect for people, transparency and business integrity.

Contributing to economic and social development in every country where Sodexho operates.

All Executive Committee and Operational Committee members have signed the Sodexho Alliance **Ethical Principles** and **Sustainable Development Contract**. They have also undertaken to ensure that these principles are applied within the organizations for which they are responsible.

Sodexho also has a **Code of Conduct**, which has been signed by the members of the Executive Committee and key finance executives of the Sodexho Group.

In November 2006, the Group Executive Committee recommended to the Board of Directors the adoption of a **Business Integrity Code**. The code enshrines Sodexho's core beliefs and practices in the area of business ethics, so that every employee understands and shares the Group's commitment to business integrity.

The Group has long-standing, detailed policies designed to ensure that risks are assessed and managed at appropriate levels within the organization.

Group Policies are widely distributed within the organization and are available on the Sodexho intranet, to which many employees have access.

These policies cover Sodexho's strategic imperatives, plus guidelines applicable in areas such as Client retention, Human Resources, Finance, Purchasing, Information Systems, Communications and Sustainable Development.

In **Human Resources**, Group senior management has focused on developing selection and development policies for the key executives who comprise the Management Committees of the principal subsidiaries. These policies reflect the commitment to making Sodexho's human capital a genuine competitive advantage by attracting, developing, motivating and retaining the best talent and by promoting equal opportunities and cultural diversity at every level of the organization. They provide a framework for management structures, recruitment, training, career and succession planning, and fixed and variable compensation policy.

Group financial policies state that Sodexho Alliance has chosen to operate in activities that require little or no investment to support organic growth and that generate significant amounts of cash.

These financial policies establish rules applicable to such areas as investment approvals, working capital reduction, cash management, borrowings, and the distribution of subsidiaries' profits.

They aim to ensure that the financial aspects of business growth are properly managed and to allow the generation of sufficient cash to finance growth, reward shareholders and service debt.

Group financial policies also set forth principles for the keeping of accounting records, and stress the importance of having procedures to ensure the reliability of financial projections. They state that each profit center manager is accountable for all information produced within his/her sphere of responsibility, including projections. Each manager must obtain assurance that such information is accurate, and that reporting and publication deadlines are met; he/she must also make sure that his/her staff are fully aware of these imperatives and that controls are in place to ensure that these objectives are met.

The ability to meet reporting deadlines, and the quality and reliability of financial information, are factors in assessing the performance of managers, especially that of the Managing Directors and Finance Directors of the Group's subsidiaries.

As regards borrowings, Group financial policies require all decisions involving external financing to be made by the Group Chief Financial Officer, Chief Executive Officer or the Board of Directors, depending on the amount and type of the transaction.

In addition:

- substantially all borrowings must be at fixed rates of interest, or converted to fixed-rate using hedging instruments;
- currency risks on borrowings and foreign-currency loans to subsidiaries must be hedged.

Group financial policies are designed to prevent any speculative positions being taken and to avoid risk in connection with financing and cash management activities.

A description of all planned derivatives transactions, backed by financial and economic analyses, must be submitted for approval to the Group Chief Financial Officer, to the Chief Executive Officer, and if necessary to the Board of Directors. The notes to the consolidated financial statements include disclosures about Sodexho's current use of interest rate and currency instruments.

The **Information Systems and Technologies Department** created in Fiscal 2008 a new centralized organization in order to accelerate synergies, reduce the costs of the technical infrastructures and ensure improved compatibility of the Group's systems. This new structure will provide support for project management, create visibility for existing projects, support for financial analyses, assist in implementation, manage departmental human resources and optimize the efficiency of the Group's information systems. The Information Systems and Technologies Governance Committee approves investments, monitors the progress of projects, and performs cost/benefit analyses of security standards and disaster recovery plans.

In addition to these principles and policies, the Chief Executive Officer regularly issues **Management Updates** to the 200 key Group executives. These updates provide a channel for the Chief Executive Officer to inform executives about strategic orientations and to help them mobilize their teams around shared objectives. They are designed to ensure that the Group's strategies and action plans for progress are clearly understood.

The two updates issued in Fiscal 2007 included an analysis of the Group's results for Fiscal 2006 and the first six months of Fiscal 2007, and full-year targets for Fiscal 2007. They also provided an opportunity to share the strategic imperatives and objectives of the Sodexho Strategy Road-Map, and to give progress reports on key initiatives: diversity and integration, corporate citizenship (especially the Stop Hunger program), business integrity, and the CLEAR internal controls program (see page 73 of this document). Also included were the findings of the Employee Engagement Survey, conducted in 35 countries where 78,000 team members participated. More than 80% of these team members are engaged and are proud to be part of the Group and 83% indicated that they would not hesitate to recommend Sodexho to a friend looking for employment.

These principles and policies are also supported by **Job Descriptions, Annual Objectives** and (for key executives) clearly-defined **Delegations of Authority**, which are reviewed annually and formally communicated to managers by their superiors.

Delegations of authority cover human resources, financial and environmental issues, and include the following:

- all significant new contracts must be approved by a member of the Executive Committee;
- all significant international purchasing contracts must be approved by the Group Senior Vice President, Marketing;
- major investment projects, and divestments of significant subsidiaries or activities, must be approved by the Group Investment Committee (comprising the Chief Executive Officer and Group Chief Financial Officer), and if appropriate by the Board of Directors;
- the principal local banking partners must be approved by the Group Chief Financial Officer;
- only the Chief Executive Officer, under powers delegated by the Board and up to certain limits, has authority to issue financial guarantees and performance bonds in the name of Sodexho Alliance. Guarantees issued by subsidiaries must be authorized in advance by the Group Chief Financial Officer.

Delegations of authority are generally implemented via "accountability contracts" in the form of the three-year plan and annual budget, and must comply with the Group's overall policies.

The Group's strategy and targets are discussed each year during the preparation of the **three-year plan**. The plan is presented to the Board of Directors by the Chief Executive Officer. This plan aims to assess the potential of each business unit, and the resources needed to fulfill that potential. The process includes setting strategic medium-term goals and allocating the necessary resources to meet them, based on interaction and dialogue between the Executive Committee and the business units.

The three-year plan and related action plans are incorporated into a **Budget**, which is submitted to the Board of Directors for approval. Financial data for the first year of the three-year plan usually represent the budget for the forthcoming fiscal year.

The managers responsible for each budget have authority to accept and sign off all operating costs within their approved budget.

Operational performance indicators (relating to client retention, growth on existing sites and business development) are built into the three-year plan, and form part of the decision-making process. Actual performance is measured against these indicators on a monthly or quarterly basis. The **Group Finance Department** co-ordinates the process, and monitors operational performance indicators using a scorecard.

The **Group Legal Department** and local legal managers offer upfront support to line personnel, and monitor compliance with the law. They ensure that contract negotiations are conducted fairly; that risks are confined to non-compliance with contractual service obligations, and are limited in terms of value and time; that appropriate insurance cover has been taken out; and that all other appropriate measures are taken to protect the Group's interests.

The **Group Internal Audit Department** independently reviews internal control procedures, bearing in mind that any control – however well designed and rigorously applied – can provide only reasonable assurance and not an absolute guarantee.

The Internal Audit Department reports directly to the Chairman of the Board, thereby guaranteeing its independence within the organization. The Internal Audit Director and the Chairman of the Board meet on a monthly basis. The Internal Audit Director works closely with the chairman of the Audit Committee, holding informal meetings (approximately six times per year).

The Department performs internal audits of Group entities based on an Internal Audit Plan. An annual review of potential risks, conducted by the Chairman of the Board of Directors, the Group Chief Executive Officer, the Group Chief Financial Officer and the Internal Audit Director (with input from the external auditors and the Executive Committee), is used to prepare an annual list of organizational structures, subsidiaries, and other issues which might be subject to internal audit. This review forms the basis for the annual Internal Audit Plan.

The responsibilities of the Internal Audit Department include:

- obtaining assurance that delegations of authority and procedures have been established and communicated to the appropriate levels of management, and checking that they are properly implemented;
- helping to assess subsidiaries' internal controls, issuing action plans designed to remedy identified control weaknesses, and monitoring implementation of these action plans.

The Internal Audit Department may also conduct special assignments commissioned by the Chairman of the Board, the Audit Committee, the Chief Executive Officer or the Executive Committee.

All of the principal engagements contained in the Internal Audit Plan approved by the Audit Committee at the start of Fiscal 2007 were completed by the end of the fiscal year. The Group Internal Audit Department, which had an average of approximately 23 staff, conducted 81 engagements during Fiscal 2007 in 30 countries. In addition to this central team, around fifty internal auditors (about half them based in the USA) are assigned to subsidiaries. The Group Internal Audit Department co-ordinates their work and provides them with technical assistance.

The Internal Audit Department conducts regular follow-ups to ensure that its post-audit action plans are being implemented by Group companies. An overall progress report is updated regularly and submitted on a semi-annual basis to the Chief Executive Officer, the Group Chief Financial Officer, the Chairman of the Board and the Audit Committee. The Audit Committee will not accept any refusal by a subsidiary to implement an internal audit recommendation. For Fiscal 2006 and 2007, more than 95% of recommendations were either implemented or addressed in an action plan prepared by the management of the subsidiary involved.

The Internal Audit Department also plays a major role in the **CLEAR** project (Controls for Legal requirements and to Enhance Accountability and Reporting, see page 73 of this report) and performs an independent, objective evaluation of the effectiveness of controls identified, documented and performed by management.

Finally, the Internal Audit Department co-ordinates external audit engagements, and reviews the external auditors' annual fee budgets (for both statutory audit work and other engagements) prior to their approval by the Audit Committee. Each year, the external auditors prepare audit instructions, which are agreed with the Group Finance Department and Internal Audit Department and issued to all external auditors of Group subsidiaries.

Description of internal control procedures related to the preparation of accounting and financial information

The **Group Finance Department** is responsible for the reliability of financial and accounting information. It also plays a role in risk management via a periodic risk mapping exercise, which it presents to the Executive Committee and the Audit Committee.

Production and analysis of financial information are based on procedures applied at operating site level, within the finance departments of subsidiaries, and at Group Finance Department level.

Using information reported by each site, the subsidiaries' finance departments prepare:

- **monthly**: income statements (year-to-date) and balance sheets, plus full-year projections for the income statement and balance sheet;
- **quarterly**: income statements (year-to-date), balance sheets and cash flow statements;
- **half-yearly**: interim financial statements (for the six months to February 28), subject to limited review by the external auditors in the case of the larger subsidiaries;
- **annually**: individual company financial statements prepared under local generally accepted accounting principles, and a consolidation package adjusted to comply with IFRS as adopted by the European Union.

  The Managing Directors and Finance Directors of each business unit sign off the consolidation package, and the local external auditors of the principal subsidiaries issue an opinion on the package as part of their audit engagement.

The finance department of each subsidiary prepares a monthly analysis of variances between budgeted and actual results, together with an estimate of the impact on results for the fiscal year. These analyses are presented to the subsidiary's Managing Director so that corrective action can be taken at the appropriate level. Actual results and variance analyses are submitted to the Group Finance Department in the form of a **Monthly Reporting Package,** for review and consolidation.

The Group Chief Financial Officer presents this reporting package (actual and estimated) to the Executive Committee every month.

Quarterly Reviews with each business unit give the Chief Executive Officer and Group Chief Financial Officer, assisted by the business unit's Managing Director and Finance Director, an opportunity to assess business trends for their unit on the basis of financial data from the monthly reporting package and of operating data.

The Group Finance Department ensures that all subsidiaries apply accounting policies that comply with Group policies.

Consolidations are produced quarterly.

Ahead of each quarterly consolidation, precise instructions are sent to the subsidiaries' Finance Directors with a list of schedules to be submitted, standard assumptions to be applied, specific issues to be addressed, and a detailed reporting timetable. Additional reporting aids are available on the Finance Department intranet, including the IFRS-based Group accounting manual, the consolidation manual, and the Sodexho detailed chart of accounts.

The consolidation packages submitted by the subsidiaries include financial statements adjusted to comply with IFRS as adopted by the European Union, and analyses of accounts. These form the basis for preparing the interim and annual consolidated financial statements and notes.

The half-year and full-year audit instructions issued by the Group's external auditors, and agreed with the Group Finance and Internal Audit Departments, include specific issues to be addressed during the examination of the year-end financial statements and a description of the Group's audit objectives. At fiscal year-end, a summary of issues raised by the external auditors is presented to Sodexho's senior management and to the Audit Committee.

Procedures are in place to identify **off balance sheet commitments**. This term covers all rights and obligations that may have an immediate or future impact on Sodexho's financial position but are not recognized (or are only partially recognized) in the balance sheet or income statement. These include items such as assets pledged as security; guarantees relating to operating contracts (for example bid bonds or performance bonds), to borrowings, or to claims and litigation; lease obligations not recognized in the balance sheet; and commitments under call or put options.

The procedures used to identify off balance sheet commitments include:

- periodic reviews of the minutes of the shareholders' meetings and Board meetings of the subsidiary for contractual commitments, claims and litigation, approvals and asset disposals;
- reviews with risk managers and agents/brokers representing insurers with whom the subsidiary has contracted insurance to cover risks related to contingent obligations;
- reviews of collateral and other guarantees with banks and other financial institutions;
- reviews of litigation and other legal proceedings, including estimates of contingent liabilities, conducted with internal and external legal advisors;
- reviews of guarantees and other commitments given or received involving related parties.

Each subsidiary is required to provide a full list of its off-balance sheet commitments.

The Chief Executive Officer, assisted by the Group Finance Department, prepares the Group's published financial information using information derived from monthly reporting packages and from the consolidation, and from operating data required to prepare the Reference Document.

A **Disclosure Committee**, comprising representatives from Group corporate functions, reviews all financial information prior to publication to ensure that it fairly reflects the Group's situation. Members include the managers responsible for consolidation, accounting standards, financial communication, legal and human resources and corporate communications and sustainable development.

Assessment of internal control procedures

The internal controls put in place by management, as described above, are part of an ongoing process of identifying, evaluating and managing the Group's risk exposures.

The CLEAR initiative, strongly endorsed by the Chief Executive Officer and Group Chief Financial Officer, was approved by the Board of Directors and the Audit Committee, and also received the backing of the Group's Executive and Operational Committees. Since it was first launched, CLEAR has mobilized more than 700 people within the different subsidiaries and departments of the Group.

This initiative has succeeded in identifying risks and implementing strong internal control. The Audit Committee and the Board of Directors as well as various functions within the Group and the external auditors have been regularly informed of the progress of this initiative and the chosen methodologies.

This program addresses:

- the control structure, as defined by the five components of the COSO (Committee of Sponsoring Organizations)* framework: Control Environment (integrity, ethics, competencies), Control Activities (norms and procedures), Monitoring (following and updating processes), Risk Assessment (identification, analysis and management of risks), and Information and Communication (receipt and exchange of information);
- the dispersal through the organization of operational controls.

Procedures to ensure compliance with the 5 components of COSO have been implemented by the most significant subsidiaries of the Group.

The framework developed for CLEAR, based on the COSO model, segments the Group's activities into 11 significant processes, which are briefly described below.

The **Revenues and Receivables** process covers selling and marketing activities in the Food and Facilities Management services business, including pricing and service offerings, client and contract management, billing, and collection.

The **Purchases and Payables** process includes procurement, vendor selection, acceptance of goods and services, invoice processing, accounts payable and cash disbursements.

Human Resources covers all personnel management issues, including employee datafile creation and maintenance, job transfers, contract terminations, payroll, variable compensation, employee benefits and profit-sharing.

The **Treasury** process addresses cash management and financing.

The **Inventory** process includes physical storage management, data management, inventory flows and valuation.

The **Property, Plant and Equipment and Intangible Assets** process covers all aspects of the management of such assets, including goodwill.

The **Legal and Regulatory** process covers areas such as compliance with corporate law and labor law, and legal issues related to commercial practices and insurance.

The **Information Systems and Technologies** process addresses systems security, systems development and maintenance, business continuity, and application controls.

The **Finance** process includes reporting/consolidation activities such as budgeting, planning, reporting to/by subsidiaries, period-end procedures, consolidation,

* *See glossary for definition.*

reconciliations between different accounting standards (e.g. local accounting principles to IFRS), and tax management.

Services Vouchers and Cards Operations covers all processes specific to this business: relations with clients and affiliates, contract management, order processing, billing, voucher production, and cash management.

The **Corporate** process addresses delegations of authority, Group performance indicators, and production of the Reference Document and other published information (including documents filed with stock exchange regulators).

The CLEAR program has identified specific risks related to each process and sub-process, and approximately 100 suggested controls to address these risks, summarized in a document known internally as the "Sodexho COSO".

The individuals responsible for the Group's corporate functions were involved in drafting the Sodexho COSO, as were many managers from business units across the entire Group (including the members of the Operating Committee) and line personnel in over 15 countries where Sodexho has significant operations.

The Sodexho COSO was distributed to around thirty subsidiaries so that they could review, document and update as necessary the processes and controls that apply to their organizational structures. Each process manager has reviewed and validated the definition of the controls under his/her responsibility, and (depending on local conditions and risk assessments) has either performed controls from within the Sodexho COSO or developed and implemented specific controls to address more localized risks. The main subsidiaries test controls relating to the production of financial statements annually (or more frequently for certain controls) to ensure that they operate effectively. The most significant Group subsidiaries are required to complete a self-evaluation questionnaire about the COSO components, and the managing directors and finance directors of the principal subsidiaries must confirm annually that internal controls are adequate, effective and appropriate to their organization. They have also identified any remedial action plans that may be required. These evaluation procedures are intended to deliver continuous improvements in internal control.

Sodexho is in the process of progressively implementing a specific procedure approved by the Board of Directors which provides employees with the opportunity to notify their senior management, anonymously, if they choose, of complaints about accounting, internal control and audit issues. This procedure is designed to protect any Sodexho employee who makes a complaint in good faith.

Sodexho is committed to reinforcing the competencies of its finance teams, both at the subsidiary and at the Group level. This commitment includes ensuring that it is adequately resourced in terms of technical expertise in financial reporting. Sodexho also consults external advisers to assist in compliance with accounting standards on complex issues.

On July 16, 2007, Sodexho completed its delisting from the New York Stock Exchange (NYSE) and terminated the registration of its shares under the U.S. Securities Exchange Act of 1934. Sodexho is therefore no longer under any requirement to file an Annual Report on Form 20-F with the U.S. Securities and Exchange Commission (SEC).

Sodexho has confirmed its commitment to ongoing efforts to improve the effectiveness of internal control procedures, reflecting the status of internal control as a key priority for the Group. This is why the CLEAR program is designed as a long-term initiative, which is constantly being rolled out to more subsidiaries. Management has committed to reinvesting part of the savings gained by delisting from the NYSE to provide robust, sustainable improvements to the internal control structure.

The above report describes the operating procedures of the Board of Directors and the internal control procedures operated by the Group as of November 13, 2007. It will be presented to the shareholders at the Annual Meeting on January 22, 2008. Risk management and strengthening internal control continue to remain key priorities for the Group.

Pierre Bellon
Chairman of the Board of Directors

AUDITORS' REPORT

Statutory auditors' report, prepared in accordance with article L.225-235 of the French Commercial Code, on the report prepared by the President of the Board of Sodexho Alliance SA, on the internal control procedures relating to the preparation and processing of financial and accounting information.

For the year ended August 31, 2007

SODEXHO ALLIANCE SA
3, avenue Newton
78180 Montigny-le-Bretonneux

To the shareholders,

In our capacity as statutory auditors of Sodexho Alliance SA and in accordance with article L.225-235 of the French Commercial Code (Code de commerce), we report to you on the report prepared by the President of your company in accordance with article L.225-37 of the French Commercial code (Code de commerce) for the year ended August 31, 2007.

It is for the President to give an account, in his report, notably of the conditions in which the duties of the board of directors are prepared and organized and the internal control procedures in place within the company.

It is our responsibility to report to you our observations on the information set out in the President's report on the internal control procedures relating to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with French professional guidelines. These require us to perform procedures to assess the fairness of the information set out in the President's report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably consisted of:

- obtaining an understanding of the objectives and general organization of internal control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the President's report;
- obtaining an understanding of the work performed to support the information given in the report.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control procedures relating to the preparation and processing of financial and accounting information, contained in the President of the board's report, prepared in accordance with article L.225-37 of the French Commercial Code (Code de commerce).

Neuilly-sur-Seine and Paris La Défense, November 16, 2007

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Department of KPMG SA
Louis Pierre Schneider	Patrick-Hubert Petit

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 construed in accordance with, French law and professional auditing standards applicable in France.

6. RISK MANAGEMENT

6.1 Risk Factors

6.1.1 Business risks

Risks related to Food and Facilities Management services contracts

Food and Facilities Management services contracts fall into two main categories: profit and loss and fee-based. The two categories expose the service-provider to different levels of risk.

In a profit and loss contract, the service-provider is paid for the service provided and bears the entire cost of providing the service. Profit and loss contracts usually include periodic indexation clauses. If Sodexho is unable contractually to recover significant increases in costs (such as labor or food costs), this could have a material adverse effect on the profitability of the contract.

In a fee-based contract, the client bears all the costs incurred in providing the service, either directly or by reimbursing the service-provider, irrespective of customer frequency. The service-provider is paid a fixed or variable management fee.

In practice, Sodexho's contracts combine features of both of these contract types.

Client retention risk

Sodexho's business depends on retaining and renewing contracts with existing clients, and bidding successfully for new contracts. This generally depends on various factors including quality, the cost and suitability of its services, and its ability to deliver competitive services that are differentiated from those of the competitors.

Growth in the Service Vouchers and Cards business is dependent on Sodexho's ability to achieve geographical expansion and develop new services, and on a trusted brand and established affiliate networks.

Competition risk

At the international level, Sodexho has relatively few competitors. However, in every country where it operates, Sodexho faces significant competition from international, national, and sometimes local operators.

Some existing or potential clients may opt to self-operate their Food and Facilities Management services rather than outsource them.

Dependency risk

Although business is dependent on Sodexho's ability to renew existing contracts and win new ones, no single client represents more than 2% of total Group revenues.

No industrial supplier represents more than 3% of the total volume of the Group's purchases.

Sodexho's business is not dependent on any patent or licensed brand name of which Sodexho is not the legal owner.

Food safety risk

Every day, Sodexho serves a vast number of meals worldwide, and is committed to the safety of the food and services provided. Sodexho has implemented preventive and control procedures in the area of food safety, designed to ensure strict compliance with the relevant regulations. Staff training and awareness policies are followed in all the countries in which the Group operates.

However, if Sodexho were to incur significant liability at one or more of its sites, this could have an adverse impact on activities, operating margins and reputation.

Facilities Management risk

Although facilities management services have constituted a part of the business, Sodexho's strategy includes substantially increasing its weight in the overall mix of activities. Facilities management services will require skilled personnel particularly in the areas of building maintenance, electrical engineering, plumbing, heating and cooling systems. Therefore, the Group faces certain operational risks and has a need for qualified human resources talent.

The knowledge of these markets and the Group's ability to attract, recruit and train its employees will allow the Group to grow in this highly specialized environment.

6.1.2 Employment risk

Service quality is largely dependent on the ability to attract, develop, motivate and retain the best talent, and to provide a sufficient level of training in order to constantly raise standards. Sodexho has developed training policies at every level in the organization, with a particular focus on prevention and safety.

The diversity of backgrounds, cultures and skills among its people represents a challenge, but also an opportunity. Sodexho is committed to capitalizing on this diversity to gain a competitive edge and become a genuine worldwide player, so that Sodexho's people – at every level – reflect the diversity of the Group's clients and customers.

As far as the Group is aware, Sodexho is not exposed to any specific labor-related risk other than those that arise in the ordinary course of business for a worldwide group of its size.

6.1.3 Environmental risk

Sodexho is aware of the potential environmental impact of its activities. Rather than play down this impact, Sodexho makes every effort to manage and limit environmental risk.

The environmental impact of its activities arises mainly from:

- consumption of water and energy in Foodservices facilities, food preparation and cleaning;
- production of waste from food preparation and cleaning (packaging, organic matter, waste fats and oils, and waste water from cleaning).

6.1.4 Regulatory risk

The nature of Sodexho's business and its worldwide presence means that it is subject to a wide variety of laws and regulations including labor law, antitrust law, corporate law, and health, safety and environmental law.

Sodexho has the legal structures in place at the appropriate levels to ensure compliance with these laws and regulations.

Changes in laws or regulations could have a direct impact on the business and/or on the services provided. For example, the Service Vouchers and Cards business is subject to national tax and labor law provisions. Significant changes in these provisions as they relate to the issuance of service vouchers could open up opportunities for new contracts or jeopardize existing contracts.

6.1.5 Interest rate, liquidity, and foreign exchange risk

Because Sodexho has operations in 80 countries, all components of the financial statements are inevitably influenced by foreign currency translation effects, and in particular by fluctuations in the U.S. dollar. However, exchange rate fluctuations do not generate any operational risk, because each subsidiary bills its revenues and incurs its expenses in the same currency. Sodexho Alliance uses derivative instruments to manage the Group's exposure to interest rate and foreign exchange risk. Additional information relating to these risks is found in notes 5.1 and 5.2 to the consolidated financial statements.

6.2 Risk Management

Sodexho has a pro-active approach to risk management, with the aim of protecting its employees and clients and safeguarding the interests of the Group and its shareholders.

Specific policies are in place designed to ensure that risks are properly evaluated and managed at the appropriate level within the organization. A risk-mapping exercise is conducted each year by the Executive Committee, and presented to the Audit Committee.

Sodexho's policy on risk management and insurance involves working closely with subsidiaries to:

- identify and evaluate the key risk exposures faced by Sodexho, with particular attention focused on the emergence of new risk factors associated with changes in our activities, especially in Facilities Management;
- reduce contractual risk, in particular by using limitation of liability clauses or hold-harmless agreements;
- achieve the right balance between risk retention (self-insurance) and the insurance market in covering the potential financial consequences of Sodexho's risk exposure.

6.2.1 Risk coverage

Insurance policies

Sodexho's general policy is to transfer non-retained risk, especially intensity risks[1], to the insurance market. Insurance programs are contracted with reputable, highly-solvent insurers.

The principal insurance programs relate to:

- liability insurance, which covers against personal injury, property damage or consequential loss caused to third parties. This category includes operational, product, after-delivery and professional liability insurance.
- The sums insured depend on the nature of Sodexho's activities, the country where it operates, and the extent of cover available in the insurance market.

1 See Glossary for definition.

- property insurance, which mainly covers the risk of fire and explosion, water damage, natural disasters, and (in some countries) acts of terrorism; as a general rule, the sum insured is equal to the value of the insured property. However, some insurance contracts cap the amount paid out under the policy;
- workers' compensation. In countries with no State cover (primarily the United States, Canada and Australia), Sodexho has contracted workers' compensation programs. The cover provided under these programs complies with the relevant legal requirements in each country.

6.2.2 Risk retention

Sodexho self-insures frequency risks (i.e. risks that recur regularly).

In some countries, these retained risks relate primarily to employer's liability, workers compensation, third-party motor insurance and property insurance.

Outside North America, deductibles generally vary between 50,000 euro and 150,000 euro per occurrence.

In North America, retained risks range from 300,000 US dollars to 1,000,000 US dollars per occurrence. Since June 1, 2006, these risks have been managed through a captive insurance company.

6.2.3 Placing of risk and total cost

On renewing its insurance policies, Sodexho was able to benefit from the favorable conditions in the insurance market at the end of Fiscal 2007 to extend the scope of its employer's liability and punitive damage policies and improve the level of coverage, especially for risks associated with Facilities Management activities.

The total cost incurred for the principal insurance and risk retention programs (excluding workers' compensation) of fully-consolidated Group companies is approximately 40 million euro, equivalent to less than 0.35% of consolidated revenues.

7. AUDIT FEES

Nature of services	PricewaterhouseCoopers				KPMG			
	Amount		%		Amount		%	
Audit	Fiscal 2006	Fiscal 2007	Fiscal 2006	Fiscal 2007	Fiscal 2006	Fiscal 2007	Fiscal 2006	Fiscal 2007
Audit of individual company financial statements and consolidated financial statements	5.2	4.5	52%	77%	3.9	3.4	57%	68%
Sarbanes-Oxley and other audit services	4.5	1.2	45%	21%	2.7	1.6	40%	30%
Sub-total: audit	**9.7**	**5.7**	**97%**	**98%**	**6.6**	**5.0**	**97%**	**98%**
Other services (Legal, tax, labor)	**0.3**	**0.1**	**3%**	**2%**	**0.2**	**0.1**	**3%**	**2%**
TOTAL	**10**	**5.8**	**100%**	**100%**	**6.8**	**5.1**	**100%**	**100%**

The Audit Committee has drawn up a plan whereby one or the other of the international firms retained as auditors by Sodexho Alliance (PricewaterhouseCoopers and KPMG) will be appointed to act as auditor to virtually all Group subsidiaries. The aims of this plan are to ensure that the Group receives a consistent and high-quality service, and to centralize relations with the external auditors at Senior Management and Audit Committee level. This plan will be progressively rolled out until 2008, reflecting the fixed-term audit mandates that exist in some countries.

Audit fees paid by Group subsidiaries to firms other than PricewaterhouseCoopers and KPMG (and member firms of their international networks) amounted to 0.3 million euro for Fiscal 2007.

Audit fees paid during the Fiscal year were impacted by:

- The delisting of Sodexho Alliance's shares from the New York Stock Exchange at the end of the fiscal year, which resulted in the reduction of fees as the Group is no longer required to comply with Section 404 of the Sarbanes-Oxley Act. However, certain work had already been performed prior to the announcement.
- The implementation by the auditors of assessment procedures for internal controls, reinforcing the Group's insistence on maintaining a satisfactory control environment. These fees are included in the table above as "Sarbanes Oxley and other audit services".

The Audit Committee approved in advance all services performed by the auditors during Fiscal 2007. The Audit Committee has established and implemented a policy to approve all audit missions and fees and to pre-approve other services provided by the external auditors.

Executive Committee

1. CHIEF EXECUTIVE OFFICER

Michel Landel

Born November 7, 1951.
Married, 3 children.
French.
Graduate of the European Business School.

Business address:
Sodexho Alliance
3, avenue Newton – 78180 – Montigny le Bretonneux, France.

Background

Michel Landel began his career in 1977 at Chase Manhattan Bank, and in 1980 became the manager of a building materials factory for the Poliet Group.

He was recruited by Sodexho in 1984 as Head of Operations for East and North Africa before being promoted in 1986 to Head of African Operations for the Remote Sites business. In 1989, he took charge of North American operations. He was closely involved in the 1998 alliance with Marriott Management Services, and in the formation of Sodexho Marriott Services. In 1999, he became the Chief Executive Officer of Sodexho Marriott Services, now Sodexho, Inc.

In February 2000, Michel Landel was appointed Vice-Chairman of the Sodexho Alliance Executive Committee.

From June 2003 to August 2005, Michel Landel held the post of Group Chief Operating Officer, responsible for North America, the United Kingdom and Ireland, and for the Remote Site activities.

He was appointed Chief Executive Officer of Sodexho Alliance on September 1, 2005.

Other corporate offices held

- Sodexho, Inc. (Director);
- Sodexho Holdings Ltd (Director).

Other positions

- Chairman of the STOP Hunger Association (France);
- Chairman of the Sodexho Foundation (United States);
- Member of the Management Board of Sodexho Pass International SAS.

Number of Sodexho Alliance shares held: 34,120.

Other corporate offices held within the past five years but no longer held

None.

2. EXECUTIVE COMPENSATION FOR FISCAL 2007

During Fiscal 2006, Michel Landel served as Chief Executive Officer.

The amount of compensation and other benefits paid to the Chief Executive Officer was as follows:

(in euro)	Total[(1)]	Fixed salary	Variable bonuses	Benefits in kind[(2)]	Supplementary retirement benefit[(3)]
Fiscal 2006	1,516,065	843,447	567,943	4,224	100,451
Fiscal 2007	2,213,807	925,967	1,155,794	3,382	128,664

(1) Total including gross amount of all forms of compensation paid during the fiscal year for positions held in Bellon SA, Sodexho Alliance, and/or Sodexho Group companies.
(2) Includes company car, accommodation and other non-recurring expenses.
(3) Contribution to a supplementary retirement benefit plan during the fiscal year.

Executive Committee

The ten members of the Executive Committee as of August 31, 2007 were:

- Michel Landel, Chief Executive Officer, Sodexho Alliance;
- Elisabeth Carpentier, Group Senior Vice President and Chief Human Resources Officer;
- Robert Cirillo, Group Senior Vice President, Strategic Planning and Innovation;
- Pierre Henry, Group Chief Operating Officer, Chief Executive Officer, Service Vouchers and Cards, and South America, Food and Facilities Management services;
- Siân Herbert-Jones, Group Chief Financial Officer;
- Philip Jansen, Group Chief Operating Officer, Chief Executive Officer, Europe, Food and Facilities Management services;
- Nicolas Japy, Group Chief Operating Officer, Chief Executive Officer, Remote Sites Services, Asia/Australia Food and Facilities Management services;
- Richard Macedonia, Group Chief Operating Officer, Chief Executive Officer, North America Food and Facilities Management services;
- Clodine Pincemin, Group Senior Vice President, Communications and Sustainable Development;
- Damien Verdier, Group Senior Vice-President, Marketing.

The total amount of compensation for Fiscal 2007 paid to the ten members of the Executive Committee in post as of August 31, 2007 was 9,202,402 euro. This amount comprised a fixed component of 5,036,276 euro; and a variable component of 4,166,126 euro, including benefits in kind and supplementary retirement benefits.

Compensation paid to Executive Committee members comprises base salary, annual performance and medium-term bonuses and benefits in kind, and supplementary retirement benefits paid by Sodexho Alliance and other Group companies.

The annual performance bonus, which is a variable component of executive compensation, amounts to between 50% and 80% of base salary if the performance targets set at the beginning of the fiscal year are met.

Up to 70% of the performance bonus is based on the financial performance of the Group, or of the business unit for which the executive is responsible, during the previous fiscal year. The rest is linked to the attainment of personal objectives set at the start of the fiscal year, including targets related to indicators such as client retention, diversity or human resources management for the business unit for which the executive is responsible.

Bonuses are calculated and paid after the year-end accounts have been finalized and audited.

3. STOCK OPTION POLICY

The Group's executive stock option policy has two objectives:

- linking the financial interests of executives to those of the shareholders;
- attracting and retaining the entrepreneurs needed to expand and strengthen its market leadership.

Stock options are not granted to members of the Board of Directors.

3.1 Sodexho Alliance stock options granted to employees

The table below shows current plans awarded by Sodexho Alliance, authorized at the extraordinary general shareholders' meetings of February 21, 2000, February 4, 2003, February 3, 2004 and January 31, 2006.

Date of Board Meeting authorizing the plan	Total number of options granted	Exercise period start date	Expiration date	Exercise price (euro)	Number of options outstanding at August 31, 2007 (excl. grantees no longer employed by the Group)
Jan 11, 2002 (B)	1,186,542	Jan 11, 2006	Jan 10, 2008	47.00	304,075
Sep 17, 2002	12,000	Apr 01, 2006	Mar 31, 2008	47.00	0
Oct 10, 2002 (A)	1,820	Oct 10, 2006	Oct 09, 2007	21.87	585
Oct 10, 2002 (B)	1,400	Oct 10, 2006	Oct 09, 2007	21.87	350
Jan 27, 2003 (A)	1,147,100	Jan 27, 2004	Jan 26, 2009	24.00	275,711
Jan 27, 2003 (B)	1,713,950	Jan 27, 2004	Jan 26, 2009	24.00	397,034
Jan 27, 2003 (C)	56,750	Jan 27, 2004	Jan 26, 2009	24.00	10,150
Jun 12, 2003 (B)	84,660	Jan 27, 2004	Jan 26, 2009	24,00	3,000
Jan 20, 2004 (A)	483,350	Jan 20, 2005	Jan 19, 2010	24.50	360,303
Jan 20, 2004 (B)	518,633	Jan 20, 2005	Jan 19, 2010	24.50	213,860
Jan 20, 2004 (C)	7,700	Jan 20, 2005	Jan 19, 2010	24.50	6,350
Jan 18, 2005 (A)	537,100	Jan 18, 2006	Jan 17, 2011	23.10	436,228
Jan 18, 2005 (B)	466,000	Jan 18, 2006	Jan 17, 2011	23.10	305,068
Jan 18, 2005 (C)	6,900	Jan 18, 2006	Jan 17, 2011	23.10	6,400
Jun 16, 2005 (B)	20,000	Jun 16, 2006	Jun 15, 2011	26.04	20,000
Sep 13, 2005 (B)	10,000	Sep 13, 2006	Sep 12, 2011	28.07	10,000
Jan 10, 2006 (A1)	369,604	Jan 10, 2007	Jan 09, 2012	34.85	333,679
Jan 10, 2006 (A2)	192,996	Jan 10, 2007	Jan 09, 2012	34.85	171,035
Jan 10, 2006 (B)	399,802	Jan 10, 2007	Jan 09, 2012	34.85	340,541
Jan 10, 2006 (C)	5,050	Jan 10, 2007	Jan 09, 2012	34.85	5,050
Jan 16, 2007 (A1)	502,600	Jan 16, 2008	Jan 15, 2014	47.85	501,900
Jan 16, 2007 (A2)	337,600	Jan 16, 2008	Jan 15, 2013	47.85	334,100
Jan 16, 2007 (B)	500,000	Jan 16, 2008	Jan 15, 2013	47.85	496,400
Jan 16, 2007 (C)	4,500	Jan 16, 2008	Jan 15, 2013	47.85	4,500
Apr 24, 2007 (A1)	20,000	Apr 24, 2008	Apr 23, 2014	55.40	20,000
Apr 24, 2007 (A2)	1,600	Apr 24, 2008	Apr 23, 2013	55.40	1,600

(A) Plan reserved for non-American employees.
(A1) Plan reserved for employees resident in France.
(A2) Plan reserved for employees not resident in France.
(B) Plan reserved for employees resident in the United States.
(C) Plan reserved for American employees not resident in the United States.

The following Stock Incentive Plans awarded by Sodexho Marriott Services (SMS Plans) to its North American employees between 1997 and 2001, assumed by Sodexho Alliance in 2001 via its 100%-owned subsidiary Sodexho Awards (see note 4.23.4 to the consolidated financial statements), are still current:

Date of grant	Total number of options assumed	Exercise period start date	Expiration date	Exercise price (USD)	Number of options outstanding at August 31, 2007 (excl. grantees no longer employed by the Group)
Nov 06, 1997	112,648	Nov 06, 1998	Nov 06, 2012	30.0100	26,199
Jun 08, 1998	478,507	Oct 08, 1999	Jun 08, 2008	38.8195	86,424
Sep 22, 1998	10,999	Sep 22, 1999	Sep 22, 2008	37.8075	1,671
Feb 08, 1999	13,722	Feb 08, 2000	Feb 08, 2009	31.9498	2,096
Nov 22, 1999	1,155,008	Nov 22, 2000	Nov 22, 2009	22.3391	211,760
Jul 19, 2000	13,764	Jul 19, 2001	Jul 19, 2010	23.0135	354
Dec 15, 2000	702,817	Dec 15, 2001	Dec 15, 2010	28.1557	137,000
Jan 05, 2001	2,966	Jan 05, 2002	Jan 05, 2011	27.5656	2,966
Apr 02, 2001	19,281	Apr 02, 2002	Apr 02, 2011	39.7080	3,708

3.2 Sodexho Alliance stock options granted to and exercised by Executive Committee members

The table below shows options granted to or exercised by Executive Committee members under the stock option plans awarded by Sodexho Alliance as described on pages 82-83.

			Elisabeth Carpentier	Roberto Cirillo	Pierre Henry	Siân Herbert-Jones
Plan date	Jan 11, 2002	options granted	10,000		3,400	15,000
Exercise price in euro	47.00	options exercised in the Fiscal year	10,000		3,400	15,000
Expiration date	Jan 10, 2007	options not yet exercised	0		0	0
Plan date	Jan 11, 2002	options granted				
Exercise price in euro	47.00	options exercised in the Fiscal year				
Expiration date	Jan 10, 2008	options not yet exercised				
Plan date	Jan 27, 2003	options granted	35,000		7,300	40,000
Exercise price in euro	24.00	options exercised in the Fiscal year	30,000		5,400	
Expiration date	Jan 26, 2009	options not yet exercised	5,000		1,900	40,000
Plan date	Jun 12, 2003	options granted	-		-	-
Exercise price in euro	24.00	options exercised in the Fiscal year				
Expiration date	Jan 26, 2009	options not yet exercised	-		-	-
Plan date	Jan 20, 2004	options granted	35,000		5,000	40,000
Exercise price in euro	24.50	options exercised in the Fiscal year				
Expiration date	Jan 19, 2010	options not yet exercised	35,000		5,000	40,000
Plan date	Jan 18, 2005	options granted	35,000		10,000	40,000
Exercise price in euro	23.10	options exercised in the Fiscal year				
Expiration date	Jan 17, 2011	options not yet exercised	35,000		10,000	40,000
Plan date	Jan 10, 2006	options granted	35,000		35,000	40,000
Exercise price in euro	34.85	options exercised in the Fiscal year				
Expiration date	Jan 09, 2012	options not yet exercised	35,000		35,000	40,000
Plan date	Jan 16, 2007	options granted			50,000	
Exercise price in euro	47.85	options exercised in the Fiscal year				
Expiration date	Jan 15, 2013	options not yet exercised			50,000	
Plan date	Jan 16, 2007	options granted	45,000			50,000
Exercise price in euro	47.85	options exercised in the Fiscal year				
Expiration date	Jan 15, 2014	options not yet exercised	45,000			50,000
Plan date	Apr 24, 2007	options granted		20,000		
Exercise price in euro	55.40	options exercised in the Fiscal year				
Expiration date	Apr 23, 2014	options not yet exercised		20,000		

			Philip Jansen	Nicolas Japy	Michel Landel
Plan date	Jan 11, 2002	options granted	-	2,500	
Exercise price in euro	47.00	options exercised in the Fiscal year		2,500	
Expiration date	Jan 10, 2007	options not yet exercised	-	0	
Plan date	Jan 11, 2002	options granted			30,000
Exercise price in euro	47.00	options exercised in the Fiscal year			
Expiration date	Jan 10, 2008	options not yet exercised			30,000
Plan date	Jan 27, 2003	options granted	-	15,000	60,000
Exercise price in euro	24.00	options exercised in the Fiscal year		15,000	
Expiration date	Jan 26, 2009	options not yet exercised	-	0	60,000
Plan date	Jun 12, 2003	options granted	-	-	-
Exercise price in euro	24.00	options exercised in the Fiscal year			
Expiration date	Jan 26, 2009	options not yet exercised	-	-	-
Plan date	Jan 20, 2004	options granted	-	10,000	45,000
Exercise price in euro	24.50	options exercised in the Fiscal year		7,500	
Expiration date	Jan 19, 2010	options not yet exercised	-	2,500	45,000
Plan date	Jan 18, 2005	options granted	8,000	15,000	60,000
Exercise price in euro	23.10	options exercised in the Fiscal year			
Expiration date	Jan 17, 2011	options not yet exercised	8,000	15,000	60,000
Plan date	Jan 10, 2006	options granted	20,000	30,000	63,000
Exercise price in euro	34.85	options exercised in the Fiscal year			
Expiration date	Jan 09, 2012	options not yet exercised	20,000	30,000	63,000
Plan date	Jan 16, 2007	options granted	50,000		
Exercise price in euro	47.85	options exercised in the Fiscal year			
Expiration date	Jan 15, 2013	options not yet exercised	50,000		
Plan date	Jan 16, 2007	options granted		40,000	90,000*
Exercise price in euro	47.85	options exercised in the Fiscal year			
Expiration date	Jan 15, 2014	options not yet exercised		40,000	90,000
Plan date	Apr 24, 2007	options granted			
Exercise price in euro	55.40	options exercised in the Fiscal year			
Expiration date	Apr 23, 2014	options not yet exercised			

** In implementing the Finance law which came into effect on December 31, 2006 (the Balladur Amendment) relating to the adoption of special measures to either prohibit members of the board or senior management from exercising their options during the duration of their tenure or, by default, requiring them to hold all or a part of the shares issued upon exercise of such options which would have been issued to them after this date, the Board of Directors decided that Michel Landel, the only board member or senior manager holding such options, is required to hold, for the duration of his tenure, a number of shares issued upon exercise of options attributed under the January 16, 2007 plan, in an amount equal to 30% of his base salary at the date of exercise of such options.*

			Richard Macedonia	Clodine Pincemin	Damien Verdier
Plan date	Jan 11, 2002	options granted		6,500	2,500
Exercise price in euro	47.00	options exercised in the Fiscal year		6,500	2,500
Expiration date	Jan 10, 2007	options not yet exercised		0	0
Plan date	Jan 11, 2002	options granted	26,000		
Exercise price in euro	47.00	options exercised in the Fiscal year	26,000		
Expiration date	Jan 10, 2008	options not yet exercised	0		
Plan date	Jan 27, 2003	options granted	40,000	19,000	12,000
Exercise price in euro	24.00	options exercised in the Fiscal year	40,000	19,000	12,000
Expiration date	Jan 26, 2009	options not yet exercised	0	0	0
Plan date	Jun 12, 2003	options granted	15,000		
Exercise price in euro	24.00	options exercised in the Fiscal year	15,000		
Expiration date	Jan 26, 2009	options not yet exercised	0		
Plan date	Jan 20, 2004	options granted	35,000	10,000	8,000
Exercise price in euro	24.50	options exercised in the Fiscal year	26,250		
Expiration date	Jan 19, 2010	options not yet exercised	8,750	10,000	8,000
Plan date	Jan 18, 2005	options granted	35,000	10,000	7,000
Exercise price in euro	23.10	options exercised in the Fiscal year	17,500		
Expiration date	Jan 17, 2011	options not yet exercised	17,500	10,000	7,000
Plan date	Jan 10, 2006	options granted	27,500	12,000	20,000
Exercise price in euro	34.85	options exercised in the Fiscal year	6,875		
Expiration date	Jan 09, 2012	options not yet exercised	20,625	12,000	20,000
Plan date	Jan 16, 2007	options granted	35,000		
Exercise price in euro	47.85	options exercised in the Fiscal year			
Expiration date	Jan 15, 2013	options not yet exercised	35,000		
Plan date	Jan 16, 2007	options granted		18,000	35,000
Exercise price in euro	47.85	options exercised in the Fiscal year			
Expiration date	Jan 15, 2014	options not yet exercised		18,000	35,000
Plan date	Apr 24, 2007	options granted			
Exercise price in euro	55.40	options exercised in the Fiscal year			
Expiration date	Apr 23, 2014	options not yet exercised			

The table below shows options granted to and exercised by Executive Committee members under the stock incentive plans awarded by Sodexho Marriott Services (SMS Plans) between 1997 and 2001, as mentioned on pages 82-83.

			Michel Landel	Richard Macedonia
Plan date	Jun 08, 1998	remaining options	17,609	4,036
Exercise price in USD	38.8195	options exercised in the Fiscal year		4,036
Expiration date	Jun 08, 2008	options not yet exercised	17,609	0
Plan date	Nov 22, 1999	remaining options	55,607	0
Exercise price in USD	22.3391	options exercised in the Fiscal year		0
Expiration date	Nov 22, 2009	options not yet exercised	55,607	0
Plan date	Dec 15, 2000	remaining options	29,657	0
Exercise price in USD	28.1557	options exercised in the Fiscal year		0
Expiration date	Dec 15, 2010	options not yet exercised	29,657	0

3.3 Sodexho Alliance stock options granted and exercised during the Fiscal year for the 10 employees (other than Senior Management) granted or exercising the highest number of options

Number of options granted during the Fiscal year	Exercise price in euro	Date of exercise	Plan date	Number of options exercised during the Fiscal year
	47.85		Jan 16, 2007	
361,000	55.40	Jan 16, 2008-Apr 23, 2014	Apr 24, 2007	
	47.00		Jan 11, 2002	
	24.00	November 2006-Apr 2007	Jan 27, 2003	290,950

3. Financial Communication

Investor Relations

Listening to our shareholders and the financial community

To respond more effectively to the expectations of individual and institutional shareholders, Sodexho Alliance endeavors to continuously improve its investor relations programs by developing new information channels and organizing regular meetings with shareholders.

The Group's investor relations policy is based on four core principles:

- **equal treatment**: All financial press releases are issued simultaneously in real time to all our stakeholders, in both French and English;
- **regular reporting**: The financial information timetable is published to the financial community a year in advance, and updates are always available on the website at www.sodexho.com;
- **accessibility**: Live webcasts of the annual shareholders' meetings and earnings presentations are broadcast and maintains on the website. Releases of quarterly revenue figures are accompanied by conference calls, giving the financial community rapid access to the information and an opportunity to question senior management about performance. These conference calls are simultaneously broadcast over the internet as an "audio webcast" and during Fiscal 2008 will be archived on the Group's website;
- **transparency**: A broad range of corporate information, including the bylaws, Reference Document, Annual Report, Sustainable Development Report, Human Resources Report, Interim Report, press releases, a presentation of the Group, and share price trends, is posted on the website, www.sodexho.com. Sodexho also offers the financial community a comprehensive package of dedicated, interactive communication channels. Financial press releases are issued via print media and e-mail in France and around the world.

➔ INVESTOR RELATIONS POLICY

In order to meet the Group's own transparency goals and to comply with all applicable regulations in connection with its listing on the NYSE – Euronext Paris, Sodexho Alliance and all those involved in preparing the financial information have committed to a set of core principles designed to ensure equal treatment of all shareholders.

Group spokesperson

Only the Chairman, the Chief Executive Officer and members of the Executive Committee have authority to provide financial information. The Chief Executive Officer has appointed the Director of Investor Relations to act as official spokesperson for the Group, with specific delegated powers.

Preparation of financial information

All financial information is reviewed prior to publication by a Disclosure Committee comprising representatives from the Finance, Corporate Communications and Sustainable Development, Legal and Human Resources departments.

Publication of financial information

Without exception, all information liable to influence the share price is published before the Paris stock market opens for trading.

After approval by the Chief Executive Officer, the Chief Financial Officer or the Board of Directors (depending on the nature of the information), financial information is released to the markets via a press release, issued simultaneously to all sections of the financial community and to the stock market authorities.

Financial information can be accessed at www.sodexho.com.

Sodexho Alliance does not publish any financial information during the one-month period prior to publication of the interim and annual financial statements.

Code of Conduct for Senior Managers

To underscore Sodexho's commitment to transparency and regulatory compliance, the Board of Directors in 2003 adopted a Code of Conduct for Senior Managers. The Executive Committee members and key finance executives of the Sodexho Group have signed up to this Code and agreed to abide by its principles.

How to obtain information

On the Sodexho Alliance website

www.sodexho.com

Voice server
(if you are calling from France – French language only)
Tel. +33 (0)8 91 67 19 66 (€0.225 per minute)

By phone or fax

Investor Relations
Tel. +33 (0)1 30 85 72 03
Fax +33 (0)1 30 85 50 88

By e-mail

financial.communication@sodexhoalliance.com

By mail

Sodexho Alliance, Investor Relations B.P. 100,
78883 Saint-Quentin-en-Yvelines Cedex, France

From April 2008, please check our new directions

on page 253.

ANNUAL REPORT

This document is an English-language version of the *Document de référence* filed with the *Autorité des Marchés Financiers* (AMF) in accordance with French stock market regulations. This French-language *Document de Référence* can be consulted on the AMF website (www.amf-france.org). It is also available, along with the English-language Reference Document, at www.sodexho.com.

Because Sodexho Alliance is no longer listed on the New York Stock Exchange as of July 16, 2007, we no longer publish an English-language Form 20-F under section 13 of the Securities Exchange Act of 1934, which had been filed with the Securities and Exchange Commission (SEC). Nevertheless, the full text of the Forms 20-F through Fiscal 2006 are accessible via the EDGAR section of the SEC website (www.sec.gov) as will as the Sodexho website (www.sodexho.com).

ANNUAL SHAREHOLDERS' MEETING

The Annual Shareholders' Meeting is announced in official notices published in the press and in the *BALO* (Bulletin of Compulsory Legal Notices) in France.

The agenda for the meeting is available in French and English at least 30 days before the meeting. It is sent to all registered shareholders, and to other shareholders on request.

A live webcast of the Sodexho Alliance Annual Shareholders' Meeting is broadcast on our website, enabling shareholders who cannot attend in person to ask questions and to follow the meeting, including the voting on resolutions. Beginning with the annual shareholders meeting of January 2009, electronic voting will be implemented.

REGULAR MEETINGS AND ONGOING DIALOGUE

Sodexho Alliance is committed to genuine dialogue with its shareholders and with the broader financial community.

The three milestones of the financial year are the publication of our interim and full-year results, and the Annual Shareholders' Meeting. The Group also arranges quarterly conference calls at which financial analysts can talk to the Chief Executive Officer and Chief Financial Officer.

An addition, the Chief Executive Officer and the Chief Financial Officer regularly meet investors in private or in group sessions in Europe (including Paris, London and Frankfurt) and in the United States (including New-York and Boston) as forums for more informal dialogue, and offer periodic special-interest briefings to give analysts an insight into front-line operations ("investor days"). Sodexho also takes part periodically in industry presentations organized by brokerage firms.

DELISTING FROM THE NEW YORK STOCK EXCHANGE

The Board of Directors approved management's recommendation to apply for voluntary delisting of its American Depositary Receipts (ADRs) from the New York Stock Exchange (NYSE) and voluntary deregistration under the U.S. Securities Exchange Act of 1934.

This decision was based on the fact that the ADR trading volume on the NYSE had remained very low since 2002 and had only accounted for approximately 1% of the total shares traded over the last five years and approximately 3% of the average trading over the last twelve months. In addition, as Sodexho has adopted International Financial Reporting Standards (IFRS), it is no longer necessary to reconcile financial statements to a second accounting standard as Sodexho believes that the standards generally are equivalent in terms of quality of information for investors.

Sodexho maintained its ADR program as a "level one" program and the ADRs are traded on the Over the Counter (OTC) market.

Finally, Sodexho successfully complied with the requirements of Section 404 of Sarbanes-Oxley in its Form 20-F covering the fiscal year that ended August 31, 2006. Sodexho has continued its focus on the effectiveness of the Group's internal controls and risk management processes.

Investor Diary Dates

First quarter revenues	*January 9, 2008*
Annual Shareholders' Meeting	*January 22, 2008*
Payment of dividend	*February 4, 2008*
First-half revenues	*April 2, 2008*
Interim results	*April 17, 2008*
Nine-month revenues	*July 2, 2008*
Full-year revenues	*October 1, 2008*
Full-year results	*November 7, 2008*
Annual Shareholders' Meeting	*January 20, 2009*

These dates are purely indicative, and may be subject to change without notice. Regular updates are available on our website, **www.sodexho.com**.

BENEFITS OF BEING A REGISTERED SHAREHOLDER

Registered shareholders do not have to pay custody fees, are automatically invited to shareholders' meetings, and receive regular news updates about Sodexho.

Our registered shareholders' accounts are managed by Société Générale, which also acts as transfer agent for all Sodexho Alliance shares.

Contacts

For further information call:

Société Générale Nantes (France) : +33 (0)2 51 85 52 47

Sodexho Alliance: +33 (0)1 30 85 72 03

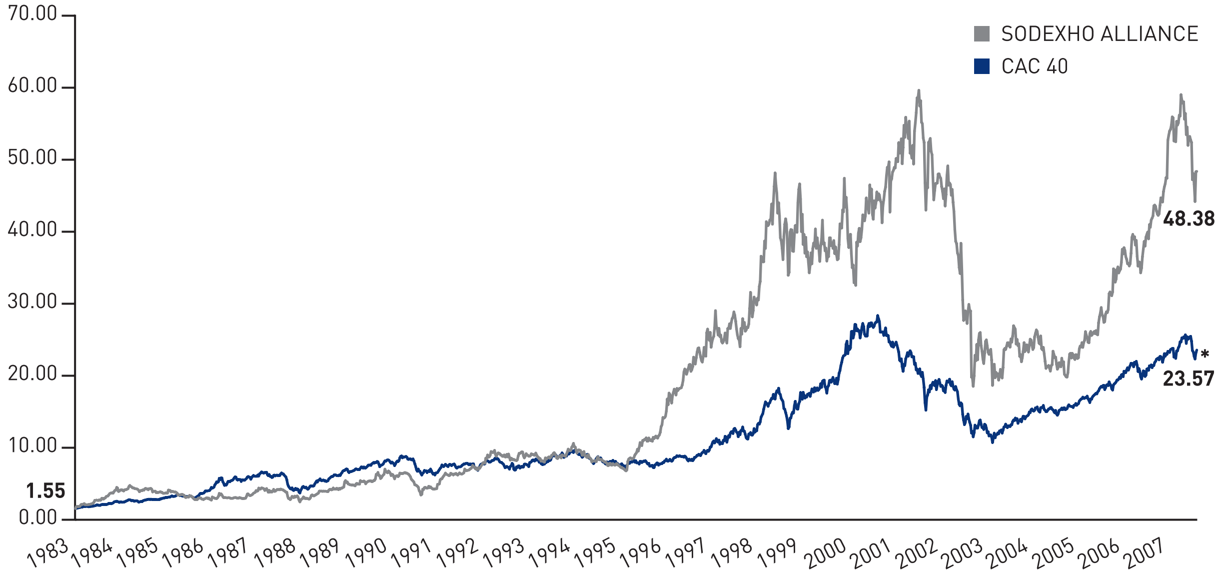
or visit the Société Générale website: www.nominet.socgen.com.

Sodexho Alliance Shares

Sodexho Alliance shares are listed on List A of Eurolist by NYSE-Euronext Paris (Euronext code: FR 0000121220), and are included in the Next 20 Index. Since as a result of its voluntary delisting from the New York Stock Exchange, Sodexho Alliance American Depositary Receipts (ADRs) are traded on the over the counter (OTC) market, ticker SDXAY, each ADR representing one Sodexho Alliance share.

ADJUSTED SODEXHO ALLIANCE SHARE PRICE TRENDS

From initial listing through August 31, 2007 (in euro)



* *Trends of Sodexho Alliance share based on trend of CAC 40 index.*

Source: Sodexho

The initial listing was on March 2, 1983 at an adjusted price of 1.55 euro. As of August 31, 2007, the closing share price was 48.38 euro. Over the period, the value of the share has multiplied by 31, while the CAC 40 has multiplied by 15.2 representing a progression by Sodexho Alliance of 2 times that of the CAC 40. Since being listed on the stock exchange the Sodexho Alliance share has on average, and excluding dividends, increased by 15.1%.

ADJUSTED SODEXHO ALLIANCE SHARE PRICE TRENDS

From September 1, 2006 through August 31, 2007 (in euro)

* *Trends of Sodexho Alliance share based on trend of CAC 40 index.*

Source: Sodexho

During the last calendar year, the shares of Sodexho Alliance increased by 16.4% while the increase in the CAC 40 over the same period was 9.6%. As of August 31, 2007 the market capitalization of Sodexho Alliance totaled 7.7 billion euro.

ADJUSTED SODEXHO ALLIANCE SHARE PRICE

From September 1, 2006 through August 31, 2007 (in euro)

Price at September 1, 2006		41.57
	12-month low	40.61
	12-month high	59.71
Price at August 31, 2007		48.38

AVERAGE DAILY TRADING VOLUME OF SODEXHO ALLIANCE SHARE

Volume	488,574
Value (in euro)	24,761,000

Source: Euronext

ADJUSTED SODEXHO ALLIANCE ADR* PRICE

From September 1, 2006 to August 31, 2007 (in USD)

Price at September 1, 2006		53.20
	12-month low	52.51
	12-month high	80.73
Price at August 31, 2007		65.75

AVERAGE DAILY TRADING VOLUME OF SODEXHO ALLIANCE ADRs

Volume	18,821
Value (in USD)	1,319,890

Source: Bank of New York Mellon

* *ADRs were listed on the NYSE from September 1, 2006 to July 15, 2007. As of July 15, 2007, ADRs have been traded on the OTC market.*

DIVIDEND

In euro	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
Total payout	182,880,375*	151,075,092	119,269,810	111,318,489
Number of shares entitled to dividend	159,026,413	159,026,413	159,026,413	159,026,413
Net dividend per share	1.15*	0.95	0.75	0.70

* Subject to approval at the Annual Shareholders' Meeting on January 22, 2008.

EARNINGS PER SHARE[1]
NET DIVIDEND PER SHARE[2]

In euro	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
Earnings per share	2.22*	2.07*	1.36*	1.15**
Net dividend per share	1.15	0.95	0.75	0.70

(1) Based on quaterly average number of shares outstanding.
(2) Based on the number of shares outstanding at August 31.
* Calculated under IFRS.
** Calculated under French GAAP.

DIVIDEND AND YIELD FOR FISCAL 2007

Dividend*	EUR
Yield based on share price at August 31, 2007	2.4%

* Subject to approval at the Annual Shareholders' Meeting on January 22, 2008.

Dividends not claimed within 5 years of the date on which they were payable to shareholders are forfeited and remitted by Sodexho Alliance to the Caisse des Dépôts et Consignations.

Capital

CHANGES IN ISSUED CAPITAL

From September 1, 2006 through November 15, 2007

	Number of shares	Total issued capital (in euros)
At September 1, 2006	159,026,413	636,105,652
At November 23, 2007	159,026,413	636,105,652

1. SODEXHO: AN INDEPENDENT GROUP

Sodexho is still an independent group.

On August 31, 2007, Sodexho Alliance had 52,675 shareholders. Of these, 27,284 were members of our employee stock ownership plans.

Our shares are owned by:

Bellon SA	36.8%
Employees	0.7%
Treasury shares	1.9%
French shareholders	24%
Individual	*4%*
Institutional	*20%*
Non-French shareholders	37%

Shareholders identified as of August 31, 2007

	Number of shares	% of issued capital	Number of voting rights	% of voting rights
Bellon SA	58,572,917	36.83%	79,539,208	43.78%
Arnhold and S. Bleichroeder Advisers	9,917,266	6.24%	9,917,266	5.46%
Caisse des Dépôts et Consignations	4,389,190	2.76%	6,702,118	3.69%
Employees	1,135,449	0.71%	2,135,809	1.18%
Treasury shares	3,089,613	1.94%	-	-
Public	81,921,978	51.52%	83,365,351	45.89%
TOTAL	**159,026,413**	**100.00%**	**181,659,752**	**100.00%**

The difference between percentage interests in the share capital and the percentage of voting rights arises because:

- the company's bylaws confer double voting rights on registered shares held by the same shareholder for at least four years;
- treasury shares are denied voting rights by law.

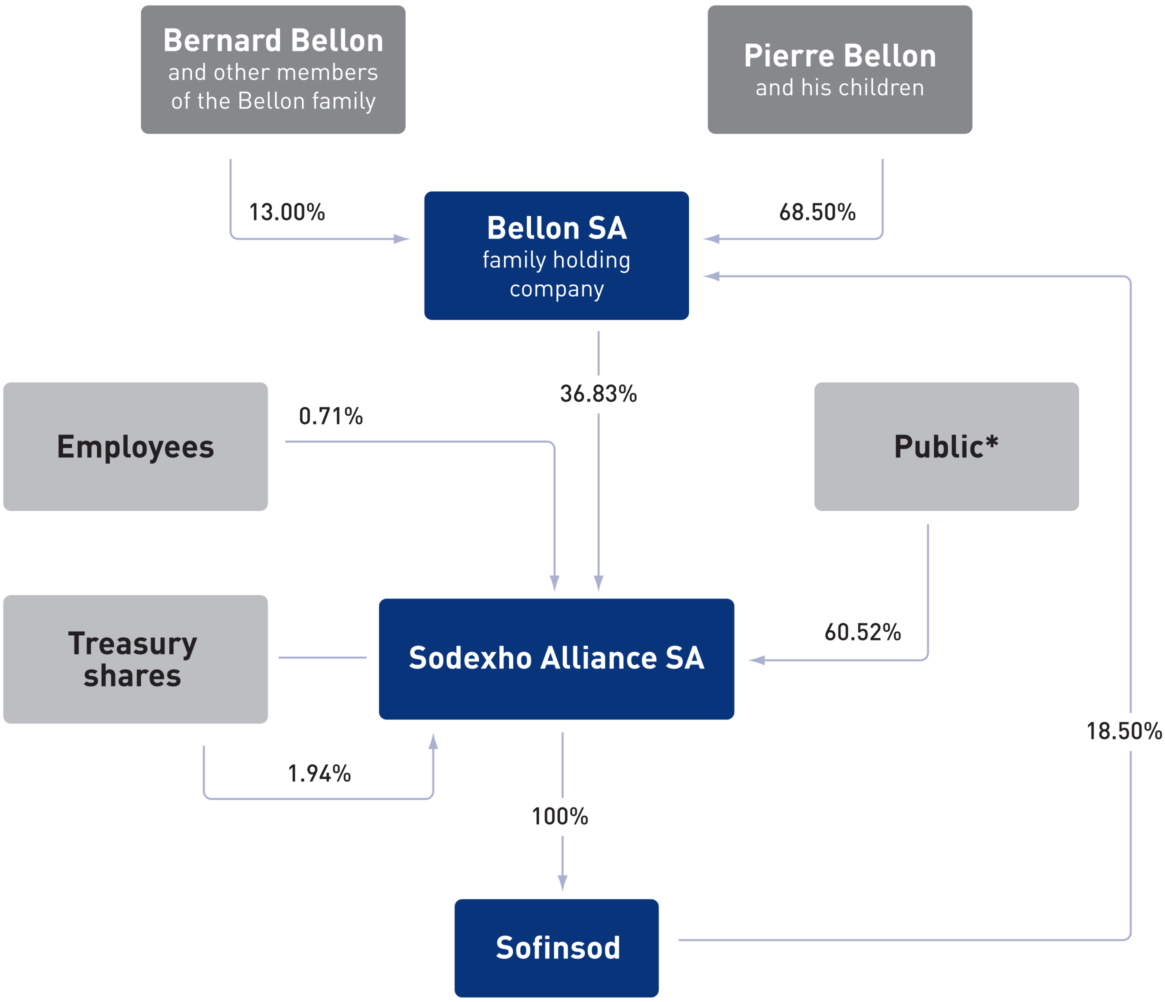
Collectively, members of the Board of Directors and Senior Management directly hold less than 0.5% of the share capital of Sodexho Alliance. During Fiscal 2007, except for transactions disclosed on page 64, none of these individuals disclosed to the Company that he or she had traded, directly or through related persons, in Sodexho Alliance shares.

As of the date of the Reference Document, Sodexho Alliance is not aware of:

- any other shareholder holding 2.50% or more of the capital or voting rights of Sodexho Alliance directly, indirectly or in concert;
- any shareholders' pact or other agreement which, if implemented, could result in a change of control of Sodexho Alliance.

Agreements contracted other than on an arm's length basis and in the ordinary course of business between Sodexho Alliance and members of the Board of Directors or Senior Management or any shareholder holding more than 10% of the voting rights of Bellon SA are described on page 65 of the Reference Document.

2. CONTROLLING INTERESTS AS OF AUGUST 31, 2007



* Including Arnhold and S. Bleichroeder Advisers 6.24% and Caisse des Dépôts et Consignations 2.76%.

3. STOCK MARKET INFORMATION

Sodexho Alliance shares

Sodexho Alliance shares are listed on Eurolist by NYSE-Euronext Paris, where they are traded individually under Euroclear code FR 0000121220.

As of August 31, 2007, Sodexho Alliance had a Standard and Poor's rating of BBB+/A-2.

TRADING VOLUMES AND SHARE PRICE TRENDS

	Share price *(euros)*			Average daily trading volume
Date	high	low	average*	*(in thousand of euro)*
2006				
May	39.75	34.05	36.75	20,170
June	37.85	33.11	35.36	15,723
July	40.00	37.01	38.58	19,426
August	42.09	38.60	40.35	12,506
September	44.65	40.61	42.60	16,184
October	44.15	41.48	42.86	13,751
November	45.10	41.65	43.69	15,060
December	47.59	43.59	45.79	16,769
2007				
January	55.45	47.09	51.52	31,748
February	56.82	50.35	54.93	41,060
March	55.89	51.21	53.61	23,603
April	59.71	54.61	56.22	29,546
May	59.00	54.94	57.15	23,730
June	56.53	50.60	53.55	28,216
July	55.07	47.10	51.95	28,501
August	49.26	42.50	47.07	29,556
September	50.28	45.01	47.65	24,472
October	51.94	46.20	48.68	25,172

* *Monthly average of closing prices.*

4. Consolidated Information

Activity Report Fiscal 2007

At the Board of Directors meeting held on November 13, 2007, Michel Landel presented to the Directors the good performance achieved by the Group for Fiscal 2007.

HIGHLIGHTS

In order to become the premier global outsourcing expert in Quality of Life services, Sodexho launched "Ambition 2015" two years ago. In line with the ambition of doubling Fiscal 2005 revenues in ten years, significant progress in implementing the Group's strategic imperatives was made during Fiscal 2007.

Accelerate profitable organic growth

Organic growth reached 8.4% in Fiscal 2007, representing an improvement of four percentage points in two years. All segments of the Food and Facilities Management Services and Service Vouchers and Cards activities contributed to this performance.

Improve operating profits, margins and cash

Largely as a result of the turnaround of Sodexho's UK operations, better management control in the Rest of the World and strong growth in issue volumes in the Service Vouchers and Cards activity, operating profit rose by 14.5% at constant exchange rates and excluding the impact in Fiscal 2006 of the gain on disposition of the Spirit Cruises river and harbor cruise subsidiary and the final release of the provision for the U.S. litigation.

Initiatives to improve site productivity (by managing food and labor costs), implemented across all geographies, allowed Sodexho not only to reinvest in the resources needed to secure our future growth, in particular, human resources, but also to improve consolidated operating margin.

Net cash provided by operating activities totaled 753 million euro, 54.3% higher than in Fiscal 2006, once again demonstrating the Group's excellent financial model.

Live our values

Sodexho has put in place a range of global and local initiatives to strengthen the commitment of its people to the Group's core values (service spirit, team spirit and the spirit of progress) responsible for Sodexho's success.

Sodexho continues to act as a responsible corporate citizen and social and environmental criteria are embedded in its policies and programs. As such, **in France, Sodexho obtained ISO 9001 certification** – V. 2000 in all medical and welfare establishments where the Group provides Food and Facilities Management services, as well as for its remote site operations in Algeria, India, Indonesia and Norway. Sodexho has also obtained **ISO 14001** certification for Facilities Management services at the International School in Hong Kong.

Since 2006, Sodexho has published an annual **Sustainable Development Report** (available on www.sodexho.com).

In Fiscal 2007, Sodexho Alliance was included in four indices specialized in responsible social investment: FTSE4Good, ASPI Eurozone, Dow Jones Sustainability World Index, and Dow Jones Stoxx Sustainability Index (Europe). For the third consecutive year, Sodexho has also been named "**Supersector World Leader**" in the Travel and Leisure Category. According to the SAM Group (the DJSI's rating agency), *"Sodexho's performance has been remarkable, testifying to a clear business philosophy and great transparency."*

Ensure compliance through reinforced standards, risk management, business rigour and best practices

At the beginning of fiscal 2007, Sodexho became one of the first groups outside the United States to prepare a report on internal control over its financial statements. This initiative, part of the **CLEAR project** (*Controls for Legal Requirements to enhance Accountability and Reporting*) launched in 2003, continued in Fiscal 2007 and was extended to cover operational controls within many subsidiaries.

Sodexho's **Health, Safety and Environment** practices have been recognized by ExxonMobil in Australia; the Chilean Safety Association, Antofagasta Minerals and the Anglo American mining company in Chile; Goro Nickel in New Caledonia; Techint in Peru; on Sakhalin Island (Russia); and by awards from RoSPA *(Royal Society for the Prevention of Accidents)* and the *British Safety Council* in the United Kingdom.

Sodexho is also actively promoting the **sharing of best practices** within the Group. Examples include the "Click-and-Buy" web application, designed to improve purchasing efficiency, which is being rolled out in six countries in Continental Europe, including France, Germany and the Netherlands. In the foodservice offer, the innovative "Vitality" range of appetizing, balanced meals prepared using original recipes with high-quality local produce – originally developed by Sodexho Sweden – was adopted by subsidiaries in Austria and Morocco, and is now being implemented in Finland, France, Italy, the Netherlands, Portugal and the Czech Republic.

Create a competitive advantage through our people and their diversity

The Group's objective is to be recognized for its ability to attract, develop, motivate and retain its people, as well as for its commitment to diversity and integration. Numerous worldwide and local initiatives have been developed within the Group. For example:

- the "**Fundamentally Sodexho**" training program, provided to the Group's 250 principal executives, was followed up with a second one-week module. With a focus on strategic marketing and human resource management, this module was conceived by the Sodexho Management Institute, in partnership with the University of Chicago Graduate School of Business;
- in February 2007, more than 50 female executives participated in the first **Sodexho Global Women's Summit**, to share their vision on diversity and the role of women in the Group and ways it might be strengthened. Recommendations were presented to the Group's Executive Committee and an action plan has been developed;
- in the United States, Sodexho continues its **mentor program**. This program's objective is to give individuals seeking advancement the opportunity to have access to an internal mentor for one year. In Fiscal 2007, 105 employees benefited from this program, which will be developed in other countries as well as for expatriate employees;
- in France, Sodexho put in place **qualified training courses** in which nearly 500 employees participated this year. These "Professionalization Sessions" allowed employees to obtain a certificate of professional qualification. "Sodexho Formation" (Sodexho training) is the only organization in the French food service sector which is accredited to provide this training.

Lastly, at the end of Fiscal 2007, Michel Landel proposed adding a sixth strategic imperative: "To transform the Sodexho brand into the benchmark for Quality of Life services." The Group confirms its intention to continue to pursue the achievement of these strategic imperatives.

Delisting from the New York Stock Exchange

On July 16, 2007, Sodexho voluntarily delisted from the New York Stock Exchange (NYSE). The company's American Depositary Receipts (ADRs) are now traded over the counter. This decision to delist was made for the following reasons:

- Sodexho is listed on Euronext (now part of the NYSE-Euronext group), which on average accounted for approximately 97% of trading in the company's shares over the past twelve months. Since 2002, the volume of trading in Sodexho ADRs has remained very low, representing only around 1% of total volumes traded over the past five years;
- As the Group has adopted *International Financial Reporting Standards* (IFRS), it no longer appears necessary to reconcile its consolidated financial statements with a second set of generally accepted accounting practices, given that Sodexho already provides investors with a broadly equivalent standard of financial information.

Finally, Sodexho had already complied with Section 404 of the Sarbanes-Oxley Act when it filed its Fiscal 2006 Annual Report on Form 20-F. The Group is commited to pursue its goal of improving internal control and risk management procedures by implementing targeted initiatives.

1. KEY FIGURES FOR FISCAL 2007

Sodexho's 28,896 sites comprise:

- 16,602 business and industry sites (including leisure, defense and correctional facilities);
- 4,824 schools, colleges and universities;
- 3,324 healthcare sites;
- 2,765 seniors sites;
- 1,381 remote sites.

Sodexho has operations in 80 countries and employed 342,380 people as of August 31, 2007.

1.1 Consolidated income statement

The financial statements for Fiscal 2007 were prepared in accordance with International Financial Reporting Standards (IFRS).

(in millions of euro)	Fiscal 2007	Fiscal 2006	Change at current exchange rates	Change at constant exchange rates
Revenues	**13,385**	**12,798**	**4.6%**	**8.3%**
Cost of sales	(11,396)	(10,957)		
Gross profit	**1,989**	**1,841**	**8.1%**	**11.2%**
Sales department costs	(174)	(159)		
General and administrative costs	(1,181)	(1,104)		
Other operating income and charges	6	27		
Operating profit	**640**	**605**	**5.7%**	**9.2%**
Net financing costs	(100)	(108)		
Share of profit of associates	7	8		
Profit for the period before tax	**547**	**505**	**8.3%**	**12.0%**
Income tax expense	(184)	(172)		
Profit for the period	**363**	**333**		
Profit attributable to minority interests	16	10		
Profit attributable to equity holders of the parent	**347**	**323**	**7.5%**	**11%**
Diluted earnings per share (in euro)	**2.22**	**2.07**	**7.5%**	**11%**

The currency impact is calculated by applying the average exchange rates for the previous fiscal year to the current fiscal year figures. In Fiscal 2007, the effect of movements in the exchange rate of the US dollar against the euro was (434) million euro on revenues, (17) million euro on operating profit and (9) million euro on profit attributable to equity holders of the parent.

1.1.1 Changes in scope of consolidation

The main recent changes in the scope of consolidation are listed below:

- August 2006: sale of Spirit Cruises, a U.S.-based river cruise and harbor business;
- October, 2006: acquisition of 100% of OCDN (Off Campus Dining Network), a U.S. company offering services to university students;
- January 2007: acquisition of 54% of Gastro-Kanne (Germany), a company specializing in foodservices for the healthcare segment;
- June 2007: acquisition of 100% of Vivaboxes (Belgium), a company which has developed an innovative gift voucher concept.

1.1.2 Revenues: acceleration of growth

Sodexho's revenues increased by nearly 587 million euro to 13,385 million euro over the prior year.

This increase in revenues comprises the following:

- organic growth: +8.4%;
- currency impact: -3.7%;
- changes in scope of consolidation: -0.1%.

Sodexho continued to implement its strategy during fiscal 2007, achieving:

- a client retention rate of 93.9% (+0.1%), in line with Fiscal 2006. Good progress was made in North America, where the Group's 95% target was exceeded. Client retention also improved in Continental Europe. However, the effect was offset by contract expirations in Remote Site Management and the United Kingdom's retention rate, which is still too low;
- revenue growth on existing sites was over 5%, about two-thirds of which resulted from implementation of contractual indexation terms, especially in North and Latin America;
- business development remained above 9%, reflecting good performances in all regions.

Consequently, Sodexho reported numerous advances in organic growth throughout the Food and Facilities Management Services activity, including:

- a rebound in organic growth in North America, (up 8.8%), reflecting acceleration across all segments;
- substantial expansion in Facilities Management services in Continental Europe, resulting in organic growth of 5.1%;
- confirmation of a return to growth in United Kingdom operations (up 6.1%);
- continuation of strong activity in the Rest of the World (up 15.3%), with growth in Latin America, Asia, Australia and in Remote Sites.

The Service Vouchers and Cards business also confirmed its dynamic growth profile, with organic revenue growth of 20.1%.

1.1.3 Growth in operating profit

Operating profit rose by 5.7% to 640 million euro over the prior year.

Fiscal 2006 operating profit included two one-time items:

- a gain of 21 million euro on the disposition of Spirit Cruises, a U.S.-based river and harbor cruise business;
- a release of the 7 million euro provision for the U.S. litigation, following final resolution of the case.

Excluding these items, operating profit rose by 10.9% at current exchange rates and by 14.5% at constant exchange rates, exceeding the targets set by the Group at the beginning of the fiscal year.

Operating margin was 4.8%, compared with 4.7% in Fiscal 2006 (or compared to 4.5% after excluding in the prior year the gain on the disposition of Spirit Cruises and the release of the provision for the U.S. litigation).

1.2 Analysis of trends in revenues and operating profit by activity

Revenues by activity (in millions of euro)	Fiscal 2007	Fiscal 2006	Change at current exchange rates	Change at constant exchange rates
Food and Facilities Management Services				
North America	5,492	5,479	0.2%	8.0%
Continental Europe	4,388	4,148	5.8%	5.6%
United Kingdom and Ireland	1,475	1,370	7.7%	6.1%
Rest of the World	1,591	1,434	10.9%	15.6%
TOTAL	**12,946**	**12,432**	**4.1%**	**7.9%**
Service Vouchers and Cards	**447**	**373**	**19.7%**	**22.3%**
Elimination of intragroup revenues	**(8)**	**(6)**		
TOTAL	**13,385**	**12,798**	**4.6%**	**8.3%**

Operating profit by activity (in millions of euro)	Fiscal 2007	Fiscal 2006	Change at current exchange rates	Change at constant exchange rates
Food and Facilities Management Services				
North America	253	277	(8.7%)	(1.6%)
Continental Europe	214	203	5.1%	4.9%
United Kingdom and Ireland	72	42	72.6%	70.0%
Rest of the World	41	28	49.1%	59.2%
TOTAL	**580**	**550**	**5.4%**	**9.3%**
Service Vouchers and Cards	**135**	**113**	**19.3%**	**22.6%**
Corporate expenses	**(75)**	**(58)**	**(29.5%)**	**(36.0%)**
TOTAL	**640**	**605**	**5.7%**	**9.2%**

In fiscal 2007, activities located outside the euro zone represented 70% of revenues (including 40% in US dollars) and 82% of operating profit (including 40% in US dollars).

1.2.1 Food and Facilities Management Services

This activity contributed 96.7% of consolidated revenues and 81.1% of consolidated operating profit before corporate expenses.

Revenues totaled 12,946 million euro, confirming Sodexho's market leadership as growth accelerated to 8.1%, notably as a result of the following:

- continued strong progress in Healthcare and Seniors (up 9.0%);
- accelerated growth in Business and Industry (up 8.1%);
- a good performance in Education (up 7.0%).

Operating profit was 580 million euro, an increase of 5.4% at current exchange rates and 9.3% at constant exchange rates.

Analysis by region

North America

Revenues in **North America** were 5.5 billion euro. The effect of the unfavorable trend in the average exchange rate of the US dollar against the euro year-on-year is purely a translation effect, with no associated operational risk. However, this currency effect masks the substantial progress made during Fiscal 2007, with organic growth up sharply from 5.0% in Fiscal 2006 to 8.8% in Fiscal 2007.

Comparisons between Fiscal 2007 and Fiscal 2006 also include the effect of a 53rd week of activity in Fiscal 2007 as a result of the 52/53 week calendar used by Sodexho in North America, in line with industry practice. This 53rd week had an estimated effect of about 1.2% on Fiscal 2007 organic revenue growth.

The "Clients for Life"® client retention program, pursued intensively in North America in recent years, translated into a record client retention rate overall and in almost all segments.

The **Business and Industry** segment (8.9% organic growth) benefited from many favorable factors:

- substantial growth in the client retention rate;
- solid business development across all Foodservices and Facilities Management activities, with a number of major contracts awarded during the year including Pfizer, Sanofi-Aventis, the Houston Zoo, and Wellpoint, Inc;
- the start-up of a major new contract with Nova Gold in the Canadian mining industry at the end of the fiscal year.

Organic growth of 10.1% in **Health Care and Seniors** was mainly driven by:

- excellent client retention;
- revenue growth on existing sites, a result of the extensive offerings which were well adapted to the expectations of clients, patients and visitors and to increasing revenues from contracts won in previous years (Memorial Hermann Healthcare System and New York City Health and Hospital Corporation);
- new contracts awarded in Fiscal 2007 include York Central Hospital (Ontario, Canada: Foodservice and Facilities Management), Stanford University Medical Center (Palo Alto, California: Facilities Management), Moses Cone Health Center (Greensboro, North Carolina: Foodservice and Facilities Management), St John's Hospital (Springfield, Illinois) and McAllen Medical Center (McAllen, Texas).

Education reported organic growth of 7.6%, and continues to benefit from increased student enrollment in universities, strong client retention, and demand for Facilities Management services.

Major contracts won in Fiscal 2007 include the University of Illinois in Chicago, the State University of New York (Buffalo, New York: Facilities Management), Gary Community School Corporation (Gary, Indiana), Rensselaer Polytechnic Institute (Troy, New York: Facilities Management), Northern Arizona University Conference Center (Flagstaff, Arizona) and Recovery School District (New Orleans, Louisiana: Facilities Management).

Of the many accolades received by Sodexho, highlights included the prestigious *Pro Patria Award* from the U.S. Defense Department and the *Freedom Award* from the Federal government. Sodexho was also a finalist in the Spirit Award 2007 for *Recruitment, Development and Retention* awarded by the National Restaurant Association Educational Foundation.

Operating profi t was 253 million euro, a decrease of 1.6% at constant exchange rates compared to the prior year. However, excluding the gain from Spirit Cruises and release of the provision for the U.S. litigation the operating result shows an increase of 9.6% at constant exchange rates. The operating margin was 4.6%.

Despite productivity gains recorded on labor costs, particularly in Education and Corporate Services, and improved operational performance in Defence, the increase was limited by:

- The impact of a 53rd week of activity had no significant effect on operating profit because of start-up costs related to the start of the academic year;
- Significant inflation on some food products.

With this strong performance **Richard Macedonia** retired as Chief Executive Officer of Sodexho in North America on August 31, 2007 after 39 years with the company. **George Chavel**, previously the President of the Healthcare and Seniors Division, was appointed as Chief Executive Officer, Food and Facilities Management Services for North America effective September 1, 2007.

Continental Europe

In Continental Europe, **revenues** totaled 4.4 billion euro and organic growth reached 5.1%.

Fiscal 2007 was notable for two major new contract wins (a Facilities Management contract with KLM in the Netherlands, and the foodservice contract at the Eiffel Tower in Paris), and for increasingly strong growth in Central Europe.

Sodexho obtained two flagship awards for promoting diversity in business: the Innovation Award at the 2006 Corporate Diversity Awards, sponsored by the French government, and the Equality Diversity award from the Belgian federal government.

Other accolades included the 2007 Demos Group Silver Trophy, in recognition of Sodexho's initiatives under the law for Individual Training Rights in France; ISO 9001 certification for Facilities Management activities in the Netherlands; and a ranking in the top 10 employers in Germany by the Geva Institute.

The **Business and Industry** segment reported organic growth of 4.3%, reflecting:

- continued strong growth in Spain and Central Europe and in the Defense segment in Sweden for both Food and Facilities Management services;
- more modest performance in countries such as Italy and the Netherlands, linked to the economic environment and the rigorous application of a profitable growth approach to sales;
- revenues from the two major new contracts won by Sodexho: KLM (36 Food and Facilities Management Services operations in 90 buildings at Schiphol airport in the Netherlands) and a complete foodservice solution at the Eiffel Tower in Paris.

Other significant new contracts in Fiscal 2007 include IBM (Czech Republic and Denmark), Nordea (Denmark), BMS (Italy), Volvo Cars and Eksjö Garrison (Sweden), BPS Westpoint (Netherlands), and Galeries Lafayette, BHV and the Defense Procurement Agency (DGA) in France.

The organic growth of 6.6% in **Healthcare and Seniors** reflected:

- the breadth of the service offering; and
- strong business development in the prior fiscal year.

New contracts won include UZ Gand (Belgium), Hospital Del Sureste (Spain) and the Pole Santé Léonard de Vinci (France).

The 6.0% growth achieved in **Education** was largely due to improved client retention, as Sodexho continues its selective approach to public sector contracts.

New clients in Fiscal 2007 include the Technical University of Delft and the Avans Hogeschool in the Netherlands, Dresden Fraichaud CCS in Germany, and the public schools of Troyes in France.

Fiscal 2007 **operating profit** for Continental Europe was 214 million euro, an increase of 4.9% before currency effects. Further productivity initiatives in purchasing and labor costs helped to offset inflation on certain Food products. Investment in human resources was intensified to accelerate medium-term business development. Operating margin was in line with Fiscal 2006 at 4.9%.

United Kingdom and Ireland

Revenues in the United Kingdom and Ireland were 1.5 billion euro and organic growth rose to 6.1% (versus 4.8% in Fiscal 2006), confirming the subsidiary's return to growth.

Organic growth in the **Business and Industry** segment was 6.8%, reflecting:

- relatively stable demand from corporate clients;
- the full-year impact of contracts awarded in Fiscal 2006 in Defense, such as Catterick Garrison and the logistic support for the Royal Navy Base;
- robust activity in leisure and events during the summer months.

Contracts awarded in Fiscal 2007 include GSK (Ware), Dell (Glasgow), United Biscuits, Astrium, the World Scouts Jamboree (Chelmsford) and the UK sovereign base on Cyprus.

At the end of Fiscal 2007, Sodexho's UK-based Leisure teams swung into action for the September 7 start of the hospitality contract for the Rugby World Cup, which will have an impact in the first quarter of Fiscal 2008.

In **Education**, Sodexho won contracts with the University of Bedfordshire and Altrincham Girls School (Cheshire).

Healthcare and Seniors registered organic growth of 7.9%, driven by:

- improved client retention;
- the full ramp-up of contracts opened in Fiscal 2006, notably, recent Private Finance Initiative (PFI) contracts which attained their normal activity levels;
- accelerated new business development, with the signing of important contracts with North Staffordshire Hospitals (Facilities Management) and with the Nuffield group, a market leader in private hospitals (Foodservice).

Operating profit was 72 million euro, and operating margin was 4.9% compared with 3% in Fiscal 2006. The operating margin in the United Kingdom and Ireland has now reached the Group average, meeting the recovery objectives set three years ago.

This excellent performance reflects the effectiveness of measures initiated in recent years: tighter management at site level, focusing principally on food and labor costs; strict application of the "Right Clients Right Terms"® in all new business development; and close control of administrative costs, in particular with the creation of a Shared Services Center.

Rest of the World

In the Rest of the World, revenues totaled 1.6 billion euro. Organic growth was 15.3%, and was driven mainly by:

- double-digit growth in all regions (Latin America, Asia and Australia) and in Remote Site activities;
- high commodity prices, which continued to fuel robust revenue growth from existing sites, especially in the Middle East, Africa and Australia, and in the mining sector in Latin America.

Among the year's achievments were the award of the IBM Facilities Management contract in India, the success of the Sodexho Management Academy in China, advances in food purchasing productivity in Latin America through the "Five Star" program, and the contribution made by the Remote Site teams to economic development in Madagascar via its support for clients' sustainable development projects.

During Fiscal 2007, Sodexho won numerous contracts including Glencore in Colombia, Dubai World, Red Sea Housing Services in Saudi Arabia, Peabody (North Goonyella Coal Mines) in Australia, Unilever and Petrobras Revap (Sao José dos Campos) in Brazil, CMPC Celulosa in Chile, Procter & Gamble at Medellin in Colombia, Pluspetrol in Peru, Universidad Santo Tomas Santiago in Chile, and the Singapore American School.

Expansion of Sodexho's operations in China and India continued at a rapid pace, in both Food and Facilities Management Services. Among the significant contracts won were:

- in China: Dow Chemical R&D Center, General Electric (China Technology Center), Johnson Health Tech. Co (Shanghai), Tianjin Faw Toyota Motor, Takaoka Lioho Tianjin Industries Co, Qingheyuan Cherish-Yearn Seniors Home and Nokia (Beijing);
- in India: IBM India (11 sites), FLAME (Pune), and Cisco Systems (Bangalore).

Sodexho received numerous accolades including the *Distinguished Defense Partner Award* of the Singapore Civil Defense Authority, the "Prémio Top Hospitalar 2006" award in Brazil, the Peruvian Service Company of the Year award from the Civil Association, and the *Companies of Excellence* award given by the highly prestigious China Cuisine Association.

The increase of over 50% in operating profit to 41 million euro generated an improvement in operating margin, up from 1.9% in Fiscal 2006, to 2.6%. This strong performance is attributable largely in part to more rigorous management in Remote Sites.

Sodexho continues to invest in human resources and support functions in China and India, through initiatives such as the Sodexho Management Academy in China, which has already provided training to nearly 650 employees.

Finally, it should be noted that an asset impairment relating to the Sydney Olympic Stadium contract in Australia, weighed on the operating profit in the prior fiscal year.

1.2.2 Service Vouchers and Cards

Revenues for Fiscal 2007 totaled 447 million euro, with organic growth of 20.1%. Driven by Latin America, and in particular by Venezuela, issue volume (face value multiplied by the number of vouchers and cards issued) was 7.5 billion euro, an increase of 18.5% at constant consolidation scope and exchange rates.

Demand for traditional services (Restaurant Pass and Food Pass) remained very buoyant in Latin America. Growth in the region again topped 20% due to increases in face value and in the number of beneficiaries.

Other highlights of Fiscal 2007 included building an issue volume of around 800 million euros in the rapidly-expanding gift voucher market (especially in Europe), and winning the prestigious Fundacio La Caixa contract in Spain. The eighth largest non-profit organization in the world, the Fundacio campaigns against poverty among the young. The four-year contract is part of a program enabling families to provide aid to children in the form of products (such as food and clothing) or services (baby-sitting, childcare, counseling). It will touch 100,000 families.

New contracts gained during Fiscal 2007 include Coca-Cola (Food Pass) in Argentina, KBC Bank (Food Pass) in Belgium, Secretaria Municipal de Saude (Gift Pass) and Secretaria de Estado da Educaçao de Minas Gerais (Food Pass) in Brazil, Microsoft (Food Pass) in China, Adecco (Gift Pass) in France, the national Customs headquarters (Food Pass) in Hungary, Oracle (Food Pass) in India, Hewlett Packard (Gift Pass) in the Philippines, Coca-Cola (Gift Pass) in Poland and Venevision (Food Pass) in Venezuela.

Operating profit rose by 22.6% to 135 million euro at constant exchange rates. At 30.3%, operating margin was in line with the prior-year figure, reflecting:

- strong growth in issue volumes, particularly in Latin America; and
- the settlement of the dispute with a mutual fund following the insolvency in 2003 of a bank in Latin America;
- increased investment in development, notably in strategy, marketing and innovation.

1.2.3 Corporate expenses

Corporate expenses were 75 million euro, an increase of 17 million euro from the prior year. This represents 0.5% of consolidated revenues, which is very low for a group the size of Sodexho.

This increase reflects initiatives taken by senior management to:

- leverage Group-wide scale effects by pooling marketing, international business development,purchasing and training efforts;
- introduce new web-based performance monitoring and financial reporting tools.

1.3 Net financing costs

Net financing costs were 100 million euro, 7.4% lower than in Fiscal 2006 (108 million euro). The year-on-year change mainly resulted from an improvement in interest expense (6 million euro) arising from ongoing debt reduction.

Interest cover (the ratio of operating profit to net interest expense) was 7.2, versus 6.3 in Fiscal 2006.

1.4 Income tax expense

Income tax expense totaled 184 million euro, and the effective tax rate was 34.2% (versus 34.6% in Fiscal 2006). This is the second consecutive year in which Sodexho has reported a low effective tax rate, as a result of the reimbursement of withholding taxes under international tax treaties.

1.5 Substantial increase in profit attributable to equity holders of the parent

Profit attributable to equity holders of the parent totaled 347 million euro, an increase of 7.5%, or 11% excluding currency effects (17.6% excluding the impacts of the Spirit Cruises disposition and the U.S. litigation in Fiscal 2006).

This substantial increase was primarily attributable to:

- the strong growth in operating profit;
- lower financing costs, reflecting ongoing debt reduction during the fiscal year;
- the effective tax rate maintained below 35%.

1.6 Growth in earnings per share

Basic earnings per share for Fiscal 2007 was 2.22 euro, an increase of 7.5% compared with Fiscal 2006 basic earnings per share of 2.07 euro.

2. FINANCIAL POSITION AS OF AUGUST 31, 2007

Presented below are the key components of the consolidated cash flow statement.

	Year ended August 31	
	2007	**2006**
Net cash provided by operating activities	753	488
Net cash used in investing activities	(221)	(210)
Net cash used in financing activities	(144)	(179)
Change in net cash and cash equivalents	388	99

Net cash provided by operating activities totaled 753 million euro in Fiscal 2007, compared with 488 million euro in Fiscal 2006. Factors underlying the 265 million euro year-on-year increase include:

- the increase of 35 million euro in operating profit;
- a marked improvement of 188 million euro in working capital variations, resulting from a two-day improvement in client day receivables, cash advances received in connection with the 2007 Rugby World Cup contract, and high issue volumes in Service Vouchers and Cards in the final months of the fiscal year.

Net cash provided by operating activities was partly used to finance:

- net capital expenditures and investments of 208 million euro (1.5% of revenues);
- acquisitions (net of divestments and of cash held by acquirees) of 15 million euro. The main acquisitions were 100% of OCDN (Off Campus Dining Network), which provides services to students on university campuses in the United States; and 100% of Vivaboxes (in Belgium), which has developed and sells an innovative gift voucher and gift pack concept.

Items included in net cash used in financing activities include the dividend payout of 159 million euro.

As of August 31, 2007, borrowings totaled 1,950 million euro, mainly comprising three bond issues amounting to 1,814 million euro, including 500 million euro arising from the March 30, 2007 refinancing to extend the maturity of Sodexho's debt and reduce interest costs. This new bond issue was used to repay existing bank loans. The balance of the Group's debt consists of various bank loans and finance leases, and derivative financial instruments.

Cash and cash equivalents net of bank overdrafts totaled 1,377 million euro. Cash investments in instruments with maturities of over three months and restricted cash from the Service Vouchers and Cards activity totaled 454 million euro.

The operating cash position (which includes Service Vouchers and Cards cash investments and restricted cash) was 1,831 million euro, including 966 million euro for Service Vouchers and Cards.

Overall, net debt (borrowings, net of the operating cash position) as of August 31, 2007 was 119 million euro, representing 5% of consolidated equity, as compared to 21% as of August 31, 2006.

As of the balance sheet date, 97% of our borrowings were at fixed rates, and the average interest rate was 5.6%. Sodexho also had unused credit facilities of 889 million euro.

The recently-announced acquisitions, which are still being finalized (VR in Brazil, Tir Groupé in France, and the Circles concierge services business in the United States), will be financed out of available cash and unused credit facilities.

As of August 31, 2007, the Group had off balance sheet commitments of 770 million euro (see note 4.25 to the consolidated financial statements), or 34% of shareholders' equity attributable to equity holders of the parent.

3. OUTLOOK FOR FISCAL 2008 AND THE MEDIUM TERM

At the Board meeting of November 13, 2007, the Chief Executive Officer of Sodexho Alliance, Michel Landel, described the outlook for Fiscal 2008.

He indicated to the Board of Directors that Fiscal 2008 has started well given:

- the success of the hospitality contract managed by Sodexho in connection with the Rugby World Cup held in September and October 2007;
- recent significant contract wins, such as Nokia in India (Facilities Management), Adventist Bolingbrook Medical, Centennial Hills Hospital and Sanofi- Pasteur in North America, the Facilities Management contract for Societe Generale's new building in La Defense in Paris, and in the Service Vouchers and Cards activity, a contract signed with the ONEM in Belgium.

Sodexho is confident in its ability to manage the effects of the recent strong global price increases of certain food products. This confidence is based on the search for new supply sources, modification of its menus and from improvement in the productivity of its purchasing (for example, reducing the number of suppliers, rationalizing of logistics, etc.).

The change of the corporate name, launch of a new international employee share ownership plan and reinforced deployment of information systems and technology will require additional investment in Fiscal 2008.

Sodexho sets the following objectives for Fiscal 2008:

- **organic revenue growth above 7%;**
- **operating profit growth of around 12% at constant exchange rates.**

"These objectives are in line with the project "Ambition 2015", aimed at doubling the Group's revenue. Sodexho employees are fully mobilized to achieve further progress in implementing the six strategic imperatives:

- *Accelerate profitable organic growth;*
- *Improve operating profits, margins and cash;*

- *Live Sodexho's values;*
- *Make Sodexho's brand the reference in Quality of Life services;*
- *Ensure compliance through reinforced standards, risk management, business rigor and best practices;*
- *Create a competitive advantage through our people and their diversity.*

As a corporate citizen, Sodexho contributes to the economic and social development of the countries in which it does business. Sodexho has received recognition for these efforts including being named for the third consecutive year as "Supersector leader" in its industry sector by the Dow Jones Sustainable Index (DJSI), the sole France-headquartered company to receive this distinction. As a leader in Foodservices, Sodexho places particular importance to offering nutritious and well-balanced menu choices and promoting healthy lifestyles with its customers. Finally, because Sodexho refuses to accept the fact that 850 million people worldwide, including 200 million children, suffer from hunger and malnutrition, Sodexho has extended to 22 of its main host countries the STOP Hunger program, launched 10 years ago, and through which it partners with numerous NGOs and philanthropic organizations."

Given the strong performance achieved during Fiscal 2007, I remain very confident in Sodexho's ability to achieve its Ambition 2015 to become the global leader in Quality of Life Services and to achieve annual average revenue growth of 7%.

I take this opportunity to thank our clients for their loyalty, our shareholders for their continued support, and the 342,000 employees of the Group for the progress achieved during Fiscal 2007 by performing to the highest standards in our quality of life services, by "Making every day a better day."

Michel Landel
Chief Executive Officer

Consolidated Financial Statements for the Year Ended August 31, 2007

1. CONSOLIDATED INCOME STATEMENT

(in millions of euro)	Notes	Fiscal 2007	Fiscal 2006	Fiscal 2005
Revenues	**2.22. and 3.**	**13,385**	**12,798**	**11,693**
Cost of sales	4.1.	(11,396)	(10,957)	(10,033)
Gross profit		**1,989**	**1,841**	**1,660**
Sales department costs	4.1.	(174)	(159)	(141)
General and administrative costs	4.1.	(1,181)	(1,104)	(1,002)
Other operating income	4.1.	24	42	7
Other operating charges	4.1.	(18)	(15)	(74)
Operating profit	**3.**	**640**	**605**	**450**
Financial income	4.2.	78	54	60
Financial expenses	4.2.	(178)	(162)	(172)
Share of profit of associates	3. and 4.9.	7	8	(6)
Profit for the period before tax		**547**	**505**	**332**
Income tax expense	4.3.	(184)	(172)	(111)
Result from discontinued operations		-	-	-
Profit for the period		**363**	**333**	**221**
Profit attributable to minority interests		16	10	9
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**347**	**323**	**212**
Basic earnings per share (in euro)	**2.23. and 4.4.**	**2.22**	**2.07**	**1.36**
Diluted earnings per share (in euro)	**2.23. and 4.4.**	**2.19**	**2.05**	**1.36**

2. CONSOLITATED BALANCE SHEET

ASSETS

(in millions of euro)	Notes	August 31, 2007	August 31, 2006	August 31, 2005
Non-current assets				
Property, plant and equipment	2.6., 2.7., 2.8.and 4.5.	440	430	406
Goodwill	2.4., 2.8. and 4.6.	3,515	3,623	3,705
Other intangible assets	2.5., 2.8. and 4.7.	122	126	87
Client investments	2.9. and 4.8.	149	146	138
Associates	2.3.2. and 4.9.	37	36	32
Financial assets	2.12. and 4.11.	88	75	74
Other non-current assets	4.13.	13	18	18
Deferred tax assets	2.20. and 4.21.	136	241	224
Total non-current assets		**4,500**	**4,695**	**4,684**
Current assets				
Financial assets	2.12. and 4.11.	11	17	7
Derivative financial instruments	2.12. and 4.17.	0	42	40
Inventories	2.10. and 4.12.	185	168	176
Income tax		48	17	19
Trade and other receivables	4.13.	2,089	1,909	1,750
Restricted cash and financial assets related to the Service Vouchers and Cards activity	2.12. and 4.11.	454	423	326
Cash and cash equivalents	2.13. and 4.14.	1,410	1,042	949
Total current assets		**4,197**	**3,618**	**3,267**
TOTAL ASSETS		**8,697**	**8,313**	**7,951**

LIABILITIES AND EQUITY

(in millions of euro)	Notes	August 31, 2007	August 31, 2006*	August 31, 2005*
Shareholders' equity				
Common stock		636	636	636
Additional paid in capital		1,186	1,186	1,186
Retained earnings		633	668	708
Consolidated reserves		(178)	(361)	(497)
Equity attributable to equity holders of the parent		2,277	2,129	2,033
Equity attributable to minority interests		23	17	18
Total shareholders' equity	**2.15., 2.19. and 4.15.**	**2,300**	**2,146**	**2,051**
Non-current liabilities				
Borrowings	2.12., 2.14. and 4.16.	1,839	1,852	1,891
Employee benefits	2.17. and 4.18.	232	349	309
Other liabilities	4.20.	79	101	80
Provisions	2.16. and 4.19.	53	68	53
Deferred tax liabilities	2.20. and 4.21.	35	75	80
Total non-current liabilities		**2,238**	**2,445**	**2,413**
Current liabilities				
Bank overdrafts		33	36	21
Borrowings	2.12., 2.14. and 4.16.	111	68	85
Derivative financial instruments	2.12. and 4.17.	1	2	2
Income tax		57	80	84
Provisions	2.16. and 4.19.	49	40	97
Trade and other payables	4.20.	2,618	2,369	2,197
Vouchers payable	2.18.	1,290	1,127	1,001
Total current liabilities		**4,159**	**3,722**	**3,487**
TOTAL LIABILITIES AND EQUITY		**8,697**	**8,313**	**7,951**

* *Including the effect of the deferred tax liabilities described in note 4.15.*

3. CONSOLIDATED CASH FLOW STATEMENT

For a detailed analysis of the consolidated cash flow statement, refer to note 4.22.

(in millions of euro)		Fiscal 2007	Fiscal 2006	Fiscal 2005
Operating activities				
Operating profit		640	605	450
Elimination of non-cash and non-operating items				
Depreciation and amortization		186	164	168
Provisions		(1)	(34)	62
Losses/(gains) on disposal and other		3	(21)	5
Dividends received from associates		4	1	0
Change in working capital from operating activities		188	40	231
Change in inventories		(21)	2	(14)
Change in accounts receivable		(210)	(189)	(59)
Change in trade and other payables		284	203	162
Change in vouchers payable		161	131	123
Change in financial assets related to the Service Vouchers and Cards activity		(26)	(107)	19
Interest paid		(113)	(114)	(122)
Interest received		30	18	19
Income tax paid		(184)	(171)	(136)
Net cash provided by operating activities		**753**	**488**	**677**
Investing activities				
Acquisitions of property, plant & equipment and intangible assets	3.	(229)	(192)	(143)
Disposals of property, plant & equipment and intangible assets		32	17	16
Change in client investments	4.8. and 3.	(11)	(15)	(19)
Change in financial assets		2	(15)	5
Effect of acquisitions of subsidiaries		(18)	(30)	(3)
Effect of dispositions of subsidiaries		3	25	(3)
Net cash used in investing activities		**(221)**	**(210)**	**(147)**
Financing activities				
Dividends paid to parent company shareholders	4.15.	(149)	(117)	(109)
Dividends paid to minority shareholders of consolidated companies	4.15.	(10)	(10)	(8)
Change in shareholders' equity		(61)	(4)	(13)
Proceeds from borrowings	4.22.	524	23	464
Repayment of borrowings	4.22.	(448)	(71)	(718)
Net cash used in financing activities		**(144)**	**(179)**	**(384)**
CHANGE IN NET CASH AND CASH EQUIVALENTS		**388**	**99**	**146**
Net effect of exchange rates and other effects on cash		(17)	(21)	23
Net cash and cash equivalents at beginning of period		1,006	928	759
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**4.14.**	**1,377**	**1,006**	**928**

4. STATEMENT OF RECOGNIZED INCOME AND EXPENSE

(in millions of euro)	**Fiscal 2007**	**Fiscal 2006**	**Fiscal 2005**
Financial instruments	5	(6)	8
Change in cumulative translation adjustment	(110)	(92)	10
Actuarial gains / (losses) on employee benefits	74	(30)	7
Profit / (loss) recognized directly in equity	(31)	(128)	25
Profit for the period	363	333	221
Total recognized profit / (loss) for the period	332	205	246
Attributable to:			
Equity holders of the parent	317	196	237
Minority interests	15	9	9

Notes to the Consolidated Financial Statements

Sodexho Alliance is a société anonyme (a form of limited liability company) domiciled in France, with its headquarters located in Montigny-Le-Bretonneux.

The consolidated financial statements of the Group were approved by the Board of Directors on November 13, 2007.

1. SIGNIFICANT EVENTS

On July 16, 2007, Sodexho completed its delisting from the New York Stock Exchange (NYSE) and terminated the registration of its shares under the U.S. Securities Exchange Act of 1934.

Sodexho is therefore no longer under any requirement to file an Annual Report on Form 20-F with the U.S. Securities and Exchange Commission (SEC).

In order to extend the maturity of its existing debt and benefit from favorable trends in market rates, Sodexho Alliance partially refinanced its debt by issuing 500 million euro in bonds carrying out, on March 30, 2007, with a 7-year maturity and an annual interest rate of 4.5%.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

2.1.1 Basis of preparation of financial information for fiscal 2007

In application of European Regulation 1606/2002 of July 19, 2002, the consolidated financial statements of the Sodexho Group have been prepared in accordance with international financial reporting standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Accounting Regulatory Committee as of the balance sheet date. Information for the comparative periods presented (fiscal 2005 and fiscal 2006) has been prepared using the same principles.

Given the Group's fiscal year end, the application dates for IFRS as approved by the European Union as compared to the application dates required by the IASB were identical for Sodexho Alliance for the last three years. As a result, the application of IFRS as approved by the IASB does not result in any change in the preparation and presentation of the consolidated financial statements.

In connection with the initial adoption of IFRS, effective September 1, 2004, the Group elected the following treatments as permitted under IFRS 1:

- to not use the option available under IFRS 1 of remeasuring property, plant and equipment and intangible assets at fair value in the opening balance sheet as of September 1, 2004;
- to not restate retrospectively business combinations effected prior to September 1, 2004;
- to reclassify the currency translation reserve as of September 1, 2004 to consolidated reserves;
- to restrict application of IFRS 2 to stock option plans granted after November 7, 2002 and not fully vested as of January 1, 2005;
- to recognize in equity all accumulated actuarial gains and losses arising on retirement and other long-term employee benefits as of September 1, 2004.

The Group also elected for early recognition, effective September 1, 2004, of the impact of IAS 39 and IAS 32 on financial instruments.

In addition, the Group elected to adopt (from fiscal 2005) prior to its application date (fiscal 2007), the amendment to IAS 19, which allows for the recognition of actuarial gains and losses arising in each period directly in equity.

Finally, the Group assessed the impact of IFRIC4 (applicable to the Group in Fiscal 2007) but did not make any adjustment because of the immateriality of the amounts involved.

2.1.2 New standards and interpretations applicable in the period

The amendments to IAS 39 and the interpretations listed below were mandatorily applicable for the Group effective September 1, 2006, and were not early adopted in prior periods. The application of these amendments and interpretations had no impact on the consolidated financial statements of the Sodexho Group as of August 31, 2007:

- Amendments to IAS 39:
  - "Fair Value Option",
  - "Cash Flow Hedges of Forecast Intragroup Transactions",
  - "Financial Guarantee Contracts";
- IFRIC 8 – "Scope of IFRS 2";
- IFRIC 9 – "Reassessment of Embedded Derivatives".

2.1.3 Standards and interpretations issued but not yet applicable

Sodexho has decided not to early adopt the following standards, amendments to standards and interpretations, which had been approved by the European Union as of August 31, 2007 and are applicable to accounting periods beginning on or after January 1, 2007:

- IFRS 7 – "Financial Instruments: Disclosures";
- Amendment to IAS 1 – "Capital Disclosures".

The Group is currently assessing the practical implications of these pronouncements and the effect of their application on the consolidated financial statements.

Application of IFRIC 10, "Interim Financial Reporting" and IFRIC 11, "Group and Treasury Share Transactions", both of which apply with effect from fiscal 2008, is not expected to have a material impact.

The Group is also assessing the impact on the consolidated financial statements of the following standards, interpretations and amendments, which have been issued by the IASB but not yet approved by the European Union:

- IFRS 8 – "Operating Segments", applicable to the Group from fiscal 2010;
- IFRIC 12 – "Service Concession Arrangements", applicable from fiscal 2009;
- IFRIC 13 – "Customer Loyalty Programmes", applicable from fiscal 2009;
- IFRIC 14 – "IAS 19 (Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction)", applicable from fiscal 2009;
- Amendment to IAS 23 – "Borrowing Costs", applicable from fiscal 2010.

2.2 Use of estimates

The preparation of financial statements in accordance with IFRS requires the management of Sodexho and its subsidiaries to make estimates and assumptions which affect the amounts reported for assets, liabilities and contingent liabilities as of the date of preparation of the financial statements, and for revenues and expenses for the period.

These estimates and assumptions are reassessed continuously based on past experience and on various other factors considered reasonable in view of current circumstances, which constitute the basis for assessments of the carrying amount of assets and liabilities.

Actual results may differ substantially from these estimates if assumptions or circumstances change.

Significant items subject to such estimates and assumptions include:

- provisions for litigation (notes 4.19. and 4.28.);
- post-employment benefit plan assets and liabilities (note 4.18.);
- impairment of current and non-current assets (note 4.13.);
- deferred taxes (note 4.21.);
- goodwill (cf. note 4.24.);
- share-based payment (note 4.23.).

2.3 Principles and methods of consolidation

2.3.1 Intragroup transactions

Intragroup transactions and balances, and unrealized losses and gains between Group companies, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, unless they represent an impairment loss.

2.3.2 Consolidation methods

A subsidiary is an entity directly or indirectly controlled by Sodexho Alliance. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing whether control exists, potential voting rights that are currently exercisable or convertible are considered. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained to the date on which control ceases to be exercised.

Companies in which Sodexho Alliance directly or indirectly exercises significant influence over financial and operating policy without exercising control are consolidated by the equity method from the date on which significant influence is exercised to the date on which it ceases to be exercised. Significant influence is deemed to exist where the Group holds between 20% and 50% of the voting rights.

Sodexho owns a number of equity interests in project companies established in connection with Public-Private Partnership (PPP) contracts. These contracts enable governments to call upon the private sector for the design, construction, financing and management of public infrastructure (hospitals, schools, barracks, prisons), with detailed performance criteria.

Sodexho only makes equity and subordinated debt investments in such projects when it acts as a service provider to the project company. Further information on the investments as of August 31, 2007 is provided in note 4.9.

Each project company is assessed to determine whether Sodexho Alliance exercises control or significant influence based on the criteria of IAS 27, IAS 28 and SIC 12.

2.3.3 Foreign currency translation

The exchange rates used are derived from rates quoted on the Paris Bourse and other major international financial markets.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated using the closing rate. The resulting translation differences are reported in financial income or expense.

Non-monetary foreign-currency assets and liabilities reported at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities reported at fair value are translated using the exchange rate at the date when the fair value was determined.

Transactions for the period are translated at the exchange rate at the transaction date.

Translation differences on monetary items that are in substance part of a net investment in a foreign operation consolidated by Sodexho are reported in consolidated shareholders' equity until the disposal or liquidation of the investment.

Financial statements denominated in foreign currencies

Countries with stable currencies

The separate financial statements of each consolidated entity are presented on the basis of the primary economic environment (functional currency) in which the entity operates.

For consolidation purposes, all foreign-currency assets and liabilities of consolidated entities are translated into the reporting currency of the Sodexho Group (the euro) at the closing exchange rate, and all income statement items are translated at the average exchange rate for the period. The resulting translation differences are recognized in shareholders' equity under "Cumulated translation adjustments".

Statutory monetary adjustments are maintained in the financial statements of subsidiaries in countries that were previously hyperinflationary (Argentina, Chile, Colombia, Mexico, Turkey and Venezuela). The residual translation differences between the monetary adjustment and the use of closing exchange rates are reported in shareholders' equity.

Countries with hyperinflationary economies

For these countries, the difference between profit or loss for the period translated at the average rate and profit or loss for the period translated at the closing rate is reported in financial income or expense.

As of August 31, 2007, no country in which Sodexho is operating met the criteria for having a hyperinflationary economy.

2.3.4 Transactions with minority interests

Sodexho has a policy of conducting transactions with minority interests in the same way as transactions with third parties. Any gain or loss arising on disposals to minority interests is recognized in the income statement. Goodwill is recognized on acquisitions of shares from minority interests

2.4 Business combinations

The purchase method is used to account for acquisitions of subsidiaries by the Group. The cost of acquisition corresponds to the fair value of assets acquired, equity instruments issued and liabilities incurred or assumed as of the date of the acquisition, plus costs directly attributable to the acquisition.

On first-time consolidation of a subsidiary or equity interest, the Group measures all identifiable items acquired in the currency of the acquired entity.

In accordance with IFRS 3, changes to the measurement of identifiable assets and liabilities may be made, as a result of specialist valuations or additional analysis, within 12 months of the date of acquisition. Once this 12-month period has elapsed, the effect of any adjustments is recognized directly in the income statement unless it involves the correction of an error.

If future benefits of reported tax losses or other deferred tax assets of an acquired company were not recognized at the time of an acquisition because they did not meet the required accounting criteria but subsequently meet the accounting criteria when realized, the carrying amount of goodwill is reduced by the amount that would have been recorded if the tax asset had been recognized at the time of the acquisition.

Goodwill arising on the acquisition of associates is included in the value of the investment in the associate.

2.4.1 Goodwill

Any excess of the cost of an acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity at the acquisition date is recognized as goodwill in the balance sheet.

Goodwill is not amortized, but is subject to impairment tests immediately if there is evidence of impairment, and at least once per year. Impairment test procedures are described in note 2.8. Any impairment losses recognized in the income statement are irreversible.

2.4.2 Negative goodwill

Any excess of the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity at the acquisition date over the cost of the acquisition is treated as negative goodwill, and is recognized in the income statement immediately in the period of acquisition.

2.5 Intangible assets

Separately acquired intangible assets are initially measured at cost in accordance with IAS 38. Intangible assets acquired in a business combination that (i) can be reliably measured, (ii) are controlled by the Group and (iii) are separable or arise from a legal or contractual right are recognized at fair value separately from goodwill. Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortization and impairment losses.

Intangible assets other than brands are regarded as assets with finite useful lives, and are amortized by the straight line method over their expected useful lives:

Integrated management software	5 years
Other software	3-4 years
Patents and licenses	2-10 years
Other intangible assets	3-5 years
Client relationships	3-20 years

The cost of licenses and software recognized in the balance sheet comprises the costs incurred in acquiring the software and bringing it into use, and is amortized over the estimated useful life of the asset.

Subsequent expenditures on intangible assets are capitalized only if they increase the expected future economic benefits associated with the asset to which they relate. Other expenditures are expensed as incurred.

2.6 Property, plant and equipment

In accordance with IAS 16, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, except for land which is measured at cost less accumulated impairment losses. Cost includes expenditures directly incurred to acquire the asset, and in some cases may also include estimated unavoidable future dismantling, removal and site remediation costs.

Subsequent expenditures are included in the carrying amount of the asset, or recognized as a separate component, if it is probable that the future economic benefits of the expenditures will flow to Sodexho and the cost can be measured reliably. All other repair and maintenance costs are recognized as expenses during the period in which they are incurred, except costs incurred to improve productivity or extend the useful life of an asset, which are capitalized.

Items of property, plant and equipment are depreciated over their expected useful lives using the component-based approach, taking account of their residual value. The straight line method of depreciation is regarded as the method that most closely reflects the expected pattern of consumption of the future economic benefits embodied in items of property, plant and equipment.

The useful lives generally used by the Group are:

Buildings	20-30 years
General fixtures and fittings	3-10 years
Plant and machinery	3-8 years
Motor vehicles	4 years
Boats and pontoons (depending on the component)	5-15 years

The residual values and useful lives of items of property, plant and equipment are reviewed and, if necessary, adjusted at each balance sheet date.

The carrying amounts of items of property, plant and equipment are tested for impairment if there is an indication that an item has become impaired.

2.7 Leases

Leases contracted by Sodexho as lessee are accounted for in accordance with IAS 17, "Leases".

Finance leases, under which substantially all the risks and rewards incidental to ownership of an asset are transferred to Sodexho, are accounted for as follows:

- at the commencement of the lease term, the leased asset is recognized as an asset at the lower of fair value or the present value of the minimum lease payments;
- the corresponding liability is recognized under "Borrowings";
- lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability.

An asset held under a finance lease is depreciated over its estimated useful life, or if there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, over the shorter of the lease term and its useful life.

Leases under which the lessor retains substantially all the risks and rewards incidental to ownership of the asset are treated as operating leases. Payments made under operating leases are expensed as an operating item on a straight line basis over the term of the lease.

2.8 Impairment of assets

2.8.1 Impairment of assets with finite useful lives

Property, plant and equipment and intangible assets with finite useful lives are tested for impairment if there is objective indication of impairment. Impairment losses are recognized in the income statement, and may be reversed subsequently.

2.8.2 Impairment of assets with indefinite useful lives

Goodwill has an indefinite useful life. It is tested for impairment whenever there is an indication that it may have become impaired, and at least annually, in the last quarter of the fiscal year. The results of the impairment tests conducted are reassessed using data as of August 31.

Cash Generating Units

Assets that do not generate cash inflows that are largely independent of those from other assets, and hence cannot be tested for impairment individually, are grouped together in Cash Generating Units (CGUs).

Impairment tests are conducted for each CGU, which is generally the country level of an activity. The assets allocated to each CGU comprise goodwill, non-current assets, and net working capital.

Indications of impairment

The main indicators that a CGU may be impaired are a significant decrease in revenues and gross margin or material changes in market trends.

Methods used to determine the recoverable amount

An impairment loss is recognized in the income statement when the carrying amount of an asset or CGU is greater than its recoverable amount.

Recoverable amount is the greater of:

- fair value less costs to sell, i.e. the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal;
- value in use, i.e. the present value of the future cash flows expected to be derived from continuing use and ultimate disposal of the asset or CGU.

The value in use of CGUs is estimated using after-tax cash flow projections generally based on three year business plans prepared by management and extrapolated into future years.

Management both at Group and subsidiary levels prepare gross profit forecasts on the basis of past performance and expected market trends. The growth rate used beyond the initial period of the business plan reflects the growth rate for the business sector and region involved.

Expected future cash flows are discounted at the average cost of capital.

The growth and discounting rates used for impairment tests during the period are provided in note 4.10.

Recognition of impairment losses

An impairment loss recognized with respect to a CGU is allocated initially to reducing the carrying amount of any goodwill allocated to that CGU, and then to reducing the carrying amount of the other assets of the CGU in proportion to the carrying amount of each asset.

2.8.3 Reversal of impairment losses

Impairment losses recognized with respect to goodwill cannot be reversed.

Impairment losses recognized with respect to any other asset may be reversed if there is a change in the estimates used to determine its recoverable amount.

The increased carrying amount of an asset resulting from the reversal of an impairment loss cannot exceed the carrying amount that would have been determined for that asset had no impairment loss been recognized.

2.9 Client investments

In some contracts, Sodexho makes a financial contribution to the purchase of equipment or fixtures on the client site that are necessary to fulfill service obligations. These assets are amortized over the period of the service obligation.

In the cash flow statement, changes in the value of these investments are a component of investing cash flows.

2.10 Inventories

Inventories are measured at the lower of cost or net realizable value. Cost is determined by the FIFO (First In First Out) method.

2.11 Trade and other receivables

Trade and other receivables are initially recognized at fair value, and are subsequently measured at amortized cost less impairment losses recognized in the income statement.

Where the full amount due under the initial terms of the contract is not recoverable, bad debt provision is recognized.

2.12 Financial instruments

Financial assets and liabilities are recognized and measured in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

Financial assets and liabilities are recognized in the balance sheet when Sodexho becomes a party to the contractual provisions of the instrument.

The fair values of financial assets and derivative instruments are determined on the basis of quoted market prices or of valuations carried out by the depositary bank.

2.12.1 Financial assets

Under IAS 39, financial assets are measured and recognized in three main categories:

- **available-for-sale financial assets** include equity investments in non-consolidated entities, marketable securities with maturities greater than three months, and restricted cash. They are measured at fair value, with changes in fair value recognized directly in equity on a separate line. When an available-for-sale financial asset is sold or impaired, the cumulative fair value adjustment previously recognized in equity is transferred to the income statement. If the fair value of an available-for-sale financial asset cannot be reliably measured, it is recognized at cost;
- **loans and receivables** include financial and security deposits, and loans to non-consolidated equity investees. These financial assets are shown in the balance sheet at amortized cost, which is equivalent to acquisition cost as no significant transaction costs are incurred in acquiring such assets. They are tested for impairment if there is an indication that they may be impaired, and an impairment loss is recognized if the carrying amount of the asset is greater than its estimated recoverable amount;
- **financial assets at fair value through profit or loss** include other financial assets held for trading and acquired for the purpose of resale in the near term. Subsequent changes in the fair value of these assets are recognized in financial income or expense in the income statement. An impairment loss is recognized if the recoverable amount of a financial asset at fair value through profit or loss is less than its carrying amount. Such impairment losses may be reversed if the increase in the recoverable amount can be related objectively to an event occurring after the impairment was recognized.

2.12.2 Derivative instruments

Sodexho's policy is to finance acquisitions in the currency of the acquired entity, generally at fixed rates of interest.

The majority of the Group's variable-rate borrowings are converted to fixed-rate using interest rate swaps. In most cases where borrowings are made in a currency other than that of the acquired entity, currency swaps are contracted.

As required by IAS 39, these derivative financial instruments are initially recognized in the balance sheet at fair value, as current financial assets or liabilities.

Subsequent changes in the fair value of derivative instruments are recognized in the income statement, except in the case of instruments that qualify as cash flow hedges.

In the case of cash flow hedges, the necessary documentation is prepared at inception and updated at each balance sheet date. Gains or losses arising on the effective portion of the hedge are recognized in equity, and are not recognized in the income statement until the underlying asset or liability is realized.

Gains or losses arising on the ineffective portion of the hedge are recognized immediately in the income statement.

Sodexho relies on external specialists to determine the fair value of these derivative instruments.

2.12.3 Commitments to buy out minority interests

As required by IAS 32, Sodexho recognizes commitments to buy out minority interests as a liability within borrowings in the consolidated balance sheet. In the absence of any IASB standard or interpretation regarding the treatment of the matching debit entry, Sodexho has elected to offset the amount involved against the relevant minority interests in shareholders' equity until they are eliminated in full, and to treat any surplus as goodwill.

Firm commitments to buy out minority interests are therefore accounted for as follows under IFRS:

- the liability arising from the commitment is recognized at the present value of the buyout commitment;
- the expected goodwill is recognized in the balance sheet;
- the minority interest in profit for the period is reclassified as attributable to the equity holders of the parent;

- the change in value arising from the unwinding of the discounting of the liability is recognized in the income statement as a financial expense.

Subsequent price adjustments are recognized as adjustments to the amount of goodwill.

This accounting policy may be revised in connection with the conclusions of the IASB.

2.12.4 Bank borrowings and bond issues

All borrowings, including utilized bank credit facilities and overdrafts, are initially recognized at the fair value of the amount received less directly attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest method.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of a financial liability to the net carrying amount of that liability. The calculation includes the effects of transaction costs, and of differences between the issue proceeds (net of transaction costs) and the value at redemption.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term cash investments in money-market instruments which either have an initial maturity of less than three months or may be withdrawn at any time with no significant risk of loss in value.

2.14 Borrowing costs

Borrowing costs are treated as follows:

- borrowing costs directly attributable to the acquisition, construction or production of a non-current asset are capitalized as part of the cost of the underlying asset, as permitted by IAS 23;
- borrowing costs not directly attributable to a non-current asset are netted off the related borrowing in the balance sheet and recognized in the income statement over the term of the borrowing, in accordance with IAS 39.

2.15 Sodexho Alliance treasury shares

Sodexho Alliance shares held by the company itself and/or by other Group companies are shown as a reduction in consolidated shareholders' equity at acquisition cost.

Gains and losses on acquisitions and disposals of treasury shares are recognized directly in consolidated shareholders' equity and do not affect profit or loss for the period.

2.16 Provisions

A provision is recorded if (i) an entity has a legal or constructive obligation at the balance sheet date, (ii) it is probable that settlement of the obligation will require an outflow of resources, and (iii) the amount of the liability can be reliably measured.

Provisions primarily cover commercial, employee-related and tax-related risks and litigation arising in the course of operating activities, and are measured in accordance with IAS 37 using assumptions that take account of the most likely outcomes.

Where the effect of the time value of money is material, the amount of the provision is determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and any risks specific to the liability.

Loss-making contracts

A provision for onerous contracts is established where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

2.17 Employee benefits

2.17.1 Short-term benefits

Group employees receive short-term benefits such as vacation pay, sick pay, bonuses and other benefits (other than termination benefits), payable within 12 months of the related service period.

These benefits are reported as current liabilities.

2.17.2 Post-employment benefits

Sodexho measures and recognizes post-employment benefits in accordance with IAS 19:

- contributions to defined-contribution plans are recognized as an expense;
- defined-benefit plans are measured using actuarial valuations.

Sodexho uses the projected unit credit method as the actuarial method for measuring its post-employment benefit obligations, on the basis of the national or company-wide collective agreements effective within each entity.

Factors used in calculating the obligation include length of service, life expectancy, salary inflation, staff turnover, and macro-economic assumptions specific to countries in which Sodexho operates (such as inflation rate, rate of return on plan assets and discount rate).

Sodexho elected to early adopt the amended IAS 19, effective August 31, 2005. Actuarial gains and losses arising at each balance sheet date are therefore recognized in equity, net of deferred taxes, without being amortized through the income statement.

If benefits under an existing plan are amended or a new plan is established, past service cost relating to vested benefits is recognized in the income statement, and past service cost relating to benefits not yet vested is recognized on a straight line basis over the average residual vesting period.

The accounting treatment applied to defined-benefit plans is as follows:

- the obligation, net of plan assets, is recognized as a non-current liability in the balance sheet if the obligation exceeds the plan assets and the unrecognized past service cost.

  If the value of plan assets exceeds the obligation under the plan, the net amount is recognized as a non-current asset. Overfunded plans are recognized as assets only if they represent future economic benefits that will be available to Sodexho. Where the calculation of the net obligation results in an asset for Sodexho, the amount recognized for this asset may not exceed the total of the unrecognized past service cost plus the present value of all future refunds and reductions in future contributions under the plan;
- the expense recognized in the income statement comprises:
  - current service cost, amortization of past service cost, and the effect of any plan curtailments or settlements, all of which are recorded as operating items,
  - the effect of discounting and the expected return on plan assets, which are recorded in financial income or expense.

Sodexho contributes to multi-employer plans, primarily in Sweden and the United States. These plans are accounted for as defined-contribution plans, as the information provided by the plan administrators is insufficient for them to be accounted for as defined-benefit plans.

2.17.3 Other long-term employee benefits

Other long-term employee benefits are measured in accordance with IAS 19. The expected cost of such benefits is recognized as a non-current liability over the employee's period of service. Actuarial gains and losses are recognized immediately in the income statement.

2.18 Vouchers payable

Vouchers payable are recognized as a current liability at fair value, which is the face value of vouchers in circulation or returned to Sodexho but not yet reimbursed to affiliates.

2.19 Share-based payment

Some Group employees receive compensation in the form of share-based payment.

In accordance with the transitional provisions of IFRS 1, only plans with a grant date after November 7, 2002 and not vested as of January 1, 2005 are measured and recognized as employee costs.

The services compensated by these plans are recognized as an expense, with the matching credit entry recognized in shareholders' equity, over the vesting period. The amount of expense recognized in each period is determined by reference to the fair value of the options granted as of the grant date, computed using the binomial model.

At each balance sheet date, Sodexho reassesses the number of potentially exercisable options. The impact of any change in estimates is recognized in the income statement, with the matching entry recognized in shareholders' equity.

2.20 Deferred taxes

Deferred taxes are recognized on differences between the carrying amount of an asset or liability and its tax base, using the tax rate that is expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted at the balance sheet date.

Deferred taxes are not recognized on the following items:

- goodwill that is not deductible for tax purposes;
- initial recognition of an asset in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit; and
- temporary differences on investments in subsidiaries that are not expected to reverse in the foreseeable future.

Taxes on items recognized directly in shareholders' equity are recognized in shareholders' equity and not in the income statement.

Residual deferred tax assets on tax loss carry-forwards (after offset of deferred tax liabilities) are only recognized if their recovery is considered probable.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets and liabilities and the deferred taxes relate to the same taxable entity and tax authority.

2.21 Trade and other payables

Trade and other payables are measured at fair value on initial recognition, and subsequently at amortized cost.

2.22 Income statement

2.22.1 Income statement by function

As permitted by IAS 1, "Presentation of Financial Statements", Sodexho presents its income statement by function.

Operating profit comprises the following components:

- gross profit;
- sales department costs;
- general and administrative costs;
- other operating income and charges.

2.22.2 Revenues

In accordance with IAS 18, revenues reported by Sodexho relate to the sale of services in connection with the ordinary activities of fully-consolidated companies as follows:

- Food and Facilities Management services: revenues include all revenues stipulated in the contract, in consideration of whether Sodexho acts as principal (the vast majority of cases) or agent;
- Service Vouchers and Cards: revenues comprise commissions received from clients and affiliates, financial income from the investment of surplus cash generated by the activity, and profits from vouchers and cards not reimbursed.

In accordance with IAS 18, revenues are measured at the fair value of the consideration received or receivable, net of discounts and rebates and of value added tax (VAT) and other taxes. Revenues are recognized when it is probable that future economic benefits will flow to Sodexho and these benefits can be measured reliably. No revenue is recognized if there is significant uncertainty about recoverability of the costs incurred or to be incurred in meeting the service obligation.

Foodservices revenues are recognized when the service is rendered.

2.23 Earnings per share

In accordance with IAS 33, earnings per share is calculated by dividing profit for the period by the weighted average number of ordinary shares outstanding during the period, net of treasury shares.

In the calculation of diluted earnings per share, the denominator is increased by the number of potentially dilutive shares, and the numerator is adjusted for all dividends and interest recognized in the period and any other change in income or expenses that would result from conversion of the potentially dilutive shares.

2.24 Cash flow statement

Sodexho presents its cash flow statement accordance with IAS 7.

The cash flow statement analyzes changes in net cash and cash equivalents, defined as cash and cash equivalents less current bank overdrafts and credit bank balances payable on demand as part of Sodexho's treasury management strategy.

3. SEGMENT INFORMATION

As of August 31, 2007, Sodexho had two principal activities worldwide: Food and Facilities Management Services, and Service Vouchers and Cards. Food and Facilities Management Services is further segmented by geographic region:

- North America;
- Continental Europe;
- United Kingdom and Ireland;
- Rest of the World.

Food and Facilities Management Services activities (split by geographic region), the Service Vouchers and Cards activity, and Holding Companies, constitute the Group's primary segments.

The majority of Sodexho's other activities are included in Food and Facilities Management Services. These mainly comprise kitchen installation services, some event-driven activities, and the "Remote Sites Management" activity (included in the Rest of the World segment of the Food and Facilities Management Services activity). None of these activities individually represents a reportable segment.

3.1 By operating activity

3.1.1 Income statement information

	Food and Facilities Management Services (FFMS)								
Fiscal 2007	North America	Conti-nental Europe	United Kingdom and Ireland	Rest of the world	Total (FFMS)	Service Vouchers and Cards	Holding Compa-nies	Elimi-nation	Total
Revenues (third-party)	5,492	4,388	1,475	1,591	12,946	439	0	0	13,385
Inter-segment sales (Group)	0	0	0	0	0	8	0	(8)	0
Segment revenues	**5,492**	**4,388**	**1,475**	**1,591**	**12,946**	**447**	**0**	**(8)**	**13,385**
Segment operating profit	253	214	72	41	580	135	(67)	(8)	640
Share of profit of associates	1	0	2	4	7	0	0	0	7
Net financing costs									(100)
Income tax expense									(184)
Minority interests									16
Profit attributable to equity holders of the parent									**347**
Depreciation / amortization of segment assets	47	68	37	18	170	10	6	0	186
Other non-cash items	6	2	0	1	9	1	3	0	13
Impairment losses recognized	0	2	0	0	2	0	0	0	2
Impairment losses reversed	0	0	0	4	4	0	0	0	4

Fiscal 2006	Food and Facilities Management Services (FFMS) North America	Continental Europe	United Kingdom and Ireland	Rest of the world	Total (FFMS)	Service Vouchers and Cards	Holding Companies	Elimination	Total
Revenues (third-party)	5,479	4,148	1,370	1,434	12,431	367	0	0	12,798
Inter-segment sales (Group)	0	0	0	0	0	6	0	(6)	0
Segment revenues	**5,479**	**4,148**	**1,370**	**1,434**	**12,431**	**373**	**0**	**(6)**	**12,798**
Segment operating profit	277	203	42	28	550	113	(52)	(6)	605
Share of profit of associates	1	0	5	2	8	0	0	0	8
Net financing costs									(108)
Income tax expense									(172)
Minority interests									10
Profit attributable to equity holders of the parent									**323**
Depreciation / amortization of segment assets	46	66	20	17	149	10	5	0	164
Other non-cash items	4	3	0	1	8	0	2	0	10
Impairment losses recognized	0	1	0	4	5	0	0	0	5
Impairment losses reversed	0	0	0	0	0	0	0	0	0

Fiscal 2005	Food and Facilities Management Services (FFMS) North America	Continental Europe	United Kingdom and Ireland	Rest of the world	Total (FFMS)	Service Vouchers and Cards	Holding Companies	Elimination	Total
Revenues (third-party)	5,004	3,922	1,302	1,166	11,394	299	0	0	11,693
Inter-segment sales (Group)	0	0	0	0	0	6	0	(6)	0
Segment revenues	**5,004**	**3,922**	**1,302**	**1,166**	**11,394**	**305**	**0**	**(6)**	**11,693**
Segment operating profit	160	199	16	35	410	78	(32)	(6)	450
Share of profit of associates	1	0	(8)	1	(6)	0	0	0	(6)
Net financing costs									(112)
Income tax expense									(111)
Minority interests									9
Profit attributable to equity holders of the parent									**212**
Depreciation / amortization of segment assets	51	65	22	14	152	10	5	0	167
Other non-cash items	4	3	0	1	8	0	2	0	10
Impairment losses recognized	0	2	0	0	2	2	0	0	4
Impairment losses reversed	0	1	0	0	1	0	0	0	1

3.1.2 Balance sheet information

As of August 31, 2007	Food and Facilities Management Services (FFMS) North America	Continental Europe	United Kingdom and Ireland	Rest of the world	Total (FFMS)	Service Vouchers and Cards	Holding Companies	Elimination	Total
Segment assets	3,006	1,956	1,213	622	6,797	1,027	329	(230)	7,923
Associates	8	0	9	20	37	0	0	0	37
Financial assets (including derivatives)									553
Income tax assets									184
Total Assets									**8,697**
Segment liabilities	937	1,174	451	424	2,986	1,413	185	(230)	4,354
Financial liabilities									1,951
Income tax liabilities									92
Shareholders' equity									2,300
Total liabilities and equity									**8,697**
Capital expenditure during the period	62	93	46	21	222	16	3	(1)	240

As of August 31, 2006	Food and Facilities Management Services (FFMS) North America	Continental Europe	United Kingdom and Ireland	Rest of the world	Total (FFMS)	Service Vouchers and Cards	Holding Companies	Elimination	Total
Segment assets	3,142	1,885	1,116	560	6,703	852	104	(197)	7,462
Associates	8	0	5	23	36	0	0	0	36
Financial assets (including derivatives)									557
Income tax assets									258
Total Assets									**8,313**
Segment liabilities	899	1,130	481	362	2,872	1,231	184	(197)	4,090
Financial liabilities									1,922
Income tax liabilities*									155
Shareholders' equity*									2,146
Total liabilities and equity									**8,313**
Capital expenditure during the period	68	67	38	21	194	13	1	(1)	207

* *Including the effect of the deferred tax liabilities described in note 4.15.*

As of August 31, 2005	Food and Facilities Management Services (FFMS) North America	Continental Europe	United Kingdom and Ireland	Rest of the world	Total (FFMS)	Service Vouchers and Cards	Holding Companies	Elimination	Total
Segment assets	3,166	1,820	1,003	495	6,484	801	110	(166)	7,229
Associates	8	0	1	23	32	0	0	0	32
Financial assets (including derivatives)									447
Income tax assets									243
Total Assets									**7,951**
Segment liabilities	949	1,154	375	302	2,780	1,082	62	(166)	3,758
Financial liabilities									1,978
Income tax liabilities*									164
Shareholders' equity*									2,051
Total liabilities and equity									**7,951**
Capital expenditure during the period	59	59	16	16	150	8	4	0	162

* *Including the effect of the deferred tax liabilities described in note 4.15.*

3.2 By geographic segment

Segment information is reported for each of the principal geographic regions in which Sodexho operates, and includes all activities within that geographic region.

Fiscal 2007	North America	Continental Europe	United Kingdom and Ireland	Rest of the world	Holding companies	Elimination	Total
Revenues (third-party)	5,492	4,601	1,484	1,816	0	(8)	13,385
Segment assets	3,006	2,393	1,251	1,174	329	(230)	7,923
Capital expenditure during the period	62	100	47	29	3	(1)	240

Fiscal 2006	North America	Continental Europe	United Kingdom and Ireland	Rest of the world	Holding companies	Elimination	Total
Revenues (third-party)	5,479	4,330	1,378	1,617	0	(6)	12,798
Segment assets	3,142	2,274	1,141	998	104	(197)	7,462
Capital expenditure during the period	68	73	39	27	1	(1)	207

Fiscal 2005	North America	Continental Europe	United Kingdom and Ireland	Rest of the world	Holding companies	Elimination	Total
Revenues (third-party)	5,004	4,087	1,308	1,300	0	(6)	11,693
Segment assets	3,166	2,213	1,032	874	110	(166)	7,229
Capital expenditure during the period	59	63	16	20	4	0	162

4. INFORMATION ON THE FINANCIAL STATEMENTS AS OF AUGUST 31, 2007

4.1 Operating expenses by nature

(in millions of euro)	Fiscal 2007	Fiscal 2006	Fiscal 2005
Depreciation, amortization and impairment losses	(176)	(188)	(171)
Employee costs			
- Wages and salaries	(4,854)	(4,656)	(4,207)
- Other employee costs[1]	(1,453)	(1,385)	(1,330)
Purchases of consumables and change in inventory	(4,334)	(4,165)	(3,833)
Other operating expenses[2]	(1,928)	(1,799)	(1,702)
TOTAL	**(12,745)**	**(12,193)**	**(11,243)**

(1) Primarily payroll taxes, but also including costs associated with defined-benefit plans (Note 4 18) and stock options (Note 4.23).
(2) Other operating expenses mainly include professional fees, other purchases, operating lease expenses (262 million euro), other sub-contracting costs and other travel expenses.

By function	Fiscal 2007	Fiscal 2006	Fiscal 2005
Cost of sales	(11,396)	(10,957)	(10,033)
Sales department costs	(174)	(159)	(141)
General and administrative costs	(1,181)	(1,104)	(1,002)
Other operating income and charges	6	27	(67)
TOTAL	**(12,745)**	**(12,193)**	**(11,243)**

4.2 Financial income and expense

(in millions of euro)	Fiscal 2007	Fiscal 2006	Fiscal 2005
Interest expense, net of interest income	(89)	(95)	(104)
Net foreign exchange (losses) / gains	0	(2)	1
Net impairment (losses) / reversals	1	(1)	0
Expected return on defined-benefit plan assets	29	26	23
Interest cost on defined-benefit plan obligation	(32)	(27)	(27)
Change in fair value of derivative instruments	(2)	(4)	2
Other	(7)	(5)	(7)
Net financing costs	**(100)**	**(108)**	**(112)**

4.3 Income tax expense

Income tax rate reconciliation

(in millions of euro)	Fiscal 2007	Fiscal 2006	Fiscal 2005
Profit for the period before tax	547	505	332
Share of profit of associates	7	8	(6)
Accounting profit before tax	**540**	**497**	**338**
Tax rate applicable to Sodexho Alliance	34.43%	34.43%	34.93%
Theoretical income tax expense	**(186)**	**(171)**	**(118)**
Effect of jurisdictional tax rate differences	17	9	8
Permanently non-deductible expenses or non-taxable income	(9)	(5)	2
Other tax repayments / (charges), net	2	(4)	(8)
Tax loss carry-forwards used or recognized during the period but not recognized as a deferred tax asset in prior periods	2	6	7
Tax loss carry-forwards arising during the period but not recognized as a deferred tax asset	(5)	(6)	(1)
Actual income tax expense	**(179)**	**(171)**	**(110)**
Withholding taxes	(5)	(1)	(1)
TOTAL INCOME TAX EXPENSE	**(184)**	**(172)**	**(111)**

(in millions of euro)	Fiscal 2007	Fiscal 2006	Fiscal 2005
Current income taxes	(145)	(157)	(112)
Adjustments to current income tax payable in respect of prior periods	1	(1)	(1)
Provision for tax exposures	4	(2)	(1)
Tax credits, tax losses and temporary difference carry-forwards utilized	(13)	(15)	(38)
Sub-total: current income taxes	**(153)**	**(175)**	**(152)**
Deferred taxes on temporary differences arising or reversing during the period	(20)	6	42
Deferred taxes on changes in tax rates or liability for taxes at new rates	(5)	0	0
Tax credits, tax losses and temporary difference carry-forwards utilized	(1)	(2)	0
Sub-total: deferred taxes	**(26)**	**4**	**42**
ACTUAL INCOME TAX EXPENSE	**(179)**	**(171)**	**(110)**

Deferred tax assets generated by companies reporting a tax loss in current or prior periods amounted to 1 million euro.

An accrual of 7 million euro was recorded in the consolidated financial statements as of the balance sheet date to cover withholding taxes on dividends receivable.

The effective tax rate, calculated on the basis of the profit for the period before taxes and excluding the share of profit of associates, has decreased from 34.65% for fiscal 2006 to 34.15% for fiscal 2007.

4.4 Earnings per share

The number of ordinary shares outstanding used in calculating basic and diluted earnings per share is shown below:

	Fiscal 2007	Fiscal 2006	Fiscal 2005
Basic weighted average number of shares	156,113,136	156,050,771	155,869,510
Average dilutive effect of stock options[1]	2,078,347	1,432,620	333,165
Diluted weighted average number of shares	158,191,483	157,483,391	156,202,675

(1) The increase of approximately 0.6 million ordinary shares in the impact of dilution is essentially due to the rise in the quoted market price of Sodexho Alliance shares during fiscal 2007.

The table below shows the calculation of basic and diluted earnings per share:

	Fiscal 2007	Fiscal 2006	Fiscal 2005
Profit for the period attributable to equity holders of the parent	347	323	212
Basic weighted average number of shares	156,113,136	156,050,771	155,869,510
Basic earnings per share	**2.22**	**2.07**	**1.36**
Diluted weighted average number of shares	158,191,483	157,483,391	156,202,675
Diluted earnings per share	**2.19**	**2.05**	**1.36**

Two stock-option plans did not have a dilutive impact during fiscal 2007 but may do so in the future, depending upon changes in the Sodexho Alliance share price.

4.5 Property, plant and equipment

4.5.1 Analysis of property, plant and equipment

The tables below include assets held under finance leases.

(in millions of euro)	Land and buildings	Plant and equipment	Construction in progress and other	Total
Carrying amount - August 31, 2005	**76**	**270**	**60**	**406**
Increases during the period	6	138	40	184
Decreases during the period	(1)	(11)	(5)	(17)
Assets classified as held for sale	1			1
Newly consolidated companies		5		5
Newly deconsolidated companies		(11)		(11)
Depreciation expense	(8)	(109)	(14)	(131)
Impairment losses recognised in profit or loss		(3)		(3)
Impairment losses reversed in profit or loss				0
Translation adjustment		(3)	(1)	(4)
Other	1	14	(15)	0
Carrying amount - August 31, 2006	**75**	**290**	**65**	**430**
Increases during the period	6	133	43	182
Decreases during the period	(3)	(17)	(8)	(28)
Assets classified as held for sale				0
Newly consolidated companies		1		1
Newly deconsolidated companies	(1)	(1)		(2)
Depreciation expense	(7)	(117)	(15)	(139)
Impairment losses recognised in profit or loss				0
Impairment losses reversed in profit or loss		3		3
Translation adjustment		(4)	(2)	(6)
Other	1	19	(21)	(1)
Carrying amount - August 31, 2007	**71**	**307**	**62**	**440**

(in millions of euro)	August 31, 2007	August 31, 2006	August 31, 2005
Cost	1,207	1,184	1,110
Accumulated depreciation and impairment	(767)	(754)	(704)
Carrying amount	**440**	**430**	**406**

Expenditures of 22 million euro were capitalized as construction in progress during fiscal 2007, compared with 25 million euro in fiscal 2006.

No item of property, plant and equipment is pledged as collateral for a liability.

Depreciation and impairment losses recognized in the income statement are classified as operating items and reported under either cost of sales, general and administrative costs or sales department costs.

4.5.2 Analysis of assets held under finance leases

Sodexho holds property, plant and equipment under a large number of finance leases on sites throughout the world. These leases relate mainly to kitchens and kitchen equipment, office equipment, and other assets; the terms are negotiated locally.

(in millions of euro)	Buildings	Plant and equipment	Construction in progress and other	Total
Carrying amount - August 31, 2005	**25**	**39**	**9**	**73**
Increases during the period	3	14	2	19
Decreases during the period		(2)		(2)
Assets classified as held for sale				0
Newly consolidated companies				0
Newly deconsolidated companies				0
Depreciation expense	(4)	(15)	(3)	(22)
Impairment losses recognised in profit or loss				0
Impairment losses reversed in profit or loss				0
Translation adjustment				0
Other				0
Carrying amount - August 31, 2006	**24**	**36**	**8**	**68**
Increases during the period	1	8	3	12
Decreases during the period	(2)	(4)		(6)
Assets classified as held for sale				0
Newly consolidated companies				0
Newly deconsolidated companies				0
Depreciation expense	(3)	(11)	(2)	(16)
Impairment losses recognised in profit or loss				0
Impairment losses reversed in profit or loss				0
Translation adjustment				0
Other		(1)	1	0
Carrying amount - August 31, 2007	**20**	**28**	**10**	**58**

(in millions of euro)	August 31, 2007	August 31, 2006	August 31, 2005
Cost	191	211	218
Accumulated depreciation and impairment	(133)	(143)	(145)
Carrying amount	**58**	**68**	**73**

Maturity of discounted and undiscounted minimum finance lease payments as of August 31, 2007

(in millions of euro)	Undiscounted obligation	Discounted obligation
Less than 1 year	22	18
1 to 5 years	37	31
More than 5 years	10	9
TOTAL MINIMUM LEASE PAYMENTS	**69**	**58**

4.6 Goodwill

(in millions of euro)		August 31, 2006	Additions during the period	Decreases during the period	Translation adjustment	Other	August 31, 2007
FFMS North America	Gross	2,139	9		(127)	1	2,022
	Impairment	0					0
FFMS United Kingdom and Ireland	Gross	685			(5)		680
	Impairment	0					0
FFMS Continental Europe	Gross	591	8		(1)		598
	Impairment	(3)	(2)			1	(4)
FFMS Rest of the world	Gross	102			(2)		100
	Impairment	0					0
Service Vouchers and Cards	Gross	109	9			1	119
	Impairment	(2)					(2)
Holdings	Gross	2					2
	Impairment	0					0
TOTAL	**GROSS**	**3,628**	**26**	**0**	**(135)**	**2**	**3,521**
	IMPAIRMENT	**(5)**	**(2)**	**0**	**0**	**1**	**(6)**

FFMS: Food and Facilities Management Services.

During fiscal 2007, goodwill was recognized on the acquisitions of the following companies: OCDN in the United States (9.2 million euro); Vivaboxes International (Service Vouchers and Cards activity, 8.9 million euro) and Gastro-Kanne in Germany (5.5 million euro). See note 4.24.

Following an increase in the percentage interest in Le Lido, additional goodwill of 1.8 million euro was recognized. See note 4.24.

(in millions of euro)		August 31, 2005	Additions during the period	Decreases during the period	Translation adjustment	Other	August 31, 2006
FFMS North America	Gross	2,259	1		(114)	(7)	2,139
	Impairment	0					0
FFMS United Kingdom and Ireland	Gross	677			8		685
	Impairment	0					0
FFMS Continental Europe	Gross	574	16		1		591
	Impairment	(2)	(1)				(3)
FFMS Rest of the world	Gross	105			(3)		102
	Impairment	0					0
Service Vouchers and Cards	Gross	92	17				109
	Impairment	(2)					(2)
Holdings	Gross	2					2
	Impairment	0					0
TOTAL	**GROSS**	**3,709**	**34**	**0**	**(108)**	**(7)**	**3,628**
	IMPAIRMENT	**(4)**	**(1)**	**0**	**0**	**0**	**(5)**

FFMS : Food and Facilities Management services

4.7 Intangible assets

The tables below show movements in intangible assets during fiscal 2007 and fiscal 2006.

(in millions of euro)	Licences and software	Other intangible assets	Total
Carrying amount - August 31, 2005	**72**	**15**	**87**
Increases during the period	17	46	63
Internally-generated assets	2		2
Decreases during the period	(1)	(2)	(3)
Assets classified as held for sale			0
Newly consolidated companies		11	11
Newly deconsolidated companies			0
Amortization expense	(31)	(2)	(33)
Impairment losses recognised in profit or loss	(1)		(1)
Impairment losses reversed in profit or loss			0
Translation adjustment			0
Other			0
Carrying amount - August 31, 2006	**58**	**68**	**126**
Increases during the period	23	8	31
Internally-generated assets	6		6
Decreases during the period	(2)		(2)
Assets classified as held for sale			0
Newly consolidated companies		6	6
Newly deconsolidated companies			0
Amortization expense	(30)	(17)	(47)
Impairment losses recognised in profit or loss			0
Impairment losses reversed in profit or loss	1		1
Translation adjustment	(1)		(1)
Other	2		2
Carrying amount - August 31, 2007	**57**	**65**	**122**

(in millions of euro)	August 31, 2007	August 31, 2006	August 31, 2005
Cost	298	266	200
Accumulated amortization and impairment	(176)	(140)	(113)
Carrying amount	**122**	**126**	**87**

Amortization and impairment losses recognized in the income statement are classified as operating items and reported under either cost of sales, general and administrative costs or sales department costs.

4.8 Client investments

	Fiscal 2007	Fiscal 2006	Fiscal 2005
Carrying amount - September 1	**146**	**138**	**120**
Increases during the period	41	44	43
Decreases during the period	(30)	(29)	(24)
Translation adjustment	(8)	(7)	0
Other	0	0	(1)
Carrying amount - August 31	**149**	**146**	**138**

4.9 Investments in associates

Changes in the Group's share of the net assets of its associates during fiscal 2007 and fiscal 2006 are shown below:

(in millions of euro)	August 31, 2006	Profit / (loss) for the period	Dividend paid for the period	Changes in scope of consolidation	Translation adjustment and other items	August 31, 2007
Doyon Universal Services[1]	14.7	1.2	(0.9)		(0.9)	14.1
BAS	5.5	1.4	(0.7)		(0.2)	6.0
BAS 2	3.2			(2.9)	(0.3)	0.0
NANA	8.1	1.2	(1.1)		(0.5)	7.7
RMPA Holdings Ltd	2.5	0.1			0.7	3.3
South Manchester Healthcare (Holdings) Ltd	1.4	0.6	(1.0)		0.8	1.8
Addiewell Prison (Holdings) Ltd[2]					0.9	0.9
Peterborough Prison Management Holdings Ltd[2]		0.3			0.6	0.9
Catalyst Healthcare (Manchester) Holdings Ltd	0.2	0.7				0.9
Mercia Healthcare (Holdings) Ltd	0.1	0.4			0.1	0.6
Other	0.6	0.2			0.2	1.0
TOTAL	**36.3**	**6.1**	**(3.7)**	**(2.9)**	**1.4**	**37.2**

(1) Includes goodwill of €5.8 million as of August 31, 2007.
(2) Companies covered by a provision for negative net assets as of August 31, 2006.

(in millions of euro)	August 31, 2005	Profit / (loss) for the period	Dividend paid for the period	Changes in scope of consolidation	Translation adjustment and other items	August 31, 2006
Doyon Universal Services[1]	15.0	1.0	(0.5)		(0.8)	14.7
BAS	4.8	0.7				5.5
BAS 2	3.2					3.2
NANA	7.6	0.9			(0.4)	8.1
RMPA Holdings Ltd	1.2	0.4			0.9	2.5
South Manchester Healthcare (Holdings) Ltd[2]		2.3	(0.2)		(0.7)	1.4
Other	0.3	0.8	(0.4)	0.2		0.9
TOTAL	**32.1**	**6.1**	**(1.1)**	**0.2**	**(1.0)**	**36.3**

(1) Includes goodwill of €5.8 million as of August 31, 2006.
(2) South Manchester had negative net assets as of August 31, 2005, which were covered by a provision.

Sodexho's share of the negative net assets of associates is recognized as a liability, in the form of a provision (see note 4.19.)

This provision comprises the following:

(in millions of euro)	August 31, 2006	Profit / (loss) for the period	Dividend paid for the period	Changes in scope of consolida-tion	Translation adjustment and other items	August 31, 2007
SERCO Sodexho Defence Services	(3.6)	1.6				(2.0)
Peterborough Prison Management Holdings Ltd[1]	(1.2)				1.2	0.0
Agecroft Prison Management Ltd	(2.9)	(0.1)				(3.0)
Catalyst Healthcare (Roehampton) Holdings Ltd	(3.0)	0.3			0.6	(2.1)
Ashford Prison Services Holdings Ltd	(1.5)				1.4	(0.1)
HpC King's College Hospital (Holdings) Ltd	(1.9)	(0.7)				(2.6)
Enterprise Healthcare Holdings Ltd	(0.7)				0.2	(0.5)
Addiewell Prison (Holdings) Ltd[1]	(1.1)				1.1	0.0
Other	(0.3)	(0.1)		0.2	0.1	(0.1)
Provision for negative net assets	**(16.2)**	**1.0**	**0.0**	**0.2**	**4.6**	**(10.4)**

(1) Companies with positive net assets as of August 31, 2007.

(in millions of euro)	August 31, 2005	Profit / (loss) for the period	Dividend paid for the period	Changes in scope of consolida-tion	Translation adjustment and other items	August 31, 2006
SERCO Sodexho Defence Services	(4.4)	0.7			0.1	(3.6)
Peterborough Prison Management Holdings Ltd	(3.3)	1.2			0.9	(1.2)
Agecroft Prison Management Ltd	(2.9)					(2.9)
Catalyst Healthcare (Roehampton) Holdings Ltd	(2.8)	0.2			(0.4)	(3.0)
Ashford Prison Services Holdings Ltd	(2.2)				0.7	(1.5)
HpC King's College Hospital (Holdings) Ltd	(1.5)	(0.4)				(1.9)
South Manchester Healthcare (Holdings) Ltd[1]	(1.5)				1.5	0.0
Enterprise Healthcare Holdings Ltd	(0.7)					(0.7)
Addiewell Prison (Holdings) Ltd					(1.1)	(1.1)
Other	(0.4)	(0.1)			0.2	(0.3)
Provision for negative net assets	**(19.7)**	**1.6**	**0.0**	**0.0**	**1.9**	**(16.2)**

(1) South Manchester had negative net assets as of August 31, 2005, which were covered by a provision.

The table below gives key financial data for Sodexho's principal associates *(in millions of euro, based on financial statements adjusted for the purposes of consolidation by Sodexho; figures are for the associate as a whole, rather than Sodexho's percentage interest)*:

	Country of operations	% interest	Assets	Liabilities	Equity	Revenue	Profit/ (loss) for the period
RMPA Holdings Ltd*	UK	14%	1,006	983	23	283	1
Catalyst Healthcare (Manchester) Holdings Ltd*	UK	25%	607	603	4	112	3
Healthcare Support (North Staffs) Holdings Ltd*	UK	0.0%	485	485	0	90	0
Catalyst Healthcare (Romford) Holdings Ltd*	UK	25%	398	398	0	43	0
BAS (Chile)*	Chile	33.33%	219	201	18	21	4
HpC King's College Hospital (Holdings) Ltd*	UK	25%	146	156	(10)	19	(3)
Peterborough Prison Management Holdings Ltd*	UK	33.33%	136	133	3	32	1
South Manchester Healthcare (Holdings) Ltd*	UK	25%	133	126	7	26	2
Catalyst Healthcare (Roehampton) Holdings Ltd*	UK	25%	126	134	(8)	13	1
Mercia Healthcare (Holdings) Ltd*	UK	25%	117	115	2	10	2
Addiewell Prison (Holdings) Ltd*	UK	33.33%	102	99	3	64	0
Ashford Prison Services Holdings Ltd*	UK	33.33%	99	99	0	25	0
Enterprise Healthcare Holdings Ltd*	UK	10%	72	78	(6)	16	0
Agecroft Prison Management Ltd*	UK	50%	71	77	(6)	28	0
Pinnacle Schools (Fife) Holdings Ltd*	UK	10%	69	68	1	9	1
Enterprise Education Holdings Conwy Ltd*	UK	10%	62	59	3	5	0
NANA (Sodexho, Inc.)	USA	43.6%	48	26	22	118	5
Enterprise Civic Buildings (Holdings) Ltd*	UK	10%	39	37	2	2	0
Doyon Universal services JV	USA	49.9%	26	2	24	53	3
Serco Defence Services PTY	Australia	50%	25	29	(4)	100	3

* *Project companies established in connection with Public-Private Partnership (PPP) contracts (see 2.3.2).*

4.10 Impairment of assets

Impairment losses recognized in fiscal 2006 and fiscal 2007

(in millions of euro)	August 31, 2006	Recognized	Reversed	Other	August 31, 2007
Goodwill	5	2		(1)	6
Intangible assets	1		(1)		0
Property, plant and equipment	4		(3)		1
Asset impairment	**10**	**2**	**(4)**	**(1)**	**7**

(in millions of euro)	August 31, 2005	Recognized	Reversed	Other	August 31, 2006
Goodwill	4	1			5
Intangible assets	0	1			1
Property, plant and equipment	1	3			4
Asset impairment	**5**	**5**	**0**	**0**	**10**

Impairment losses recognized in the income statement are classified as operating items and reported under either cost of sales, general and administrative costs or sales department costs.

Assets with indefinite useful lives were tested for impairment as of August 31, 2007 using the methods described in note 2.8.2.

The main assumptions used were:

	FFMS France	FFMS North America	FFMS United Kingdom	FFMS Sweden
Discount rate	8.3%	8.3%	8.3%	8.3%
Long-term growth rate	2%	2.5%	2.5%	2 %

For other countries and the Service Vouchers and Cards activity, the discount rate applied to future cash flows was 8.3% (uplifted by up to 65% for countries regarded as having a higher degree of risk), and the long-term growth rate used to extrapolate terminal value from the third year of the business plan was 2% (with an additional increase for subsidiaries in developing countries).

Sensitivity analysis

Sodexho has analyzed the sensitivity of impairment test results to differences in long-term growth rates.

This analysis had no effect on the conclusions of impairment tests.

The Group has also verified that the use of pre-tax discount rates applied to pre-tax cash flows would not materially change the impairment test results.

4.11 Financial assets

Non current *(in millions of euro)*	August 31, 2007	August 31, 2006	August 31, 2005
Available-for-sale financial assets			
Investments in non-consolidated companies			
Cost	39	43	41
Impairment	(1)	(6)	(1)
Carrying amount	**38**	**37**	**40**
Other investment securities			
Cost	0	0	0
Impairment	0	0	0
Carrying amount	**0**	**0**	**0**
Loans and receivables			
Receivables from investees			
Cost	34	26	22
Impairment	(1)	(1)	0
Carrying amount	**33**	**25**	**22**
Loans and deposits			
Cost	14	13	12
Impairment	0	0	0
Carrying amount	**14**	**13**	**12**
Financial assets at fair value through profit and loss			
Other financial assets at fair value	**3**	**0**	**0**
TOTAL NON-CURRENT FINANCIAL ASSETS			
Cost	90	82	75
Impairment	(2)	(7)	(1)
Carrying amount	**88**	**75**	**74**

Principal non-consolidated equity investments

The Group holds an 18.50% interest in Bellon SA, the parent company of Sodexho Alliance, carried at a value of 32.4 million euro. This available-for-sale financial asset is an investment in a company that does not have a quoted market price on an active market, and whose value cannot be reliably measured. In addition, this investment is not a liquid debt instrument. Consequently, it is carried at cost.

The Group also holds a 9.3% interest in Leoc Japan Co, carried at a value of 2.3 million euro. This investment is measured at its quoted stock market price.

Current *(in millions of euro)*	**August 31, 2007**	**August 31, 2006**	**August 31, 2005**
Available-for-sale financial assets			
Marketable securities with a maturity greater than 3 months			
Cost	0	0	1
Impairment	0	0	0
Carrying amount	**0**	**0**	**1**
Restricted cash and other financial assets: Service Vouchers and Cards activity			
Cost	454	423	326
Impairment	0	0	0
Carrying amount	**454**	**423**	**326**
Loans and receivables			
Loans and deposits			
Cost	13	19	6
Impairment	(2)	(2)	0
Carrying amount	**11**	**17**	**6**
TOTAL CURRENT FINANCIAL ASSETS			
Cost	467	442	333
Impairment	(2)	(2)	0
Carrying amount	**465**	**440**	**333**

Restricted cash, included in "Restricted cash and financial assets related to the Service Vouchers and Cards activity", amounts to 293 million euro. The main components of this figure are funds set aside to comply with regulations governing the issuance of service vouchers in France (193 million euro) and Romania (49 million euro); guarantee funds for affiliates in Mexico (9 million euro); and contractual guarantees given to public-sector clients in Venezuela (23 million euro).

Gains and losses recognized directly in equity on available-for-sale financial assets during fiscal 2007 represented a net loss of (2) million euro.

Gains and losses reversed out of equity and recognized in the income statement in financial income or expense during fiscal 2007 were immaterial.

Movement in current and non-current financial assets

(Carrying value)	August 31, 2006	Increase / (decrease) during the period	Impairment	Change in scope of consolida-tion	Translation adjustment and other items	August 31, 2007
Available-for-sale assets	460	27			5	492
Loans and receivables	55	1			2	58
Financial assets at fair value through profit and loss	0				3	3
TOTAL	**515**	**28**	**0**	**0**	**10**	**553**

4.12 Inventories

(in millions of euro)	August 31, 2006	Increase / (decrease) during the period	Change in scope of consolidation	Translation adjustment and other items	August 31, 2007
Cost	169	21	0	(4)	186
Impairment	(1)				(1)
Carrying amount	**168**	**21**	**0**	**(4)**	**185**

Inventories mainly comprise food and other high-throughput consumables. Changes in inventories are included in cost of sales, sales department costs or general and administrative costs, depending on the nature of the inventory.

No inventories are pledged as collateral for a liability.

4.13 Trade and other receivables

(in millions of euro)	Gross value as of August 31, 2007	Impairment as of August 31, 2007	Carrying amount as of August 31, 2007	Carrying amount as of August 31, 2006	Carrying amount as of August 31, 2005
Net plan assets*	2	0	2	0	2
Other non-current assets	11	0	11	18	16
Total other non-current assets	**13**	**0**	**13**	**18**	**18**
Advances to suppliers	6	0	6	9	5
Trade receivables	1,841	(66)	1,775	1,645	1,508
Other operating receivables	165	(5)	160	173	175
Prepaid expenses	145	0	145	78	57
Non-operating receivables	1	0	1	2	5
Assets held for sale	2	0	2	2	0
TOTAL TRADE AND OTHER RECEIVABLES	**2,160**	**(71)**	**2,089**	**1,909**	**1,750**

* *For details of net plan assets, see note 4.18 "Long-term employee benefits".*

4.14 Cash and cash equivalents

(in millions of euro)	August 31, 2007	August 31, 2006	August 31, 2005
Marketable securities	705	373	433
Cash	705	669	516
Sub-total: cash and cash equivalents	**1,410**	**1,042**	**949**
Bank overdrafts	(33)	(36)	(21)
NET CASH AND CASH EQUIVALENTS	**1,377**	**1,006**	**928**

Marketable securities, totaling 705 million euro, comprised:

(in millions of euro)	August 31, 2007	August 31, 2006	August 31, 2005
Short-term notes	139	97	199
Term deposits	377	117	97
Listed bonds	27	31	45
Mutual funds and other	162	128	92
Total marketable securities	**705**	**373**	**433**

Mutual funds represent cash investments, primarily invested in the euro zone.

4.15 Statement of changes in shareholders' equity

	Shares outstanding						Treasury shares						
	Quantity	Common stock	Additional paid in capital	Cumulative translation	Consolidated reserves	Retained earnings	Quantity	Reserve	Share-based payment cost	Other reserves	Equity holders of the parent	Minority interests	Total
Shareholders' equity as of August 31, 2005*	**159,026,413**	**636**	**1,186**	**10**	**(416)**	**708**	**(3,435,900)**	**(112)**	**10**	**11**	**2,033**	**18**	**2,051**
Common stock issued													0
Dividends paid (excluding treasury shares)						(117)					(117)	(10)	(127)
Sodexho Alliance SA profit for prior period					(77)	77							0
Profit for current period					323						323	10	333
Changes in scope of consolidation													0
Net sale/(purchase) of treasury shares							350,115	(3)			(3)		(3)
Share-based payment cost									8		8		8
Tax on share-based payment cost									11		11		11
Change in cumulative translation adjustment and other movements				(91)							(91)	(1)	(92)
Items recognized directly in equity										(35)	(35)		(35)
Shareholders' equity as of August 31, 2006*	**159,026,413**	**636**	**1,186**	**(81)**	**(170)**	**668**	**(3,085,785)**	**(115)**	**29**	**(24)**	**2,129**	**17**	**2,146**
Common stock issued											0		0
Dividends paid (excluding treasury shares)						(149)					(149)	(10)	(159)
Sodexho Alliance SA profit for prior period					(114)	114					0		0
Profit for current period					347						347	16	363
Changes in scope of consolidation											0	1	1
Net sale/(purchase) of treasury shares							(3,828)	(49)			(49)		(49)
Share-based payment cost									13		13		13
Tax on share-based payment cost									16		16		16
Change in cumulative translation adjustment and other movements				(109)							(109)	(1)	(110)
Items recognized directly in equity										79	79		79
Shareholders' equity as of August 31, 2007	**159,026,413**	**636**	**1,186**	**(190)**	**63**	**633**	**(3,089,613)**	**(164)**	**58**	**55**	**2,277**	**23**	**2,300**

* *During fiscal 2007, the Group identified 26 million euro of deferred tax liabilities that should have been recognized in the IFRS transition balance sheet as of September 1, 2004, relating to deductible goodwill in the United States. The Group has adjusted its deferred tax liabilities and shareholders' equity as of August 31, 2005 and as of August 31, 2006 to reflect this amount.*

- The Group holds 2,878,313 Sodexho Alliance shares with a carrying amount of 146.6 million euro to cover its obligations under stock option plans awarded to Group employees. These treasury shares are deducted from equity as required by IAS 32.
- During the period, the Group acquired Sodexho Alliance shares with a value of 212 million euro, and delivered Sodexho Alliance shares with a value of 151 million euro, on the exercise of stock options by employees and under the liquidity contract.
- The Group also holds 211,300 Sodexho Alliance shares with a carrying amount of 10.6 million euro under the liquidity contract with Oddo Corporate Finance that became effective July 10, 2006. These treasury shares are deducted from equity as required by IAS 32.

The par value of Sodexho Alliance shares is 4 euro.

The total dividend payout in fiscal 2007 was 149 million euro, representing a dividend of 0.95 euro per share.

Transactions recognized directly in equity are shown in the table below:

(in millions of euro)	Change in fair value of financial instruments	Change in employee benefits	Other	Total other reserves
Shareholders' equity as of August 31, 2005	**5**	**6**	**0**	**11**
Items recognized directly in equity	(7)	(42)	0	(49)
Tax on items recognized directly in equity	1	12	1	14
Shareholders' equity as of August 31, 2006	**(1)**	**(24)**	**1**	**(24)**
Items recognized directly in equity	8	103	0	111
Tax on items recognized directly in equity	(3)	(29)	0	(32)
Shareholders' equity as of August 31, 2007	**4**	**50**	**1**	**55**

4.16 Borrowings

(en millions d'euros)	August 31, 2007		August 31, 2006		August 31, 2005	
	Current	Non-current	Current	Non-current	Current	Non-current
Bond issues						
Euro	39	1,775	30	1,297	30	1,295
Bank borrowings*						
U.S. dollar	37	1	6	480	3	487
Euro	8	12	4	15	2	44
Other currencies	2	0	4	5	8	4
	47	**13**	**14**	**500**	**13**	**535**
Finance lease obligations						
U.S. dollar	0	0	0	0	1	1
Euro	15	34	19	44	24	50
Other currencies	3	6	3	5	3	4
	18	**40**	**22**	**49**	**28**	**55**
Other borrowings						
Euro	7	9	1	4	12	4
Other currencies	0	2	1	2	2	2
	7	**11**	**2**	**6**	**14**	**6**
TOTAL	**111**	**1,839**	**68**	**1,852**	**85**	**1,891**

* *Excluding the impact of the swaps described in note 4.17.*

For borrowings other than bond issues, amortized cost is equivalent to historical cost since no significant transaction costs are incurred.

Bond issues

	August 31, 2006	Increases	Repay-ments	Discoun-ting effect	Translation adjustment	August 31, 2007
1999 bond issue - €300 million						
Principal	300		(13)			287
Debt issuance costs	(1)					(1)
Accrued interest	6					6
TOTAL	**305**	**0**	**(13)**	**0**	**0**	**292**
Effective rate	*4.787%*					*4.794%*
2002 bond issue - €1 billion						
Principal	1,000		(10)			990
Debt issuance costs	(4)			1		(3)
Accrued interest	26					26
TOTAL	**1,022**	**0**	**(10)**	**1**	**0**	**1,013**
Effective rate	*6.035%*					*6.037%*
2007 bond issue - €500 million						
Principal		500				500
Debt issuance costs		(1)				(1)
Accrued interest		10				10
TOTAL		**509**	**0**	**0**	**0**	**509**
Effective rate						*4.551%*
TOTAL	**1,327**	**509**	**(23)**	**1**	**0**	**1,814**

300 million euro bond issue

On March 16, 1999, Sodexho Alliance issued 300 million in euro bonds.

The bonds are redeemable at par on March 16, 2009 and bear interest at a rate of 4.625% per annum, payable annually on March 16.

On March 30, 2007, Sodexho Alliance redeemed bonds from this issue to a total nominal value of 12.7 million euro.

1,000 million euro bond issue

On March 25, 2002, Sodexho Alliance issued bonds of 1,000 million euro, redeemable at par on March 25, 2009.

The bonds bear interest at an annual rate of 5.875%, payable annually on March 25.

On March 30, 2007, Sodexho Alliance redeemed bonds from this issue to a total nominal value of 9.7 million euro.

500 million euro bond issue

On March 30, 2007, Sodexho Alliance carried out a bond issue of 500 million euro, redeemable at par on March 30, 2014.

The bonds bear interest at an annual rate of 4.50%, payable annually on March 28.

None of these bond issues is subject to financial covenants.

Other borrowings

April 2005 multi-currency revolving credit facility

On April 29, 2005, Sodexho Alliance and Sodexho Inc contracted a multi-currency revolving credit facility of up to 460 million euro plus 700 million US dollars. The expiry date of this facility was initially set at April 29, 2010, but may be extended at the request of Sodexho Alliance (subject to consent from the lenders), initially to April 29, 2011 and subsequently to April 26, 2012. On March 27, 2006, the lenders agreed to an initial extension of the facility to April 29, 2011. On April 18, 2007, Sodexho obtained a further extension of the facility from the lenders, to April 26, 2012.

As of August 31, 2007, no funds were drawn down under this facility, which was being used solely for the issuance of bank guarantees of 113 million US dollars (83 million euro).

This credit facility is not subject to any financial covenants, but requires the borrower to comply with the standard clauses contained in this type of syndicated credit agreement. In the event of non-compliance with these clauses, bankers representing at least two-thirds of the agreed facility are entitled to demand early repayment of the balance outstanding under the facility. Early repayment of the facility would also entitle holders of the March 2002 1 billion euro bond issue and the March 2007 500 million euro bond issue to demand early redemption of their bonds.

Interest rate

In order to comply with Group financing policy, substantially all borrowings are at fixed rates of interest. Where acquisition financing is arranged in a currency other than that of the acquired entity, the debt is hedged by the use of currency swaps.

As of August 31, 2007, 97% of Sodexho's borrowings were at fixed rate. The average rate of interest as of the same date was 5.6%.

Maturity of borrowings

August 31, 2007	Less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues	39	1,276	499	1,814
Bank borrowings *	47	7	6	60
Finance lease obligations	18	31	9	58
Other borrowings	7	11	0	18
TOTAL	**111**	**1,325**	**514**	**1,950**

* *Excluding the impact of the swaps described in note 4.17.*

August 31, 2006	Less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues	30	1,297	0	1,327
Bank borrowings *	14	494	6	514
Finance lease obligations	22	37	12	71
Other borrowings	2	4	2	8
TOTAL	**68**	**1,832**	**20**	**1,920**

* *Excluding the impact of the swaps described in note 4.17.*

4.17 Financial instruments

Financial instruments used to hedge intra-group loans in foreign currencies

(in millions of euro)	August 31, 2007	August 31, 2006	August 31, 2005
Derivative financial instruments asset	0	42	40
Derivative financial instruments liability	1	2	2
Net derivative financial instruments	**(1)**	**40**	**38**

August 31, 2007 *(equivalent value in millions of euro)*	Note	Borrowings in EUR	Borrowings in USD	Borrowings in GBP	Borrowings in other currencies	Total
UK borrowing (GBP 83 million)	**(1)**					
Due to the bank GBP 83 million				122		122
Due from the bank EUR 123 million		(123)				(123)
Fair value adjustment						0
Sodexho Skandinavian Holding AB borrowings (SEK 150 million)	**(2)**					
Due to the bank SEK 150 million					16	16
Due from the bank EUR 16 million		(16)				(16)
Fair value adjustment						0
Sodexho, Inc. borrowing (USD 550 million)	**(3)**					
Due to the bank USD 550 million			403			403
Due from the bank EUR 403 million		(403)				(403)
Fair value adjustment		1				1
Borrowings by other subsidiaries (aggregate)			**6**		**(5)**	**1**
TOTAL FINANCIAL INSTRUMENTS		**(541)**	**409**	**122**	**11**	**1**

August 31, 2006 *(equivalent value in millions of euro)*	Note	Borrowings in EUR	Borrowings in USD	Borrowings in GBP	Borrowings in other currencies	Total
UK borrowing (GBP 83 million)	**(1)**					
Due to the bank GBP 83 million				123		123
Due from the bank EUR 123 million		(123)				(123)
Fair value adjustment						0
Sodexho Skandinavian Holding AB borrowings (SEK 198.6 million)	**(2)**					
Due to the bank SEK 198.6 million					21	21
Due from the bank EUR 21 million		(21)				(21)
Fair value adjustment						0
Sodexho Inc borrowing (USD 111.7 million)	**(3)**					
Due to the bank USD 114.9 million			89			89
Due from the bank EUR 129.6 million		(130)				(130)
Fair value adjustment		(1)				(1)
Borrowings by other subsidiaries (aggregate)		**(10)**	**12**		**0**	**2**
TOTAL FINANCIAL INSTRUMENTS		**(285)**	**101**	**123**	**21**	**(40)**

1) A currency swap (GBP83 million for 123 million euro) has been contracted to hedge an intragroup loan of GBP83 million. This swap will expire on February 28, 2008.

2) Currency swaps (SEK150 million for 16 million euro) have been contracted to hedge in full intragroup loans of the same amount to Sodexho Scandinavian Holding AB. This swap will expire on August 29, 2008.

3) The cross currency swap contracted in March 2002 (6.325% for 6.5775%, euros for US dollars) expired on March 25, 2007. The USD 550 million intragroup loan from Sodexho Alliance to Sodexho, Inc. is now hedged by cross currency swaps expiring February 28, 2008 (total amount: USD 550 million for 403 million euro).

The Sodexho Group has no material interest rate swaps that are accounted for as cash flow hedges.

No embedded derivatives have been identified by the Group.

Fair value of financial instruments

August 31, 2007			
(in millions of euro)	**Carrying amount**	**Fair value**	**Difference**
Financial assets			
Investments in non-consolidated companies	38	38	0
Receivables from investees	33	33	0
Other investment securities	0	0	0
Loans and deposits	14	14	0
Other non-current financial assets	3	3	0
Total non-current financial assets	**88**	**88**	**0**
Associates	**37**	**37**	**0**
Derivative instruments	**0**	**0**	**0**
Loans and other current financial assets	**11**	**11**	**0**
Financial assets: Service Vouchers and Cards activity	**454**	**454**	**0**
Marketable securities	**705**	**705**	**0**
TOTAL FINANCIAL ASSETS	**1,295**	**1,295**	**0**
Financial liabilities			
Bond issues			
2007 €500 million bond issue	509	491	(18)
2002 €1 billion bond issue	1,013	1,034	21
1999 €300 million bond issue	292	294	2
Sub-total	**1,814**	**1,819**	**5**
Bank borrowings	**60**	**60**	**0**
Derivative instruments	**1**	**1**	**0**
Bank overdrafts	**33**	**33**	**0**
Other borrowings	**18**	**18**	**0**
TOTAL FINANCIAL LIABILITIES	**1,926**	**1,931**	**5**

4.18 Long-term employee benefits

(in millions of euro)	**August 31, 2007**	**August 31, 2006**	**August 31, 2005**
Net plan assets*	**(2)**	**0**	**(2)**
Defined-benefit plans	134	260	224
Other long-term employee benefits	98	90	86
Employee benefits	**232**	**350**	**310**

* Reported in "Other non-current assets" in the balance sheet.

4.18.1 Post-employment benefits

Defined-contribution plans

Under a defined-contribution plan, periodic contributions are made to a separate entity that is responsible for the administrative and financial management of the plan. Under such a plan, the employer is relieved of any future liability, as the external entity is responsible for paying benefits to employees as they fall due.

Contributions made by the Sodexho Group are expensed in the period to which they relate.

Defined-benefit plans

The characteristics of Sodexho's principal defined-benefit plans are described below:

- In France, the obligation primarily represents lump-sum benefits payable on retirement if the employee is still with the company at retirement age.

  These obligations are covered by specific provisions in the balance sheet.
- In the United Kingdom, Sodexho's obligation relates to a complementary retirement plan, partially funded by externally-held assets, and calculated on the basis of:
  - a percentage of final basic salary, in the case of managerial grade staff allocated to the private sector;
  - benefits comparable to those offered in the public sector, in the case of managerial grade staff allocated to the public sector.

  Sodexho closed this plan to new employees effective July 1, 2003, and increased the level of contributions in order to cover the shortfall in the fund.
- In Continental Europe other than France, the main defined-benefit plans are as follows:
  - in the Netherlands, certain employees are entitled to complementary retirement or early retirement benefits;
  - in Italy, there is a legal obligation to pay a lump-sum retirement benefit ("TFR"). Until August 31, 2006, fully vested employee rights were valued and discounted as specified by law, and recognized in full as a liability.

    At the end of December 2006, the Italian parliament approved a reform of the TFR system, to be implemented in 2007, which transforms this retirement benefit plan into a defined contribution plan. For the period from January 1, 2007 through June 30, 2007, staff employed as of December 31, 2006 were required to choose between various defined-contribution plans, in connection with the employee rights acquired as of January 1, 2007. The prior obligations remain on the balance sheet.

Sodexho also contributes to multi-employer plans, mainly in Sweden and the United States. These plans are accounted for as defined-contribution plans.

Amounts shown in the balance sheet for defined-benefit plans are as follows:

(in millions of euro)	August 31, 2007	August 31, 2006	August 31, 2005
Net plan assets*	(2)	0	(2)
Defined-benefit plans**	134	260	224

* *Reported in "Other non-current assets" in the balance sheet.*
** *Reported as a liability in the balance sheet under "Employee benefits".*

These amounts break down as follows:

(in millions of euro)	August 31, 2007	August 31, 2006	August 31, 2005
Present value of funded obligations	551	591	511
Fair value of plan assets	(509)	(434)	(388)
Present value of partially funded obligations	**42**	**157**	**123**
Present value of unfunded obligations	91	103	99
Unrecognized past service cost	(1)	(1)	0
Other unrecognized amounts	0	1	0
Net obligation in the balance sheet	**132**	**260**	**222**

As described in note 2.1.1., Sodexho elected to apply the option offered in paragraph 93A of the amended IAS 19, issued in December 2004, which allows actuarial gains and losses arising during the period to be recognized outside the income statement.

Actuarial gains and losses reported in the statement of changes in shareholders' equity as of August 31, 2006 represented a net actuarial loss of 33 million euro.

Cumulative actuarial gains and losses recognized in equity as of August 31, 2007 represented a net actuarial gain of 68 million euro.

Plan assets comprise:

(in millions of euro)	August 31, 2007	August 31, 2006	August 31, 2005
Equities	218	275	262
Government bonds	237	69	80
Corporate bonds	36	70	24
Insurance policies	5	11	0
Real estate	11	2	13
Cash	2	7	9
TOTAL	**509**	**434**	**388**

The amount reported in the income statement for defined-benefit plans comprises:

(in millions of euro)	Fiscal 2007	Fiscal 2006	Fiscal 2005
Current service cost	38	35	34
Interest cost	32	27	27
Expected return on plan assets	(29)	(26)	(23)
Curtailments and settlements	(2)	0	0
Amortization of unrecognized past service cost & other	0	1	0
Net expense	**39**	**37**	**38**

This net expense is recorded on the following lines:

- 25 million euro (26 million euro in fiscal 2006) in cost of sales;
- 1 million euro (1 million euro in fiscal 2006) in sales department costs;
- 10 million euro (9 million euro in fiscal 2006) in administrative costs;
- the balance (financing cost and expected return on plan assets) in financial income or expense (see note 4.2).

Changes in the present value of the defined-benefit plan obligation since September 1, 2006 are shown below:

	Fiscal 2007
Obligation as of September 1	**694**
Current service cost	38
Interest cost	32
Actuarial gains/losses	(83)
Past service cost	0
Effect of curtailments and settlements	(4)
Contributions made by plan members	6
Benefits paid from plan assets	(15)
Benefits paid other than from plan assets	(24)
Business combinations	0
Translation differences	(4)
Other	2
Obligation as of August 31	**642**

Of the 83 million euro of net actuarial gains arising in fiscal 2007, a loss of 7 million euro was due to experience adjustments (compared with a loss of 1 million euro from experience adjustments in fiscal 2006).

Changes in the fair value of plan assets since September 1, 2006 are shown below:

	Fiscal 2007
Fair value of assets as of September 1	**434**
Expected return on assets	29
Employer's contributions	40
Actuarial gains/losses	18
Effect of curtailments and settlements	(2)
Contributions made by plan members	6
Benefits paid from plan assets	(15)
Business combinations	0
Translation differences	(3)
Other	2
Fair value of assets as of August 31	**509**

The following assumptions were used for actuarial valuations for the principal countries as of August 31, 2007 and 2006:

As of August 31, 2007	France	The Netherlands	United Kingdom	Italy
Discount rate*	5.00%-5.30%	5.30%	5.70%	5.10%
Salary inflation rate**	2.50%-2.60%	3.75%	3.60%	N/A
General inflation rate	2.00%	2.00%	3.10%	2.00%
Rate of return on plan assets	4.00%-4.50%	5.40%	6.90%	N/A
Amount of obligation in balance sheet	23	4	32	46

In fiscal 2007, discount rates in each country have been adapted to reflect the term of the plans.
*** The salary inflation rate disclosed includes general inflation.*

As of August 31, 2006	France	The Netherlands	United Kingdom	Italy
Discount rate	4.50%	4.50%	5.10%	4.50%
Salary inflation rate*	2.50%-2.60%	3.75%	4.25%	4.00%
General inflation rate	2.00%	2.00%	3.00%	2.00%
Rate of return on plan assets	4.00%	5.40%	6.70%	N/A
Amount of obligation in balance sheet	25	10	138	56

* *The salary inflation rate disclosed includes general inflation.*

The expected rates of return on plan assets were determined by reference to market expectations of returns for each asset class over the life of the related obligation. For each fund, the expected rate of return is weighted to reflect the proportion of each asset class held by the relevant fund.

The actual return on plan assets in fiscal 2007 was 47 million euro, compared with an expected return of 29 million euro.

Based on estimates derived from reasonable assumptions, Sodexho will pay 73 million euro into defined-benefit plans in fiscal 2008, including GBP35 million in the United Kingdom.

4.18.2 Other employee benefits

Other employee benefits mainly comprise a liability related to a deferred compensation program in the United States and obligations relating to long-service awards.

Amounts reported in the balance sheet for other long-term employee benefits

(in millions of euro)	August 31, 2007	August 31, 2006	August 31, 2005
Other long-term employee benefits	98	90	86

The total expense recognized with respect to these benefits in fiscal 2007 was 10 million euro. This figure includes 3 million euro for a deferred compensation program in the United States, reported in financial expense.

4.19 Provisions

(in millions of euro)	August 31, 2006	Charged	Utilized	Released without corres-ponding charge	Translation adjustment and other items	Changes in scope of consoli-dation	Discouting impact on long-term provisions	August 31, 2007
Tax and social security exposures	30	12	(3)	(7)	(2)			30
Employee claims and litigation	14	11	(3)	(3)				19
Contract termination and loss-making contracts	32	5	(6)	(2)	(1)		1	29
Client/supplier claims and litigation	9	3	(5)	0	(1)			6
Negative net assets of associates*	16	0	(6)	0				10
Other provisions	7	4	(1)	(4)	2			8
TOTAL	**108**	**35**	**(24)**	**(16)**	**(2)**	**0**	**1**	**102**

* *See note 4.9.*

The current/non-current split of provisions is as follows:

(in millions of euro)	August 31, 2007		August 31, 2006		August 31, 2005	
	Current provisions	Non-current provisions	Current provisions	Non-current provisions	Current provisions	Non-current provisions
Tax and social security exposures	17	13	9	21	8	16
Employee claims and litigation**	14	5	11	3	78	2
Contract termination and loss-making contracts	10	19	12	20	7	7
Client/supplier claims and litigation	3	3	5	4	1	4
Negative net assets of associates*	0	10	0	16	0	20
Other provisions	5	3	3	4	3	4
TOTAL	**49**	**53**	**40**	**68**	**97**	**53**

* *See note 4.9.*
** *See note 4.28.*

4.20 Trade and other payables

(in millions of euro)	August 31, 2007	August 31, 2006	August 31, 2005
Other non-current liabilities	79	101	80
TOTAL OTHER NON-CURRENT LIABILITIES	**79**	**101**	**80**
Advances from clients	349	217	174
Trade payables	1,228	1,138	1,123
Employee-related liabilities	703	687	573
Tax liabilities	188	176	198
Other operating liabilities	56	71	82
Deferred revenues	65	50	38
Other non-operating liablities	29	30	9
TOTAL TRADE AND OTHER PAYABLES	**2,618**	**2,369**	**2,197**

Employee-related liabilities include short-term employee benefit obligations.

4.21 Deferred taxes

(in millions of euro)	August 31, 2007	August 31, 2006*	August 31, 2005*
Deferred tax assets	136	241	224
Deferred tax liabilities	(35)	(75)	(80)
Deferred tax assets (net)	**101**	**166**	**144**

* *Including the effect of the deferred tax liabilities described in note 4.15.*

Deferred tax assets not recognized because their recovery is regarded as not probable total 36 million euro, including 7 million euro of tax loss carry-forwards generated by subsidiaries prior to their acquisition.

Sources of deferred taxes are as follows:

(in millions of euro)	August 31, 2007	August 31, 2006*	August 31, 2005*
Temporary differences (net)			
- Employee-related liabilities	154	203	194
- Fair value of financial instruments	1	1	(2)
- Other temporary differences	(59)	(45)	(56)
- Tax loss carry-forwards	5	7	8
Deferred tax assets (net)	**101**	**166**	**144**

* *Including the effect of the deferred tax liabilities described in note 4.15.*

Temporary differences on employee-related liabilities relate primarily to post-employment benefits. Virtually all of the reduction in deferred tax assets on employee-related liabilities is due to the sharp reduction in the Group's post-employment benefit obligation compared with fiscal 2006 (minus 128 million euro, see note 4.18.1).

Net deferred tax liabilities recognized directly in shareholders' equity as of August 31, 2007 totaled 27 million euro.

4.22 Cash flow statement

Changes in working capital

(in millions of euro)	August 31, 2006	Increase / (decrease)	Translation adjustment and other items	Changes in scope of consolida-tion	August 31, 2007
Other non-current assets	**18**	**(3)**	**(2)**	**0**	**13**
Inventories	**168**	**21**	**(4)**	**0**	**185**
Advances to suppliers	9	(3)	0	0	6
Trade receivables, net	1,645	146	(19)	3	1,775
Other operating receivables	173	1	(15)	1	160
Prepaid expenses	78	69	(2)	0	145
Assets held for sale	2	0	0	0	2
Operating receivables	**1,907**	**213**	**(36)**	**4**	**2,088**
Restricted cash and financial assets: Service Vouchers and Cards activity	**423**	**26**	**5**	**0**	**454**
Change in asset items in working capital	**2,516**	**257**	**(37)**	**4**	**2,740**
Receivables related to investing and financing activities	***2***	***(1)***	***0***	***0***	***1***
Employee benefits	**349**	**(9)**	**(108)**	**0**	**232**
Other non-current liabilities	**81**	**3**	**(5)**	**0**	**79**
Advances from clients	217	130	2	0	349
Trade payables	1,138	104	(25)	11	1,228
Tax and employee-related liabilities	863	48	(20)	0	891
Other operating liabilities	71	(5)	(10)	0	56
Deferred revenues	50	13	2	0	65
Operating liabilities	**2,339**	**290**	**(51)**	**11**	**2,589**
Vouchers payable	**1,127**	**161**	**2**	**0**	**1,290**
Change in liability items in working capital	**3,896**	**445**	**(162)**	**11**	**4,190**
Liabilities related to investing and financing activities	***50***	***(21)***	***0***	***0***	***29***

(in millions of euro)	August 31, 2005	Increase / (decrease)	Translation adjustment and other items	Changes in scope of consolida-tion	August 31, 2006
Other non-current assets	**18**	**3**	**(3)**	**0**	**18**
Inventories	**176**	**(2)**	**(6)**	**0**	**168**
Advances to suppliers	5	4	0	0	9
Trade receivables, net	1,508	167	(31)	1	1,645
Other operating receivables	175	12	(14)	0	173
Prepaid expenses	57	9	11	1	78
Assets held for sale	0	1	1	0	2
Operating receivables	**1,745**	**193**	**(33)**	**2**	**1,907**
Restricted cash and financial assets: Service Vouchers and Cards activity	**326**	**107**	**(12)**	**2**	**423**
Change in asset items in working capital	**2,265**	**301**	**(54)**	**4**	**2,516**
Receivables related to investing and financing activities	***5***	***(1)***	***(2)***	***0***	***2***
Employee benefits	**310**	**7**	**31**	**1**	**349**
Other non-current liabilities	**80**	**13**	**(12)**		**81**
Advances from clients	174	50	(3)	(4)	217
Trade payables	1,123	33	(22)	4	1,138
Tax and employee-related liabilities	771	88	(1)	5	863
Other operating liabilities	82	20	(32)	1	71
Deferred revenues	38	0	12	0	50
Operating liabilities	**2,188**	**191**	**(46)**	**6**	**2,339**
Vouchers payable	**1,001**	**131**	**(20)**	**15**	**1,127**
Change in liability items in working capital	**3,579**	**342**	**(47)**	**22**	**3,896**
Liabilities related to investing and financing activities	***9***	***40***	***1***	***0***	***50***

Changes in borrowings

(in millions of euro)	August 31, 2006	Increase / (decrease)	New leases	Accrued interest	Changes in scope of consolida-tion	Translation adjustment and other items	August 31, 2007
Bond issues	1,327	476		9		2	1,814
Bank borrowings	514	(435)		(3)	(1)	(15)	60
Finance lease obligations	71	(23)	10				58
Other borrowings	8	4				6	18
Derivative instruments	(40)	54		1		(14)	1
Total borrowings	**1,880**	**76**	**10**	**7**	**(1)**	**(21)**	**1,951**

(in millions of euro)	August 31, 2005	Increase / (decrease)	New leases	Accrued interest	Changes in scope of consolida-tion	Translation adjustment and other items	August 31, 2006
Bond issues	1,326					1	1,327
Bank borrowings	548	(17)		2	7	(26)	514
Finance lease obligations	82	(29)	19		(1)		71
Other borrowings	20					(12)	8
Derivative instruments	(38)	(2)					(40)
Total borrowings	**1,938**	**(48)**	**19**	**2**	**6**	**(37)**	**1,880**

4.23 Share-based payment

The Sodexho Alliance Board of Directors has granted payment to employees in the form of Sodexho Alliance shares under a number of stock option plans.

4.23.1 Principal features of stock option plans

Vesting period

Rights under option plans granted after January 2003 vest in 25% tranches over a four-year period. The options have a contractual life of six years.

Options granted under the "B" plans in January 2002, September 2002 and October 2002 vest four years after the date of grant and have a contractual life of six, five and five-and-a-half years respectively.

Options granted before January 2003 under "A" plans vest four years after the date of grant and have a contractual life of five years.

Conditions for exercise

None of the outstanding stock option plans is contingent on performance targets.

4.23.2 Valuation model and assumptions used

Estimation of fair value at date of grant

The fair value of options granted and settled by delivery of equity instruments is estimated at the date of grant using a binomial model, taking account of the terms and conditions of grant and assumptions about exercise behavior.

As well as the exercise price of the stock option plans described in note 4.23.3., the table below shows the data used in the valuation model for each plan measured under IFRS 2.

Date of grant	Expected volatilty (%)	Contractual life (years)	Risk-free interest rate (%)	Expected dividend yield (%)	Expected annual forfeiture (%)	Expected dividend growth (%)	Market risk premium (%)	Expected life (years)
January 20, 2004	35.25%	6	3.54%	2.67%	2.00%	7.80%	5%	5
January 18, 2005	33.57%	6	3.35%	3.18%	1.00%	6.45%	5%	5
June 16, 2005	32.20%	6	3.33%	4.10%	0.00%	13.66%	4.24%	5
September 13, 2005	31.95%	6	3.33%	3.75%	0.00%	13.66%	4.24%	5
January 10, 2006	31.64%	6	3.33%	3.03%	1.00%	13.66%	4.24%	5
January 17, 2007	29.42%	6	4.18%	2.81%	1.00%	17.47%	4.24%	5
January 17, 2007	29.42%	7	4.18%	2.81%	1.00%	17.47%	4.24%	5
April 24, 2007	28.23%	6	4.37%	2.79%	0.00%	17.47%	4.24%	5
April 24, 2007	28.23%	7	4.37%	2.79%	0.00%	17.47%	4.24%	5

The expected life of the options is based on historical data, and is not necessarily indicative of future exercises.

The expected volatility is based on the assumption that volatility calculated using regression analysis of daily returns over the five-year period (the expected life of the options) prior to the date of grant, excluding the share price fluctuations of September 2002, is an indicator of future trends.

The assumptions about the exercise behavior of grantees used in determining the fair value of the options are given below (these assumptions are also based on historical data, which may not be indicative of future exercise behavior):

- Grantees resident in France for tax purposes:
  - 50% of grantees exercise once the share price exceeds 20% of the exercise price,
  - 50% of grantees exercise once the share price exceeds 40% of the exercise price;
- Grantees not resident in France for tax purposes:
  - 30% of grantees exercise once the share price exceeds 20% of the exercise price,
  - 30% of grantees exercise once the share price exceeds 40% of the exercise price,
  - 30% of grantees exercise once the share price exceeds 70% of the exercise price,
  - 10% of grantees exercise once the share price exceeds 100% of the exercise price.

4.23.3 Initial charge and movements during fiscal 2007

The stock option expense recognized in the fiscal 2007 income statement was 13.1 million euro, compared with 7.8 million euro in fiscal 2006.

The table below provides the quantity, weighted average exercise price (WAP) and movements of stock options during fiscal 2007 and fiscal 2006.

	August 31, 2007		August 31, 2006	
	Number	WAP *(EUR)*	Number	WAP *(EUR)*
Outstanding at the beginning of the period	**5,760,190[1]**	**30.96**	**5,996,468[2]**	**29.79**
Granted during the period	1,366,300	47.97	977,452	34.78
Forfeited during the period	(158,560)	34.19	(292,091)	29.69
Exercised during the period	(2,282,803)[3]	32.69	(780,810)[4]	24.00
Expired during the period	(127,208)	47.00	(140,829)	48.42
Outstanding at the end of the period	4,557,919	34.64	5,760,190	30.96
Exercisable at the end of the period	**1,818,750**	**28.81**	**3,007,080**	**33.99**

(1) This balance includes 1,756,878 options not accounted for in accordance with IFRS 2 because either (i) they were granted before November 7, 2002 or (ii) they were granted after November 7, 2002 but vested prior to January 1, 2005.
(2) This balance includes 2,146,072 options not accounted for in accordance with IFRS 2 because either (i) they were granted before November 7, 2002 or (ii) they were granted after November 7, 2002 but vested prior to January 1, 2005.
(3) The weighted average share price at the exercise date of options exercised in the period was 52.3 euro.
(4) The weighted average share price at the exercise date of options exercised in the period was 36.3 euro.

The weighted average residual life of options outstanding as of August 31, 2007 was 3.6 years (August 31, 2006: 3 years).

The weighted average fair value of options granted during the period was 14.75 euro (fiscal 2006: 8.86 euro).

The table below gives the exercise prices and exercise period for options outstanding as of August 31, 2007:

Date of grant	Start date of exercise period	Expiration date of exercise period	Exercise price	Number of options outstanding as of August 31, 2007
January 2002	January 2006	January 2008	47.00 euros	304,075
October 2002	October 2006	October 2007	21.87 euros	935
January 2003	January 2004	January 2009	24.00 euros	682,895
June 2003	January 2004	January 2009	24.00 euros	3,000
January 2004	January 2005	January 2010	24.50 euros	580,513
January 2005	January 2006	January 2011	23.10 euros	747,696
June 2005	June 2006	June 2011	26.04 euros	20,000
September 2005	September 2006	September 2011	28.07 euros	10,000
January 2006	January 2007	January 2012	34.85 euros	850,305
January 2007	January 2008	January 2013	47.85 euros	500,900
January 2007	January 2008	January 2014	47.85 euros	836,000
April 2007	April 2008	April 2013	55.40 euros	1,600
April 2007	April 2008	April 2014	55.40 euros	20,000
TOTAL				**4,557,919**

4.23.4 Plans awarded following the acquisition of Sodexho Marriott Services

The Group committed to delivering 3,044,394 Sodexho Alliance shares to Sodexho, Inc. employees at an average price of 29.01 US dollars per share under stock option plans assumed in connection with the June 2001 acquisition of 53% of the capital of Sodexho Marriott Services, Inc. As of August 31, 2007, 472,178 of these shares were still deliverable.

As of August 31, 2007, all these options were exercisable until April 2011.

The other option plans are not recognized under IFRS 2 because they were granted prior to the effective date of IFRS 2 in November 2002 and because the rights under the plans vested prior to January 1, 2005.

The table below gives the quantity, weighted average exercise price (WAP) and movements of these stock options during fiscal 2007 and fiscal 2006.

	August 31, 2007		August 31, 2006	
	Number	WAP *(USD)*	Number	WAP *(USD)*
Outstanding at the beginning of the period	**854,391**	**28.53**	**1,565,122**	**28.95**
Granted during the period				
Forfeited during the period	(16,722)	29.93	(2,094)	23.59
Exercised during the period	(365,491)[1]	29.49	(708,637)[2]	29.47
Expired during the period			0	
Outstanding at the end of the period	472,178	27.74	854,391	28.53
Exercisable at the end of the period	**472,178**	**27.74**	**854,391**	**28.53**

(1) The weighted average share price at the exercise date of options exercised in the period was USD 67.77.
(2) The weighted average share price at the exercise date of options exercised in the period was USD 43.84.

The table below gives the exercise price of options outstanding as of August 31, 2007:

Date of grant	Exercise price (USD)	Number of options outstanding as of August 31, 2007
November 6, 1997	30.01	26,199
June 8, 1998	38.82	86,424
September 22, 1998	37.81	1,671
February 8, 1999	31.95	2,096
November 22, 1999	22.34	211,760
July 19, 2000	23.01	354
December 15, 2000	28.16	137,000
January 5, 2001	27.57	2,966
April 2, 2001	39.71	3,708
TOTAL		**472,718**

4.24 Business combinations

4.24.1. Acquisitions made during Fiscal 2007

Following is summarized information about Fiscal 2007 acquisitions:

Fiscal 2007	Country	Acquisition date	Percentage acquired	Acquisition cost *(in millions of euro)*
OCDN	U.S.A.	October 30, 2006	100%	9.5
Gastro-Kanne	Germany	January 1, 2007	54%	5.4
Vivaboxes International	Belgium	June 11, 2007	100%	8.1
TOTAL FISCAL 2007 ACQUISITIONS*				**23.0**

** Including a 2 million euro payment deferred after closing date.*

The impact of the acquisitions on the Group's balance sheet as of August 31, 2007 is summarized as follows:

(in millions of euro)	**August 31, 2007**
Goodwill	21.4
Intangible assets	5.1
Share of net assets acquired	(0.2)
Deferred tax liabilities	(1.5)
Minority interests	(1.8)
TOTAL FISCAL 2007 ACQUISITIONS	**23.0**

As the Group is committed to acquire 100% of Gastro-Kanne prior to the end of 2009, additional goodwill of 4.3 million euro (not included in the above table) was recognized as of August 31, 2007 in conformity with the principles described in note 2.12.3.

4.24.2. Acquisitions made during Fiscal 2006

Fiscal 2006	Country	Acquisition date	Percentage acquired	Acquisition cost
Ticket Total	Argentina	June 14, 2006	100%	14.3
Le Lido	France	February 13, 2006	55.45%	13.7
TOTAL FISCAL 2006 ACQUISITIONS				**28.0**

The impact of the acquisition of these two entities pursuant to the finalization of the purchase price allocation was as follows:

(in millions of euro)	August 31, 2007 Final	August 31, 2006
Goodwill	28.5	27.8
Intangible assets	3.1	
Share of net assets acquired	(0.7)	0.3
Deferred tax liabilities	(3.4)	
Minority interests	0.5	
TOTAL FISCAL 2006 ACQUISITIONS	**28.0**	**28.1**

Pursuant to a capital increase on August 27, 2007 the Group's ownership in the Lido increased from 55.45% to 63.55%, resulting in additional goodwill of 1.8 million euro.

4.25 Commitments and contingencies

4.25.1 Sureties

Commitments arising from surety arrangements (pledges, charges secured against plant and equipment, and real estate mortgages) contracted by Sodexho Alliance and its subsidiaries in connection with operating activities during fiscal 2007 are immaterial.

4.25.2 Operating lease commitments

Outstanding commitments over the residual term of operating leases as of August 31, 2007 were as follows:

Less than 1 year: 116 million euro

1 to 3 years: 151 million euro

3 to 5 years: 77 million euro

More than 5 years: 112 million euro.

These commitments arise under a large number of contracts worldwide, the terms of which are negotiated locally. They relate primarily to:

- site equipment, office equipment and vehicles for 126 million euro;
- the rent for office premises of 318 million euro. The new 12-year leases signed on October 19, 2006 in connection with the relocation of the corporate headquarters to Issy-les-Moulineaux in 2008 increased operating lease commitments for office premises by 53.8 million euro. The leases and lease renewals signed by Sodexho France and Sodexho Inc. for their office premises represent operating lease commitments of 42 million euro and 32 million euro respectively.

4.25.3 Other commitments given

(in millions of euro)	August 31, 2007					August 31, 2006	August 31, 2005
	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Total	Total
Financial guarantees to third parties	99	11	0	6	**116**	**129**	**160**
Site management commitments	19	20	18	3	**60**	**34**	**27**
Performance bonds given to clients	13	0	0	120	**133**	**92**	**16**
Other commitments	2	2	0	1	**5**	**26**	**7**
TOTAL	**133**	**33**	**18**	**130**	**314**	**281**	**210**

Financial guarantees to third parties mainly comprise bank guarantees given by Sodexho Inc. totaling 83.2 million euro, and subordinated debt commitments under public private partnership (PPP) contracts (see note 2.3.2.) totaling 29.8 million euro.

The increase in site management commitments relates to guarantees given by the Group on signature of the Eiffel Tower foodservice contract.

Performance bonds given to clients are subject to regular review by the management at operating entity level. A provision is recorded as soon as payment under a performance bond becomes probable.

The increase in these performance bonds during the period reflects the growing number of PPP contracts primarily signed in the United Kingdom.

Sodexho also has performance obligations to clients, but regards these as having the essential features of a performance bond rather than an insurance contract designed to compensate the client in the event of non-fulfillment of the service obligation (compensation is generally due only where Sodexho is unable to provide alternative or additional resources to fulfill the obligation to the client).

In practice, given its size and geographical reach, Sodexho considers itself capable of providing the additional resources needed to avoid paying compensation to clients protected by such clauses.

As of August 31, 2007, no provision was recorded in the balance sheet with respect to these guarantees.

The reduction in other commitments is due mainly to the extinguishment of a bank guarantee given to the Brazilian courts in connection with the Banco Santos litigation (see note 4.28.).

Sodexho has commitments to provide training hours to its employees in France, known as Individual Training Rights. In the absence of guidance from regulatory authorities on the accounting treatment for these rights, the Group has opted to present these rights as a commitment. Based on available information, the number of hours to be provided to employees of French subsidiaries is estimated to be approximately 1,264,000.

4.26 Related parties

4.26.1 Compensation, loans, post-employment benefits and other employee benefits granted to Board members, to the Executive Committee, and to the CEO of Sodexho Alliance

(in euro)	Fiscal 2007
Short-term employee benefits	12,624,109
Post-employment benefits	331,088
Stock option expenses	5,301,098
TOTAL	**18,256,295**

These benefits include directors' fees, and all forms of compensation and benefits paid (or earned during the period for offices held) by Bellon SA, Sodexho Alliance and/or other Sodexho Group companies.

4.26.2 Related companies

Subsidiaries

Sodexho Alliance received fees totaling 94 million euro from its subsidiaries during fiscal 2007 for management and co-ordination services.

Other companies

Transactions with other related companies comprise loans advanced, commercial transactions, and off balance sheet commitments involving associates and non-consolidated companies.

Loans	Gross value as of August 31, 2007	Impairment as of August 31, 2007	Carrying amount as of August 31, 2007	Carrying amount as of August 31, 2006	Carrying amount as of August 31, 2005
Associates	44	0	44	25	21
Non-consolidated companies	1	1	2	0	1

Off balance sheet commitments	August 31, 2007	August 31, 2006	August 31, 2005
Commitments to third parties			
Associates	30	34	32
Non-consolidated companies	0	0	0
Performance bonds given to clients			
Associates	90	53	13
Non-consolidated companies	0	0	0

Revenues generated	Fiscal 2007	Fiscal 2006
Associates	261	116
Non-consolidated companies	0	2

Operating expenses recognized	Fiscal 2007	Fiscal 2006
Associates	1	1
Non-consolidated companies	0	0

Net financing costs	Fiscal 2007	Fiscal 2006
Associates	3	0
Non-consolidated companies	0	0

Principal shareholder

As of August 31, 2007, Bellon SA held 36.83% of the capital of Sodexho Alliance.

During fiscal 2007, Bellon SA invoiced Sodexho Alliance a total of 8.1 million euro for assistance and advisory services under a contract between the two companies.

During the first half of fiscal 2007, the Annual Shareholders' Meeting of Sodexho Alliance approved the payment of a dividend of 0.95 euro per share. Consequently, Bellon SA received a dividend payment of 55.6 million euro in February 2007.

4.27 Group employees

As of August 31, 2007, Group employees comprised:

	August 31, 2007
Executives, middle management, site managers & supervisory staff	44,619
Front-line service staff and other employees	297,761
TOTAL	**342,380**

Group employees by activity and region were as follows:

	Food and Facilities Management Services (FFMS)							
	FFMS North America	FFMS Continental Europe	FFMS United Kingdom and Ireland	FFMS Rest of the world	Total FFMS	Service Vouchers and Cards	Holding Companies	Total
TOTAL	**119,242**	**89,013**	**42,908**	**87,527**	**338,690**	**3,348**	**342**	**342,380**

4.28 Litigation

McReynolds v. Sodexho Marriott Services, Inc.

In 2005, Sodexho, Inc. agreed to pay a maximum of 80 million US dollars to settle a class action lawsuit brought in the United States in order to avoid protracted legal proceedings and without admitting any liability. As of August 31, 2007, all amounts had been paid to the class members and their lawyers.

Sodexho Pass do Brazil

Sodexho Pass do Brazil was involved in a dispute with Banco Santos and a mutual fund concerning the existence of certain bank balances. In order to avoid protracted legal proceedings, Sodexho Pass do Brazil and the mutual fund reached a settlement in June 2007 covering the bulk of these balances.

Sodexho does not believe that the outstanding proceedings with Banco Santos will have a material effect on the Group's financial position.

Other litigation

Sodexho is involved in other litigation arising from its ordinary activities. The Group does not believe that liabilities relating to such litigation will in aggregate be material to its activities or to its consolidated financial position.

4.29 Events subsequent to the balance sheet

On September 14, 2007, Sodexho signed an agreement to acquire the Service Vouchers and Cards business of the VR Group, the third largest issuer of service vouchers and cards in Brazil. This acquisition will extend Sodexho's presence in the "Food Pass" and "Restaurant Pass" segments, and enable the Group to offer two new services: transport and vehicle fleet maintenance. It will also open new development opportunities for Sodexho Service Vouchers and Cards in the Brazilian market.

On October 2, 2007, Sodexho completed the acquisition of 100% of Tir Groupé, a French market leader in the corporate and public sector market, for a price of 142.8 million euro. The acquired business represents an issue volume of around 300 million euro, and will be consolidated over approximately 11 months in fiscal 2008. Fair value remeasurement of the acquiree's assets and liabilities is in progress.

On October 31, 2007, Sodexho completed the acquisition of 100% of Circles, a North American market leader in consumer and employee loyalty programs. Circles offers innovative and effective solutions in Concierge Services, Motivation, Loyalty and Rewards. The acquisition enhances Sodexho's expertise in Quality of Life services, and will generate significant synergies across all of Sodexho's client segments in North America.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

5.1 Exposure to foreign exchange and interest rate risk

Because Sodexho has operations in 80 countries, all components of the financial statements are inevitably influenced by foreign currency translation effects, and in particular by fluctuations in the US dollar. However, exchange rate fluctuations do not generate any operational risk, because each of the Group's subsidiaries bills its revenues and incurs its expenses in the same currency.

Sodexho Alliance uses derivative instruments to manage the Group's exposure to interest rate and foreign exchange rate risk.

The Board of Directors, the Chief Executive Officer and the Chief Financial Officer have approved policies designed to prevent speculative positions. Under these policies:

- substantially all borrowings must be at fixed rates of interest, or converted to fixed-rate using hedging instruments;
- foreign exchange risk on loans to subsidiaries must be hedged;
- counterparty risk must be managed and spread. Transactions may only be contracted with counterparties that have an AFB master agreement or equivalent (ISDA) in place with the Group company involved;
- the maturity of hedging instruments must not exceed the maturity of the borrowings they hedge.

Analysis of sensitivity to interest rates

(in millions of euro)	Note	Less than 1 year	1 to 5 years	Over 5 years
Financial liabilities (including derivatives)		111	1,325	514
Cash and cash equivalents	1	1,831		
Net renewable position	**2**	**(1,720)**	**1,325**	**514**
Net position renewable within less than 1 year		(1,720)		
Increase of 1% in short-term interest rate	3	1%		
Average term		1 year		
Cumulative effect of 1% increase in short-term interest rate	4	(17)		
Net interest expense paid during Fiscal 2007		89		
Cumulative effect as % of net interest expense for Fiscal 2007		(19)%		

(1) As some of the Group's cash and cash equivalents are generated by the Service Vouchers and Cards activity, part of the effect of changes in interest rates would impact operating profit rather than net financing costs.
(2) A negative amount indicates a net asset.
(3) This 1% increase has been assumed to have an identical effect across all currencies used by Sodexho for financing.
(4) A negative amount indicates income.

Estimate of risk of loss on the net foreign currency position in the event of a uniform unfavorable movement of 0.01 euro against all currencies listed

	USD	GBP	Other foreign currencies
Closing rate	*0.73185*	*1.472971*	
Monetary assets			
Working capital items	135	157	778
Other receivables	5	1	25
Deferred tax assets	77	16	16
Cash and cash equivalents	125	170	581
TOTAL MONETARY ASSETS	**342**	**344**	**1,400**
Monetary liabilies			
Financial liabilities	446	123	34
Working capital items	877	447	1,222
Other liabilities	0	31	36
Deferred tax liabilities	1	2	14
TOTAL MONETARY LIABILITIES	**1,324**	**603**	**1,306**
Net position	**(982)**	**(259)**	**94**
Impact of €0.01 movement in exchange rate	(13)	(2)	immaterial

Analysis of sensitivity to exchange rates

A 10% movement in the US dollar against the euro would have an effect of:

- 543 million euro on full-year consolidated revenues;
- 26 million euro on full-year consolidated operating profit;
- 11 million euro on full-year net profit attributable to equity holders of the parent.

A 10% movement in sterling against the euro would have an effect of:

- 152 million euro on full-year consolidated revenues;
- 7 million euro on full-year consolidated operating profit;
- 5 million euro on full-year net profit attributable to equity holders of the parent;

5.2 Exposure to liquidity risk

The Group's liquidity improved in fiscal 2007 due to the 12-month extension (to April 2012) of the credit facility contracted in April 2005 and to the 500 million euro bond issue carried out in March 2007 and maturing in March 2014. These two transactions extended the average maturity of the Group's borrowings.

6. SCOPE OF CONSOLIDATION

The table below lists the principal companies included in the consolidation as of August 31, 2007.

The first column shows the percentage interest held by the Group, and the second column the percentage of voting rights held by the Group. Percentage interests and percentages of voting rights are only shown if less than 97%.

Companies newly consolidated during fiscal 2007 are indicated by the letter "N".

Associates (companies accounted for by the equity method) are indicated by the letters "EM". All other companies are fully consolidated.

The principal activity of each company is indicated by the following abbreviations:

- FFMS: Food and Facilities Management Services;
- SVC: Service Vouchers and Cards;
- HOL: Holding Company.

		% interest	% voting rights	Principal activity	Country
France					
	Société Francaise de Restauration (sub-group)			FFMS	France
	Altys Multiservice			FFMS	France
	Altys Gestion			FFMS	France
	Société Française de Services			FFMS	France
	Société Française de Restauration et Services (sub-group)			FFMS	France
	Sodequip			FFMS	France
	Sodexho Prestige			FFMS	France
	Lido SEGSMHI	63.5%	63.5%	FFMS	France
	SIR			FFMS	France
	CIR			FFMS	France
	Comrest			FFMS	France
	OL Restauration	70%	70%	FFMS	France
	SIGES			FFMS	France
	La Normande SA			FFMS	France
	RGC			FFMS	France
	Sagere			FFMS	France
	Sogeres (sub-group)			FFMS	France
	L'Affiche			FFMS	France
	SFP			FFMS	France
	Millénia	60%	60%	FFMS	France
N, EM	Altima	40%	40%	FFMS	France
	Bateaux Parisiens (sub-group)			FFMS	France
	Armement Lebert Buisson			FFMS	France
	Société des Thermes de Neyrac-les-Bains			FFMS	France
	Emis			FFMS	France
	Altys International			FFMS	France
	Sodexho Chèques et Cartes de Services			SVC	France
	Sodexho Pass International			HOL	France
N	Vivaboxes France			SVC	France
	Sodexho France			HOL	France
	Universal Sodexho SAS			HOL	France
	Sofinsod			HOL	France
	Etinbis			HOL	France

		% interest	% voting rights	Principal activity	Country
France					
	Etin			HOL	France
	Gardner Merchant Groupe			HOL	France
	Loisirs Développement			HOL	France
	Sodexho Altys			HOL	France
	Holding Sogeres			HOL	France
	Sodexho Amérique du Sud			HOL	France
	Sodexho Management			HOL	France
	Sodexho Europe continentale			HOL	France
	Sodexho Asie Océanie			HOL	France
	Sodexho Grande Chine			HOL	France
	Sodexho IS & T			HOL	France
	SIGES Guyane			FFMS	France
	Société Hôtelière et de Tourisme de Guyane			FFMS	France
	Sodex'Net			FFMS	France
	Sodexho Guyane			FFMS	France
	Société Guyanaise de Protection et Gardiennage			FFMS	France

		% interest	% voting rights	Principal activity	Country
America					
	Sodexho, Inc. (sub-group)			FFMS	United States
	Sodexho Canada (sub-group)			FFMS	Canada
N	OCDN			FFMS	United States
	Delta Catering Management	49%	49%	FFMS	United States
	Universal Sodexho USA, Inc.			HOL	United States
	Universal Sodexho Partnership			FFMS	United States
	Universal Services Enterprises Llc			HOL	United States
	Energy Catering Services Llc			FFMS	United States
	Universal Sodexho Empresa de servicios y Campamentos			FFMS	Venezuela
	Universal Sodexho Services de Venezuela			FFMS	Venezuela
	Universal Services do Brasil Ltda			FFMS	Brazil
	Sodexho do Brasil Comercial Ltda			FFMS	Brazil
	Sodexho Argentina			FFMS	Argentina
	Sodexho Colombia	65%	65%	FFMS	Colombia
	Sodexho Venezuela Alimentaciõn y Servicios	70%	70%	FFMS	Venezuela
	Sodexho Costa Rica			FFMS	Costa Rica
	Sodexho Mexico			FFMS	Mexico
EM	Doyon Universal Services JV (sub-group)	50%	50%	FFMS	United States
	Sodexho Perú			FFMS	Peru
EM	BAS	33%	33%	FFMS	Chile
	SIGES Chile			FFMS	Chile
	Sodexho Chile (sub-group)			FFMS	Chile
	Sodexho Servicios de Personal			FFMS	Mexico
N	Vivaboxes U.S.			SVC	United States

		% interest	% voting rights	Principal activity	Country
America					
	Sodexho Pass do Brazil			SVC	Brazil
	Cardapio Informatica			SVC	Brazil
	National Administracao de Restaurentes			SVC	Brazil
	Sodexho Pass Chile			SVC	Chile
	Sodexho Pass Venezuela	64%	64%	SVC	Venezuela
	Sodexho Pass de Colombia	51%	51%	SVC	Colombia
	Sodexho Pass Perú			SVC	Peru
	Sodexho Pass de Panama	51%	51%	SVC	Panama
	Sodexho Pass SA			SVC	Argentina
	Ticket Total Uruguay			SVC	Uruguay
	Prestaciones Mexicanas (sub-group)			SVC	Mexico
	Sodexho Servicios Operativos			SVC	Mexico

		% interest	% voting rights	Principal activity	Country
Africa					
	Universal Sodexho Afrique			FFMS	France
	Universal Sodexho Nigeria			FFMS	Nigeria
	Universal Sodexho Gabon	90%	90%	FFMS	Gabon
	Sodexho Angola			FFMS	Angola
	SABA			FFMS	Tunisia
	Sodexho Bénin			FFMS	Benin
	Sodexho Tchad			FFMS	Chad
	Universal Sodexo Ghana	90%	90%	FFMS	Ghana
	Sodexho Pass Tunisie	77%	77%	SVC	Tunisia
	Sodexho Maroc			FFMS	Morocco
	Universal Sodexho Guinea Ecuatorial	70%	70%	FFMS	Eq. Guinea
	Universal Sodexho Cameroun	70%	70%	FFMS	Cameroon
	Universal Sodexho Congo			FFMS	Congo
	Sodexho Southern Africa (sub-group)	55%	55%	FFMS	South Africa
	Sodexho Investments Ltd			HOL	South Africa
	Wadi Ezzain	75%	75%	FFMS	Libya
	Universal Sodexho Madagascar			FFMS	Madagascar
	Sodexho Tanzania			FFMS	Tanzania

		% interest	% voting rights	Principal activity	Country
Europe					
	Sodexho Belgique (sub-group)			FFMS	Belgium
	Altys Belgique			FFMS	Belgium
	Imagor Services & Cie Snc			SVC	Belgium
	Groupe Cheque-List Groep			SVC	Belgium
	Imagor RSC			SVC	Belgium
	Special Event			SVC	Belgium

		% interest	% voting rights	Principal activity	Country
Europe					
N	Vivaboxes International			SVC	Belgium
	Sodexho Suisse			FFMS	Switzerland
	Altys Suisse			FFMS	Switzerland
	Altys Deutschland			FFMS	Germany
	Altys Austria			FFMS	Austria
	Altys République Tchèque			FFMS	Czech Republic
	Sodexho Luxembourg (sub-group)			FFMS	Luxembourg
	Sodexho Italia (sub-group)			FFMS	Italy
	Sodexho Doo			FFMS	Slovenia
	Sodexho Oy			FFMS	Finland
	Abra Nordic Vending Oy			FFMS	Finland
EM	Arandur Oy	33%	33%	FFMS	Finland
	Sodexho Scandinavian Holding (sub-group)			FFMS	Sweden
	Sodexho España (sub-group)			FFMS	Spain
	Altys Multiservicios	79%	79%	FFMS	Spain
	Sodexho Portugal II Restauracao e Servicos			FFMS	Portugal
	Sodexho Catering & Services GmbH (sub-group)			FFMS	Germany
	Sodexho Scs GmbH (sub-group)			FFMS	Germany
	Barenmenu			FFMS	Germany
	Sodab			FFMS	Germany
	Känne Catering-Service GmbH			FFMS	Germany
N	Gastro-Kanne	54%	54%	FFMS	Germany
	Sodexho Ao			FFMS	Russia
	Sodexho Euroasia			FFMS	Russia
	Sodexho Pass CIS			SVC	Russia
	Sodexho Spolecne Stravovani a Sluzby			FFMS	Czech Republic
	Sodexho - Skolni Jidelny			FFMS	Czech Republic
	Sodexho Spolocne Stravovanie a Sluzby			FFMS	Slovakia
	Sodexho Magyarorszag KTT			FFMS	Hungary
	Zona Vendeglato			FFMS	Hungary
	Sodexho Toplu Yemek			FFMS	Turkey
	Sodexho Polska			FFMS	Poland
	Sodexho Catering & Services GmbH			FFMS	Austria
EM	Agecroft Prison Management Ltd	50%	50%	FFMS	United Kingdom
	Sodexho Services Group			HOL	United Kingdom
EM	HpC King's College Hospital (Holdings) Ltd	25%	25%	FFMS	United Kingdom
	Sodexho Ltd			FFMS	United Kingdom
	Sodexho Prestige Ltd (sub-group)			FFMS	United Kingdom
	Universal Sodexho Scotland			FFMS	United Kingdom
	Harmondsworth Detention Services	51%	51%	FFMS	United Kingdom
	Kalyx			FFMS	United Kingdom
EM	Catalyst Healthcare (Romford) Holdings Ltd	25%	25%	FFMS	United Kingdom
EM	Catalyst Healthcare (Roehampton) Holdings Ltd	25%	25%	FFMS	United Kingdom
	Tillery Valley Foods			FFMS	United Kingdom
	Rugby Hospitality 2003	55%	55%	FFMS	United Kingdom

		% interest	% voting rights	Principal activity	Country
Europe					
	Sodexho Defence Services			FFMS	United Kingdom
	Sodexho Land Technology			FFMS	United Kingdom
	Sodexho Investment Services			FFMS	United Kingdom
EM	Peterborough Prison Management Holdings Ltd	33%	33%	FFMS	United Kingdom
EM	Ashford Prison Services Holdings Ltd	33%	33%	FFMS	United Kingdom
	Sodexho Holdings			HOL	United Kingdom
	Sodexho Education Services			FFMS	United Kingdom
	Sodexho Management Services (sub-group)			FFMS	United Kingdom
	Sodexho Healthcare Services			FFMS	United Kingdom
	Sodexho Support Services			HOL	United Kingdom
	Universal Sodexho Holdings			HOL	United Kingdom
EM	Catalyst Healthcare (Manchester) Holdings Ltd	25%	25%	FFMS	United Kingdom
	Universal Services Europe			HOL	United Kingdom
	Primary Management Aldershot	60%	60%	FFMS	United Kingdom
EM	Mercia Healthcare (Holdings) Ltd	25%	25%	FFMS	United Kingdom
EM	South Manchester Healthcare (Holdings) Ltd	25%	25%	FFMS	United Kingdom
	Rugby Travel & Hospitality'07	80%	80%	FFMS	United Kingdom
EM	RMPA Holdings Ltd	14%	14%	FFMS	United Kingdom
EM	Pinnacle Schools (Fife) Holdings Ltd	10%	10%	FFMS	United Kingdom
EM	Enterprise Civic Buildings (Holdings) Ltd	10%	10%	FFMS	United Kingdom
EM	Enterprise Education Holdings Conwy Ltd	10%	10%	FFMS	United Kingdom
EM	Enterprise Healthcare Holdings Ltd	10%	10%	FFMS	United Kingdom
EM	ES 2005 Ltd	50%	50%	FFMS	United Kingdom
EM	Addiewell Prison (Holdings) Ltd	33%	33%	FFMS	United Kingdom
N, EM	Healthcare support (North Staffs) Holding Ltd	25%	25%	FFMS	United Kingdom
N	Vivaboxes UK			SVC	United Kingdom
	Sodexho Ireland Ltd			FFMS	Ireland
	Universal Sodexho Norway			FFMS	Norway
	Universal Sodexho The Netherlands			FFMS	Netherlands
	Universal Sodexho Kazakhstan Ltd			FFMS	Denmark
	Universal Services Europe			FFMS	Iceland
	Sodexho Nederland BV (sub-group)			FFMS	Netherlands
N	Sodexho Altys BV			FFMS	Netherlands
	Sodexho Pass Luxembourg			SVC	Luxembourg
	Sodexho Pass Belgique (sub-group)			SVC	Belgium
	Sodexho Pass GmbH			SVC	Germany
	Sodexho Pass SRL (sub-group)			SVC	Italy
N	Vivaboxes Italie			SVC	Italy
	Sodexho Pass Espana			SVC	Spain
	Ticket Menu			SVC	Spain
	Sodexho Pass Austria			SVC	Austria
	Sodexho Pass Limited			SVC	United Kingdom
	Sodexho Pass Hungaria			SVC	Hungary
	Sodexho Pass Bulgaria			SVC	Bulgaria
	Sodexho Pass Ceska Republika			SVC	Czech Republic

		% interest	% voting rights	Principal activity	Country
Europe					
	Sodexho Pass Slovak Republic			SVC	Slovakia
	Vouchers Acquisition Corporate Holding BV			SVC	Netherlands
	Sodexho Pass Polska			SVC	Poland
	Sodexho Restoran Servisleri	90%	90%	SVC	Turkey
	Network Servizleri	45%	50%	SVC	Turkey
	Sodexho Pass Romania			SVC	Romania
	Bluticket Romania			SVC	Romania
	Catamaran Cruisers			FFMS	United Kingdom
	Compagnie Financière Aurore Internationale			HOL	Belgium

		% interest	% voting rights	Principal activity	Country
Asia, Australasia, Middle East					
	Kelvin Catering Services	49%	49%	FFMS	United Arab Emirates
	Teyseer Services Company	49%	49%	FFMS	Qatar
	Restauration Française (Nouvelle-Calédonie)	60%	60%	FFMS	France
	Sodexho Nouvelle-Calédonie	54%	54%	FFMS	France
	Socanord	60%		FFMS	France
	SRRS (La Réunion)			FFMS	France
	Sodexho Polynésie			FFMS	France
	Sodexho Singapore			FFMS	Singapore
	Sodexho Malaysia			FFMS	Malaysia
	Sodexho Hong Kong			FFMS	Hong Kong
EM	Sodexho Healthcare Support Services (Thailand)	26%	26%	FFMS	Thailand
	Sodexho Korea			FFMS	Korea
	Universal Sodexho Eurasia			FFMS	United Kingdom
	AIMS Corporation			FFMS	Australia
	Sodexho Australia (fm) Pty Ltd			FFMS	Australia
	Sodexho Retail Services Pty Ltd			FFMS	Australia
	Universal Remote Site Services (sub-group)			FFMS	Singapore
	PT Universal Ogden Indonesia		90%	FFMS	Indonesia
	Altys Multi-Service Pty			FFMS	Australia
	Sodexho Australia (sub-group)			FFMS	Australia
EM	Serco Sodexho Defence Services	50%	50%	FFMS	Australia
	Sodexho Venues Australia			FFMS	Australia
	Sodexho Total Support Services NZ			FFMS	New Zealand
	Universal Sodexho Pty Ltd			FFMS	Australia
	Sodexho Tianjin Service Management Company Ltd			FFMS	China
	Sodexho Shanghaï Management Services			FFMS	China
	Sodexho Services Company Ltd Shanghaï			FFMS	Chine
EM	Shanghaï SAIC Sodexho Services	49%	49%	FFMS	China

		% interest	% voting rights	Principal activity	Country
Asia, Australasia, Middle East					
	Beijing Sodexho Service Company Ltd	95%	95%	FFMS	China
	Sodexho (Guangzhou) Management Services Ltd			FFMS	China
	Wuhan Innovation Sodexho Services	70%	70%	FFMS	China
	Sodexho Pass Shanghai			SVC	China
	Sodexho Support Services (Thailand) Ltd	61%	74%	FFMS	Thailand
	Sodexho Thailand Ltd	49%	49%	FFMS	Thailand
	Sodexho India			FFMS	India
	Sodexho Pass Services India			SVC, FFMS	India
	Sodexho Pass, Inc.	60%	60%	SVC	Philippines
	Sodexho Services Lebanon	60%	60%	FFMS	Lebanon
	Universal Sodexho Laos			FFMS	Laos
	Sodexho Pass Indonésie	95%	95%	SVC	Indonesia
	Mongolian Catering	70%	70%	FFMS	Mongolia
	SISA UAE			FFMS	United Arab Emirates
	Sakhalin Support Services	95%	95%	FFMS	Russia
	Allied Support			FFMS	Russia

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 August 2007
SODEXHO ALLIANCE S.A.
3, avenue Newton
78180 Montigny-le-Bretonneux

To the shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Sodexho Alliance S.A. for the year ended 31 August 2007.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities, of the financial position of the consolidated group of companies in accordance with IFRS as adopted by the EU.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- The Company tests goodwill for impairment, and assesses whether assets with a finite useful life present an indication of impairment, in accordance with the methods set out in notes 2.8 and 4.10 to the consolidated financial statements.

We have reviewed the methods used for the aforementioned test, as well as the methodology applied to assess value in use based on the present value of future cash flows, after tax. We have also reviewed the related documentation which was prepared, and assessed the consistency of the data which was used, in particular the assumptions used in the preparation of the business plans.

- With regard to provisions for risks and litigation, our assessment was based on the facts available at the date of this report and as disclosed in notes 2.16 and 4.19 to the consolidated financial statements.
- The provisions for pension and other post-employment benefits as described in notes 2.17 and 4.18 to the consolidated financial statements have chiefly been assessed by independent actuaries. We have reviewed the data and assumptions used by these actuaries as well as their conclusions, and have verified that note 4.18 provides appropriate information. We also assessed whether these estimates were reasonable.

The aforementioned items are based on estimates and underlying assumptions. As stated in note 2.2 to the consolidated financial statements, actual results may differ materially from such estimates in different conditions.

These assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the formation of the unqualified opinion expressed in the first part of this report.

III - Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, November 16, 2007
The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Département de KPMG SA
Louis Pierre Schneider	Patrick-Hubert Petit

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. The statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

SUPPLEMENTAL INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Ratios

		Fiscal 2007	Fiscal 2006
Financial independence	Non-current debt / Shareholders' equity and minority interests	0.8	0.9
Debt coverage (in years)	Debt* / Cash from operations**	3.4	4.2
Return on equity	Profit attributable to equity holders of the parent / Equity attributable to equity holders of the parent (before profit for the period)	18.0 %	17.8 %
Interest cover	Operating profit / Net interest expense	7.2	6.3

* Debt = non-current debt + current debt (excluding overdrafts) - financial instruments recognized as assets.
** Cash from operations = Net cash provided by operating activities - changes in working capital.

Average and closing exchange rates for fiscal 2007

ISO code	Country	Currency	Closing rate at August 31, 2006 1 euro =	Average rate for fiscal 2007 1 euro =
CFA	Africa	CFA Franc (thousands)	0.655957	0.655957
DZD	Algeria	Dinar (thousands)	0.093558	0.093677
ARS	Argentina	Peso	4.328900	4.095843
AUD	Australia	Dollar	1.655200	1.650922
BRL	Brazil	Real	2.661300	2.719045
BGN	Bulgaria	Lev	1.955800	1.955800
CAD	Canada	Dollar	1.442100	1.478356
CLP	Chile	Peso (thousands)	0.716400	0.703635
CNY	China	Yuan	10.325200	10.241582
COP	Colombia	Peso (thousands)	2.706440	2.859151
CRC	Costa rica	Colon (thousands)	0.708370	0.685460
CZK	Czech Republic	Koruna (thousands)	0.027716	0.028133
DKK	Denmark	Krone	7.444200	7.451246
GHC	Ghana	Cedi (thousands)	1.274800	5.860747
HKD	Hong Kong	Dollar	10.658400	10.312614
HUF	Hungary	Forint (thousands)	0.257420	0.254835
ISK	Iceland	Krona	87.200000	87.322869
INR	India	Rupee (thousands)	0.056020	0.057104
IDR	Indonesia	Rupiah (thousands)	12.837330	12.035828
JPY	Japan	Yen (thousands)	0.157550	0.157381
KZT	Kazakhstan	Tenge (thousands)	0.170670	0.164875
KRW	Korea	Won (thousands)	1.284280	1.236584
LBP	Lebanon	Pound (thousands)	2.059850	1.991508
MGA	Madagascar	Ariary (thousands)	2.506220	2.598791
MYR	Malaysia	Ringgit	4.774200	4.655250

ISO code	Country	Currency	Closing rate at August 31, 2006 1 euro =	Average rate for fiscal 2007 1 euro =
MXN	Mexico	Peso	15.075700	14.449487
MNT	Mongolia	Tugrik (thousands)	1.607660	1.540476
MAD	Morocco	Dirham	11.210500	11.147981
NZD	New Zealand	Dollar	1.919700	1.868491
NGN	Nigeria	Naira (thousands)	0.172560	0.169035
NOK	Norway	Krone	7.947500	8.127717
OMR	Oman	Rial	0.525200	0.508466
PAB	Panama	Balboa	1.365800	1.321918
PEN	Peru	New Sol	4.320000	4.221967
PHP	Philippines	Peso	63.845000	63.682575
XPF	Polynesia	CPC Franc	119.331700	119.331700
PLN	Poland	Zloty	3.832000	3.852027
QAR	Qatar	Rial	4.971500	4.810764
RON	Romania	Leu	3.247500	3.354819
RUB	Russia	Rouble (thousands)	0.035086	0.034602
SAR	Saudi Arabia	Riyal	5.122600	4.957409
SGD	Singapore	Dollar	2.079600	2.032047
SKK	Slovakia	Koruna (thousands)	0.033754	0.034697
SIT	Slovenia	Euro zone since Jan 1, 2007	0.239640	0.239637
ZAR	South Africa	Rand	9.899300	9.554458
SEK	Sweden	Krona	9.372100	9.205606
CHF	Switzerland	Swiss Franc	1.636600	1.619723
TZS	Tanzania	Schilling (thousands)	1.755260	1.685962
THB	Thailand	Baht	44.652000	44.930179
TND	Tunisia	Dinar	1.738300	1.719806
TRY	Turkey	New Lira	1.812800	1.840461
AED	United Arab Emirates	Dirham	5.015900	4.854737
GBP	United Kingdom	Pound	0.678900	0.674619
USD	United States	Dollar	1.366400	1.321941
UYU	Uruguay	Peso	32.267000	31.773836
VEB	Venezuela	Bolivar (thousands)	2.930310	2.842027

Two-Year Financial Summary

(in millions of euro)	**Fiscal 2007**	**Fiscal 2006**
Total shareholders' equity	**2,300**	**2,146**
Equity attributable to equity holders of the parent	2,277	2,129
Equity attributable to minority interests	23	17
Debt(1)		
Non-current debt	1,839	1,852
Current debt	111	28
Cash and equivalents, net of bank overdrafts	**1,377**	**1,006**
Restricted cash and financial assets of the Service Vouchers & Cards activity	**454**	**423**
Net debt(2)	**(119)**	**(451)**
Revenues	**13,385**	**12,798**
Operating profit	640	605
Profit for the period	363	333
Profit attributable to minority interests	16	10
Profit attributable to equity holders of the parent	**347**	**323**
Average number of shares outstanding	**156,113,136**	**156,050,771**
Earnings per share *(in euro)*	2.22	2.07
Dividend per shares *(in euro)*	0.95	0.95
Share price at August 31 *(in euro)*	48.38	41.61
Highest share price in the fiscal year *(in euro)*	59.71	42.09
Lowest share price in the fiscal year *(in euro)*	40.61	28.00

(1) Including financial instruments, excluding bank overdrafts.
(2) Cash & cash equivalents + restricted cash and financial assets of the Service Vouchers & Cards activity – debt.

Investment Policy

(in millions of euro)	**Fiscal 2007**	**Fiscal 2006**
Acquisitions of property, plant and equipment and intangible assets, plus client investments	240	207
Acquisitions of equity interests	23	51

Employee profit-sharing

Fiscal 2007	12
Fiscal 2006	12
Fiscal 2005	12
Fiscal 2004	12
Fiscal 2003	8

Employment and Environmental Information

1. EMPLOYMENT INFORMATION

Social information pertaining to Sodexho's worldwide operations, in particular in France, is provided below. Further information is available in the Sustainable Development Report and the Human Resources Report found on the Sodexho website www.sodexho.com.

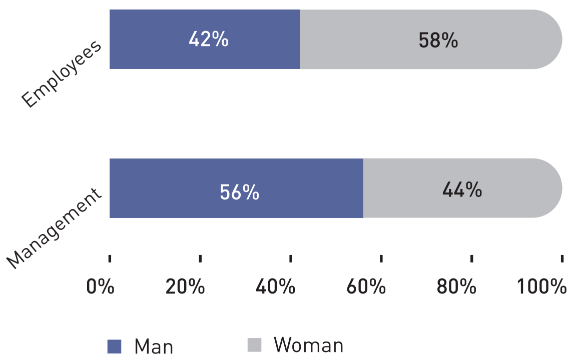
1.1 Worldwide

1.1.1 Group workforce as of the end of Fiscal 2007[1]

As of August 31, 2007 for France and as of July 31, 2007 for the other countries.

Non-managerial	Managerial	Total
297,761	44,619	342,380

The number of Group employees increased by 10,284 during Fiscal 2007.



1.1.2 Recruitment by grade[2]

Number of recruits by category

Non-managerial	Managerial	Total
149,925	10,960	160,885

28,656 additional permanent contracts were added as compared to Fiscal 2006.

Percentage of recruits on permanent contract (excluding staff assumed from other service-providers) relative to average workforce

Non-managerial	Managerial	Total
50.9%	24.6%	47.4%

1.1.3 Employee training by grade[2]

Number of employees who have undergone training

Non-managerial	Managerial	Total
177,543	37,531	215,074

17,274 additional employees were trained as compared to Fiscal 2006.

Percentage of average workforce who have undergone training

Non-managerial	Managerial	Total
60.2%	84.2%	63.4%

Number of training hours[2]

2,543,309 hours, 89,401 hours more than Fiscal 2006.

1 Scope = 100% of Group employees as of the end of Fiscal 2007, August 31, 2007 for France and July 31, 2007 for other countries.

2 Scope = 100% of Group employees as of the end of Fiscal 2007.

1.1.4 Internal promotion[1]

During Fiscal 2007, the Group made 2,845 internal promotions comprising 2,470 promotions to site manager grade and 375 to manager grade. The total number of promotions increased by 646 from Fiscal 2006. These figures do not include internal promotions in the same category.

Internal promotions from one grade to another	Site manager	Manager
Internal promotions (Internal promotions and external recruitment)	19.8%	28.2%

The total number of promotions increased by 646 from Fiscal 2006.

1.1.5 Work-related accidents by grade[1]

Number of work-related accidents

Non-managerial	Managerial	Total
8,500	461	8,961

Percentage of work-related accidents relative to average workforce

Non-managerial	Managerial	Total
3.0%	1.1%	2.7%

The number of accidents by person slightly increased from the prior year (0.2%).

1.1.6 Engagement Survey for Employees

Engagement surveys for employees are an essential tool to help the Group understand the needs of our employees and to attract, develop, motivate and retain the best talents for the Group. Sodexho has, for several years, launched satisfaction surveys with its employee teams and sought to measure their engagement level, i.e., employee satisfaction and motivation to stay with the Group and most importantly their engagement to be a part of the Group's progress.

An engaged employee is defined as one who speaks positively of the Group, wants to remain an employee and is ready to invest him or herself in the Group's success. The rate of engagement is the percentage of employees who fit within this description.

The first engagement survey was carried out during Fiscal 2006 on a global basis, in 35 countries covering 87% of the Group's employees. The global rate of engagement for Sodexho was 50%.

Hewitt Consultants, Sodexho's partner for this survey, has performed these types of engagements using the same methodologies for other global companies who are convinced of the importance of human resources and who wish to measure their employees' engagement levels in order to improve Sodexho's engagement rate ranks in the median compared to other global companies according to Hewitt Consultants.

Sodexho's objective it to reach an engagement rate in excess of 60%, or similar to the rate of those companies who are judged in this category to be the best in class.

As the survey is scheduled to be conducted every two years, the next engagement survey will be carried out during Fiscal 2008.

1.1.7 Employee Retention Rate

Employee retention rate has been one of the Group's key performance indicators for the past 7 years. During this period, the retention rate for all employees has progressed from 49% to 64.2% and the retention rate for Site Managers progressed from 81% to 87.2%.

In order to increase the retention of our employees, the following action plans are being implemented:

- organization of structured orientation programs;
- recognition programs;
- reinforced internal communication;
  - meetings between Business Unit CEOs and site managers, including middle managers,
  - monthly update letters from the Business Unit CEOs to site managers;
- periodic reviews and analyses of employee retention rates;
- better appreciation for the reasons employees leave the Group through; exit interviews.

1 Scope = 97% of Group employees as of the end of Fiscal 2007.

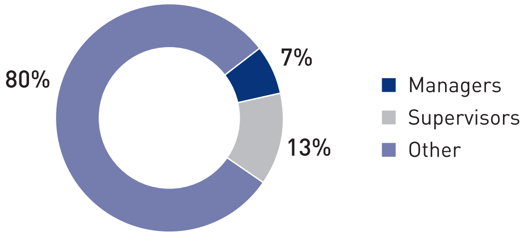
1.2 France

The following information relates to all Sodexho's operations in France, including Food and Facilities Management services, Service Vouchers and Cards, Group holding companies and Sodexho Alliance.

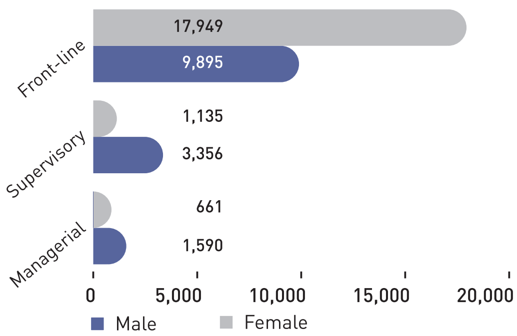
1.2.1 Workforce

At August 31, 2007, the total workforce of Sodexho in France was 34,588, representing 1,072 new employees in one year.

Workforce by job category

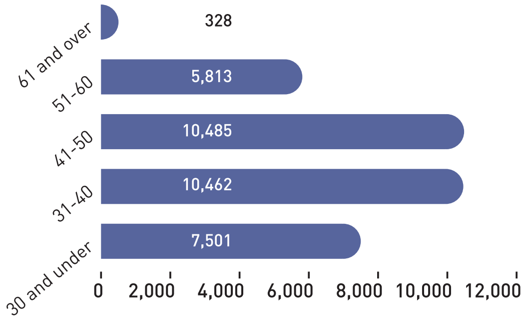


Workforce by job category and gender



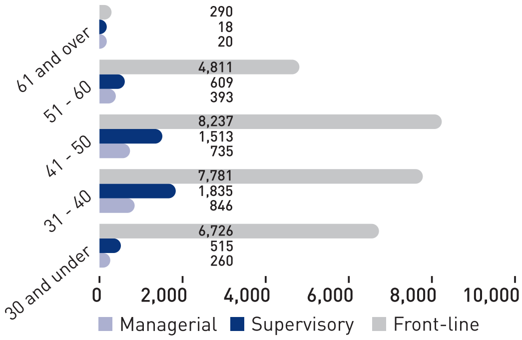
57% of the workforce is female. By grade, females account for 64% of front-line staff, 25% of supervisory staff and 29% of managerial staff.

Workforce by age group



The average age is 40.5 years, representing 0.9 years more than as of August 31, 2006.

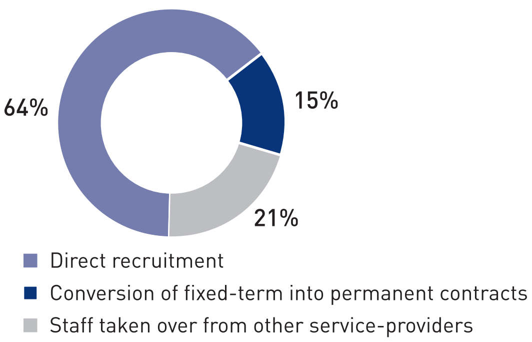
Workforce by age group and job category



1.2.2 Employment

5,012 staff were recruited on permanent contract during Fiscal 2007, comprising 3,230 by direct recruitment, 745 by conversion of fixed-term contracts into permanent contracts, and 1,037 by taking over staff from other service-providers.

Staff recruited on permanent contract



Taking over staff from other service-providers is inherent to our business. As a result of applicable regulations and laws, a change of service-provider involves transferring the contracts of employment of staff at the sites managed.

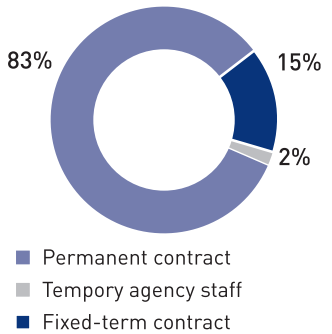
Due to the Group's image, Sodexho does not face particular difficulties in recruiting managers for our Foodservices activity, either by receiving unsolicited resumes or through recruitments. However, the Group experiences slightly more difficulties in recruiting supervisors in the Facilities management activities as these services are newer in the market and are not well-known yet by students. In addition, the Group experiences some difficulties in recruiting supervisors and chefs as individuals with these qualifications are harder to find in the market. Promotion policies (such as certified training, deputy site management programs) and apprenticeships allow Sodexho to compensate for these difficulties.

As at August 31, 2007, 13% of the workforce were on fixed-term contract.

During Fiscal 2007, employment on fixed-term contract accounted for only 15% of hours worked and temporary agency work for 2%. These are basically jobs designed to provide temporary replacements and to cope with spikes in workload.

207,359 hours of overtime were worked in Fiscal 2007, or 0.42% of hours worked.

Number of hours worked by type of contract



During Fiscal 2007, 850 employees had their contract of employment terminated. Of these, 6 were for economic reasons.

Due to the growth of our activities, we are rarely in a situation where we lay off employees. Nevertheless, as a result of productivity efforts and site closings we may need to lay off employees. In those situations, Sodexho has implemented several plans, based on the particular facts of each event, the competencies of our employees and the applicable laws:

- internal opportunities;
- relocation assistance and internal placements;
- training for new positions;
- personal support;
- particular aid for seniors.

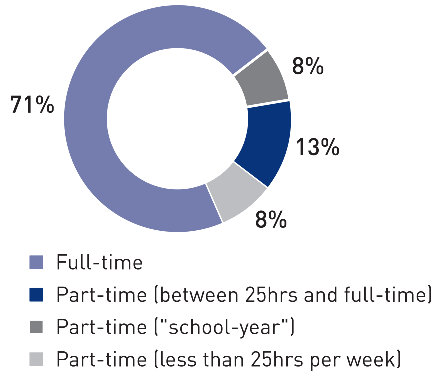
1.2.3 Internal promotion

Internal promotion is a key feature of Sodexho human resources policy. In Fiscal 2007, 387 staff were promoted to a higher grade in France, with 314 staff promoted to supervisor and 73 supervisors becoming managers.

1.2.4 Organization of working hours

Except for public restaurants, which account for less than 1.85% of the total workforce, the working week is 35 hours (34.87 hours for most subsidiaries).

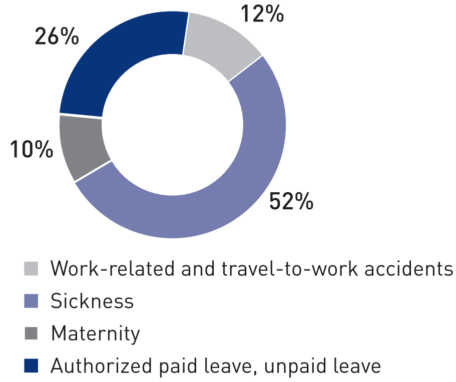
Organization of working hours



1.2.5 Absenteeism

The average absenteeism rate was 7.97% for the workforce as a whole, representing 0.35% less than Fiscal 2006. The three main reasons for absenteeism were sickness (52%), authorized paid leave and unpaid leave (26%), and work-related travel-to-work accidents (12%).

Days' absence by reason



1.2.6 Compensation

The average annual salary for a full-time front-line employee was €19,068, representing 2.57% more than Fiscal 2007 and 26.7% higher than the legal minimum wage (average legal minimum wage between September 1, 2006 and August 31, 2007 for a workweek of 34.87 hours was 15,071 euro).

The average compensation of full-time female employees was:

- 81% of that of males (managers);
- 96% of that of males (supervisors);
- 89% of that of males (front-line managers).

The above grades each cover different kinds of work.

Statutory and voluntary employee profit-sharing (part IV of Book IV of the French Labor Code)

Profit-sharing agreements operate within Sodexho's French subsidiaries. The share of profits allocated to employees during Fiscal 2007 was 12,326,937 euro, representing 585,987 euro more than Fiscal 2006.

1.2.7 Social security charges[1]

In the year to August 31, 2007, social security charges accounted for 24.79% of the compensation of front-line staff. The employer's contribution was 47.90%.

1.2.8 Collective agreements

36 collective agreements were signed in Fiscal 2007, including two profit-sharing agreements.

Sodexho's French subsidiaries each organized annual pay negotiations with trade unions.

All employees of subsidiaries in France are covered by collective agreements.

1.2.9 Health and Safety

The frequency rate* of work-related accidents was 57.63, and the severity rating* was 1.65.

The Health and Safety and Working Conditions Committee met 107 times in Fiscal 2007, versus 92 in the prior year.

As part of our general legal duty on health and safety:

- all new recruits receive initial training familiarizing them with their work area, informing them of the risks to which they will be exposed, and telling them what action they should take in the event of an accident;
- as a service-provider on premises usually owned by the client, Sodexho draws up an accident prevention plan jointly with the client, based on an assessment of the risks and potential interference between our activities;
- we produce a single document, the "Work-related Risk Assessment", which identifies dangers, analyzes risks and indicates preventive action to be taken.

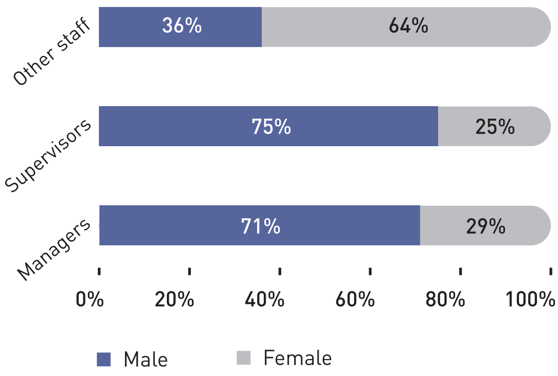
1.2.10 Training

Sodexho won the "Silver Award" at the first "Individual Right to Training Awards" presented in March 2007 by the Demos Group, one of the European leaders in training. The awards are given for the most successful integration of rights to individual training, widespread access to training and career development prospects. 2,000 Sodexho employees received training in 2006 and 4,000 in 2007.

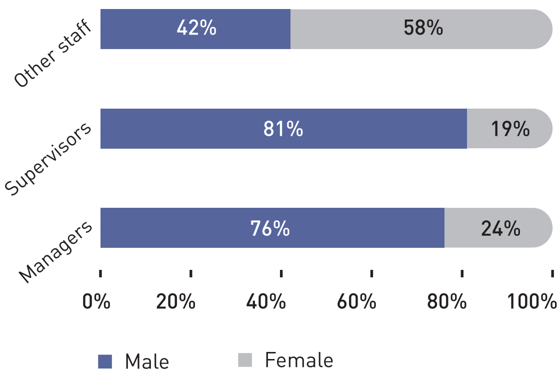
Overall, 11,366 people received training, an increase of 15.3% over the prior year. As a result of changes in the organization and adaptation of training methods, Sodexho was able to increase the number of employees who participated in training. Total expenditure on training by all Sodexho businesses in France represented 1.82% of total payroll.

The rate of female participation in work-related training is improving, and should eventually match that of female representation in the workforce.

Workforce by gender



Employees receiving training by gender



There were 214,398 training hours in Fiscal 2007, representing an increase of 18.3% over Fiscal 2006.

Sodexho favors in-house training, especially for skills-acquisition at our various sites. More than 100 managers and supervisors (including specialist trainers, line managers and support managers) regularly run training sessions. Wherever possible, training sessions take place on site.

1. Scope: 74% of average number of employees in France during Fiscal 2007.
** See Glossary for definition.*

1.2.11 Employment and placement

Sodexho won the "2006 Corporate Diversity Award for Innovations" for its commitment to promoting equal opportunity. The award was presented by the Deputy Minister of Equal Opportunity during the closing ceremony of the "Diversity Tour de France". The 18-city "Tour" was launched in October 2006 to build corporate awareness and support for progressive approaches to diversity, highlighting positive examples and best practices.

In connection with its national affiliation with Restos de Coeur and particularly, with the support of the association for placing workers, Sodexho offered employment to 30 individuals followed by Restos de Coeur during Fiscal 2007.

Disabled workers

Sodexho affiliates in France employ 722 disabled workers, a 12.3% increase from August 31, 2006 including 10 managers and 62 supervisors. An agreement concerning disabled employees was signed by the Group's social partners and subsequently endorsed by the Department of Work and Employment in October, 2006. This agreement formalized Sodexho France's commitment to recruit 200 disabled workers, 50 disabled apprentices and 150 disabled trainees.

70 human resource and operational manages were trained in recruiting disabled candidates and, Sodexho organised, with l'Adapt, for the tenth consecutive year, a week dedicated to the employment of people with disabilities.

Prisoners

Under a contract with the Minister of Justice, SIGES is involved in the rehabilitation of offenders. Two Business Relationship managers collaborate with more than 235 companies in a program developed by SIGES to return offenders to employment.

During Fiscal 2007, as a result of this program, 81 inmates were successful in finding long-term employment upon their release from correctional facilities in Bapaume and Longuenesse (France).

After two years of negotiation, SIGES was able to finalize with the Ministry of Justice a partnership between the Nord Pas de Calais Region of the Building and Public Works (BTP) Employer Insertion (GEIQ), the St. Omer (62) Chamber of Commerce and Industry (CCI), the Nord Pas de Calais Regional Chamber of Trade and Craftmanship (CMA) and the St. Omer (62) Local Insertion Plan for Employment. This partnership allows for the employment needs of the 250 building companies belonging to GEI to be met by the competencies of individuals held in the Longuenesse correctional facility. In order to respond to the needs of these labor-intensive businesses, this partnership allows for 20 inmates per year to be employed by these building companies. Orientation, follow-up and tutoring activities are jointly sponsored by SIGES and the Ministry of Justice. To date since the start of the program in February 2007, 7 inmates have already benefited from employment as a result of this partnership.

Unskilled youth unemployment

In June, 2005, Sodexho France Food and Facilities Management services signed the "*Charte de l'Apprentissage*" which formalized Sodexho's commitment to increase by 20% the number of apprenticeships in the next two years. As of December 31, 2006 Sodexho in France had 303 apprentices, a 31% increase since December 31, 2005.

Seniors

At the end of Fiscal 2007, employees over 55 years of age represented 7% of the employees of Sodexho France Food and Facilities Management services. This population increased by 5% over the prior Fiscal year.

During Fiscal 2007, 8 people more than 55 years of age were promoted and 33 were hired for permanent positions.

1.2.12 Welfare

The contribution to the financing of social and cultural activities promoted by the various Works Councils represented 0.6% of payroll.

2. ENVIRONMENTAL INFORMATION

As part of its sustainable development policy Sodexho is committed to protecting the environment in the countries where it operates. Respect for the environment means creating the right framework for quality of life. Although Sodexho is not regarded as a polluting business, it is particularly sensitive to ecological issues, for both clients and consumers. Sodexho's response to the imperatives of environmental protection mobilizes all of its resources. It is not enough just to identify and reduce the risks arising from activities; Sodexho goes further, delivering concrete solutions not only to clients, but also to the wider community.

In 2003, Sodexho committed itself to being an environmental custodian, anchoring this commitment in the Ethical Principles and Sustainable Development Contract. This founding document stated Sodexho's environmental responsibility policy: environmental stewardship is a way of creating the conditions for a better quality of life. In all host countries where Sodexho operates Sodexho carefully follows local laws concerning the conservation of natural resources.

Sodexho has chosen to focus on four areas of environmental action:

- preventing pollution;
- recycling;
- energy control;
- reduction of water consumption.

2.1 Preventing pollution

Sodexho is committed to making every effort to analyze, treat and reduce any pollution created by its activities. More and more initiatives are being launched in the countries where it operates to prevent environmental risks and to protect the environment by limiting the pollution caused by its activities.

Among the different actions taken by Sodexho are:

- reducing utilization of natural resources;
- choosing ecologically sound solutions;
- reducing carbon emissions;
- using electronic rather than paper media;
- offsetting actions with negative ecological effects by those which favor the environment.

Local programs in this area include:

In France, 3,000 Sodexho restaurants proposed 100% recycled paper napkins. Optimization of the logistics chain has resulted in the last several years of a reduction in the number of site deliveries as a result of better adapted vehicles, from 31 monthly deliveries in 1996 to 15 in 2006.

In the United States, Sodexho's remote sites in Prudoe Bay in Alaska received approximately 140 truck deliveries a year. The choice to switch to ship deliveries resulted in a savings of 92,540 gallons of fuel in a year.

2.2 Recycling

The waste Sodexho generates mainly relates to products used in the preparation of meals (plus leftovers) and in various cleaning activities. This waste is non-hazardous, and mainly consists of packaging (paper, board, plastic, glass, metal and wood), and the rest is grease and soap residues.

Sodexho is developing a policy aimed to reduce the amount of packaging produced at source (without comprising product safety and quality), and also to recycle waste as much as possible.

For several years, Sodexho has systematically complied with waste collection plans. However, its concern for the environment is increasingly leading it to encourage suppliers and partners to:

- significantly reduce inner and outer packaging;
- use recyclable or biodegradable materials;
- re-use pallets and boxes.

Sodexho concentrates its efforts in this area on collecting and recycling used cooking oil. Around the world, Sodexho has instituted action plans and information drives for customers and clients about the benefits of recycling.

In the United Kingdom, Sodexho generated 500,000 liters of used cooking oil in 2007: these waste products were collected and recycled through a service provider authorized to treat bio-diesel fuel, as a result of the separation of methanol and sodium dioxide.

In Australia, Sodexho decided to only use cooking oil made from canola because it can be transformed into bio-fuel. Sodexho objective is now to have the logistics companies who make deliveries use this fuel.

In Sweden, an original partnership between Sodexho and Ragn Sells, a leader in the Swedish recycling market implemented a rigorous recycling program called "greenbacks" on 10 client sites, including Lärarförbundet (the Swedish Teachers Union). Training for this program involved 150 Sodexho employees.

2.3 Energy Control

The energy Sodexho uses is supplied by clients, and in most cases Sodexho has no direct control over energy consumption because there are no meters for our production centers. Sodexho uses electricity, but also natural gas, and sometimes a combination of the two. Sodexho is aware of concerns about the depletion of fossil fuel reserves, and is actively seeking energy-saving solutions for sites.

Technical services teams are working to reduce water and energy consumption by:

- selecting low-energy cooking and washing equipment;
- systematically using devices like time-switches that automatically reduce consumption;
- using heat pumps or other renewable energy sources;
- choosing environment-friendly vehicles.

Effective maintenance ensures that equipment remains in optimal condition for as long as possible, thereby helping to protect the environment.

Management make sure that their teams know how to use equipment properly, as this can significantly reduce energy use. Simple training initiatives can also help reduce the environmental impact of the Group's practices.

In Thailand, Sodexho teams brought concrete technical solutions in connection with a Facilities Management contract to the Bangkok medical center, the largest private hospital in Thailand in order to reduce the consumption of electricity.

In the United Kingdom, Sodexho has converted 97 of its sites and offices to "green energy", as well as a reduction of 738 tons in CO_2 as a result of a process called Good Quality Combined Heat and Power (GQCHP).

2.4 Water consumption

Sodexho encourages consumers to use drinking water sensibly, and is improving its waste water treatment techniques. Before being discharged into the sewerage system, waste water is treated by various installed retention systems (such as grease and starch traps). These facilities are scrupulously maintained to optimize their effectiveness and thereby produce waste water that is relatively free from pollutants – and therefore easier to treat when it re-enters the public water supply.

In Chile, Sodexho has developed the SodexH_2O program, designed to make staff and clients aware that water is a scarce resource and should be used sensibly. This program has reached a total of 1,700 people.

2.5 ISO 14001 Certification/LEED

Sodexho's sites have made considerable progress in connection with managing environmental concerns in the past years. In addition, ISO 14001 certification has been obtained in sites in 12 countries (Australia, Belgium, Denmark, Finland, France, China-Hong Kong, India, The Netherlands, Peru, Romania, Sweden and the United Kingdom). In the U.S., where the environmental reference is Leadership in Energy and Environmental Design (LEED), several sites have received this accreditation.

2.6 Pro-environment Partnerships

Some of its subsidiaries at the cutting edge of the environmental agenda have put in place an annual self-audit to measure past performance and identify areas for improvement. Sodexho also encourages partnerships with suppliers and producers who wish to adopt environment-friendly policies for the sourcing, processing and delivery of products.

On a broader level, Sodexho is developing an increasing number of pro-environment partnerships with clients and the broader community aimed at finding concrete, sustainable solutions.

2.7 Raising environmental awareness

Sodexho helps promote eco-friendly farming and organic produce through local agricultural partnerships in the United Kingdom, the Netherlands and the United States. In order to respond to customers' expectations, Sodexho promotes organic food products so as to balance the relationship between man and nature.

Sodexho also runs awareness programs for employees, clients and consumers, to spread information about its environmental programs and extend the best practice developed over recent years.

In the United States, Sodexho has placed an emphasis on a training program called "The Future is in Our Hands: PLANit" for its employees and site managers. The program's objective is to train 350 trainers who will then be able to reach a total of 1,500 employees.

In schools and colleges, Sodexho works with local authorities and students to raise awareness among the younger generation of the importance of waste sorting and careful use of water and energy.

2.8 Awards and Distinctions

Sodexho's commitment to the environment and to sustainable development is demonstrated by the many awards it has received from external bodies for its work in this area.

United Kingdom: Sodexho's subsidiary Tillery Valley Foods (TVF) which specializes in the preparation of chilled and frozen prepared meals for the Health Care sector received the Green Dragon Level 2 standard. This environmental standard is unique to Wales and recognizes environmental activities by businesses.

United States: in 2007 Sodexho was awarded the Chuck Haugen Conservation Fund's Business of the Year award for its work at California State University Monterey Bay for sustainable food options and waste recycling. At the University of California Davis (UCDavis) Sodexho received the "Best Practice Award for Innovative Waste Reduction" as part of the Energy Efficiency Partnership Program for its waste reduction program.

5. Information on the issuer

Sodexho Alliance Individual Company Financial Statements

1. INCOME STATEMENT

(in thousands of euro)	Note	Fiscal 2007	Fiscal 2006
Revenues	3	**39,020**	**42,117**
Other income		129,865	124,544
Purchases		(354)	(2,325)
Employee costs		(22,403)	(19,358)
Other external charges		(117,846)	(90,931)
Taxes other than income taxes		(5,087)	(4,316)
Depreciation, amortization and increase in provisions		(3,660)	(3,692)
Operating profit		**19,535**	**46,039**
Financial income/(expense), net	4	123,975	80,467
Exceptional income/(expense), net	5	(42,159)	(32,179)
Income taxes	6	34,627	19,432
Net income		**135,978**	**113,759**

2. BALANCE SHEET

ASSETS

(in thousands of euro)	August 31, 2007	August 31, 2006
Fixed and intangible assets, net		
Intangible assets	3,021	3,786
Property, plant and equipment	4,091	4,856
Financial investments	4,381,074	4,215,953
Total fixed and intangible assets, net	**4,388,186**	**4,224,596**
Current and other assets		
Accounts receivable	43,549	41,264
Prepaid expenses, other receivables and other assets	37,766	37,110
Marketable securities	170,160	115,814
Cash	14,249	12,990
Total current and other assets	**265,724**	**207,178**
TOTAL ASSETS	**4,653,910**	**4,431,774**

LIABILITIES AND EQUITY

(in thousands of euro)	August 31, 2007	August 31, 2006
Shareholders' equity		
Common stock	636,106	636,106
Additional paid in capital	1,185,828	1,185,828
Reserves and retained earnings	830,894	843,950
Restricted provisions	472	
Total shareholders' equity	**2,653,300**	**2,665,884**
Provisions for contingencies and losses	**89,086**	**47,461**
Liabilities		
Borrowings	1,839,168	1,631,051
Accounts payable	23,424	25,204
Other liabilities	48,932	62,174
Total liabilities	**1,911,524**	**1,718,429**
TOTAL LIABILITIES AND EQUITY	**4,653,910**	**4,431,774**

Notes to the Individual Company Financial Statements

1. SIGNIFICANT EVENTS

Tax Audit

The tax audit on the worldwide tax consolidation has been completed with no major financial consequences for the company.

Refinancing

In order to extend the maturity of the existing debt and take advantage of current market rates, Sodexho Alliance partially refinanced its debt on March 30, 2007 by issuing a €500 million 7-year bond bearing interest at an annual rate of 4.5%.

Delisting from the New York Stock Exchange (NYSE)

On July 16 2007, Sodexho Alliance completed its voluntary delisting from the New York Stock Exchange (NYSE) and the deregistration of its shares from the US financial market (US Security Exchange Act of 1934).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The individual company financial statements have been prepared in accordance with the *Plan Comptable Général* of 1999 and regulation no.99-03 issued by the *Comité de la Réglementation Comptable* (CRC).

The valuation and presentation rules used are the same as those used in the prior year.

The financial statements have been prepared using the historical cost convention.

Amounts in tables are in thousands of euro.

Exceptional items comprise items that do not relate to ordinary activities, and certain items that do relate to ordinary activities but are of an exceptional nature.

The balance sheet and income statement of Sodexho Alliance include amounts for branches in France and in French overseas departments and regions.

2.1. Fixed assets

Fixed assets are valued at historical cost.

Depreciation is calculated over the useful life of the asset using the straight-line method, which is considered to best reflect the underlying economic reality.

Intangible assets

Software is amortized over four to five years, depending on its useful life.

Property, plant and equipment

The principal straight-line depreciation rates used are:

Buildings	5%
General fixtures and fittings	10% and 20%
Plant and machinery	10%-25%
Vehicles	25%
Office and computer equipment	20% and 25%
Other property, plant and equipment	10%

Financial investments

Shares in companies and other financial investments are carried at cost. At each balance sheet date, a provision for impairment is recorded if the value in use is less than the carrying amount.

The value in use of investments is determined on the basis of net asset value, profitability and the future prospects of the investee.

For the most significant of these investments, we also evaluated impairment by comparison of the carrying amount to a value in use based on discounted future cash flows, using the following parameters:

- after-tax cash flows derived from three-year business plans prepared by management, and extrapolated after the initial three-year period using a growth rate specific to the business activity and geographic region;
- a discount rate based on the average cost of capital.

Based on the estimated value in use, an investment may be maintained at a carrying amount in excess of the share of book net assets held.

Long-term receivables are carried at face value. A provision for impairment is recorded where the recoverable amount is less than the carrying amount.

2.2. Accounts receivable

Accounts receivable are carried at face value. An allowance for doubtful accounts is recorded where the recoverable amount is less than the carrying amount.

2.3. Marketable securities

Marketable securities are carried at acquisition cost, with any unrealized losses covered by a provision for impairment.

A provision for impairment is recognized for treasury shares held in connection with employee stock option plans when the carrying amount per share held is greater than the exercise price of potentially exercisable options. A provision is also recognized if the quantity of treasury shares held is less than the quantity of potentially exercisable options; this provision is calculated as the difference between the listed market price per share at the balance sheet date and the exercise price, multiplied by the quantity of shares still to be acquired.

2.4. Foreign currency translation

Foreign-currency revenues and expenses are translated using the exchange rate as of the transaction date. Foreign-currency liabilities, receivables and cash are translated in the balance sheet at the rate prevailing as of the balance sheet date, unless they are hedged. Any difference arising from the retranslation of foreign-currency liabilities and receivables at the closing exchange rate is recorded in the balance sheet in an asset or liability account. A provision for contingencies and losses is recorded to cover unrealized foreign exchange losses included in assets.

2.5. Retirement benefits

Retirement benefit obligations due to active employees by law or under collective agreements are recorded off balance sheet. Commitments under complementary retirement plans are estimated using the projected unit credit method based on final salary; they are also recorded off balance sheet, net of any funding for the plan.

2.6. French tax consolidation

Sodexho Alliance is the lead company in the French tax consolidation, and has sole liability for income taxes for the whole of this tax group. Each company included in the group tax election recognizes the income tax for which it would have been liable had there been no group tax election. Any income tax gains or losses arising from the group tax election are recognized in the Sodexho Alliance financial statements.

In connection with position statement no.2005-G issued on October 12, 2005 by the Urgent Issues Committee of the *Conseil National de la Comptabilité* on the conditions under which a provision may be recognized in the books of a parent company covered by a group tax election, Sodexho Alliance has elected the accounting treatment described below.

A provision for taxes is recognized in the financial statements of Sodexho Alliance to cover tax losses of subsidiaries which are used to offset income in the group tax election and which will probably be reclaimed by the subsidiary. All tax losses incurred by operating subsidiaries are regarded as probable of being reclaimed by the subsidiary, given that the subsidiary will be able to offset such losses against income once it returns to profitability. Tax losses incurred by investment holding companies are not covered by a provision, but are disclosed in the notes to the individual company financial statements.

3. ANALYSIS OF REVENUES

Revenues by business activity	
Food and Facilities Management services	19,728
Holding company services	19,292
TOTAL	**39,020**
Revenues by geographic region	
France	31,776
French overseas departments and territories	7,244
TOTAL	**39,020**

4. FINANCIAL INCOME, NET

	Fiscal 2007	Fiscal 2006
Dividends received from subsidiaries and equity investments	183,486	152,687
Interest income	29,712	13,123
Interest expense	(91,717)	(82,422)
Net foreign exchange gain/(loss)	411	(1,194)
Net change in provisions for financial items	2,083	(1,726)
TOTAL	**123,975**	**80,467**

5. EXCEPTIONAL INCOME/NET

Net change in provision for negative net assets of equity investments	(1,691)
Net expense on treasury shares and commitments under stock option plans	(26,338)
Net change in other provisions for contingencies and losses	4,874
Net increase in provisions for tax losses reclaimable by subsidiaries included in group tax election	(2,029)
Debt waivers and subsidies granted	0
Net loss on asset disposals	(16,975)
Other items	0
TOTAL	**(42,159)**

The net expense (26,338 thousand euro) on treasury shares and purchase commitments for stock option plans comprises:

- the release of the provision for Sodexho Alliance shares to be acquired: 12,898 thousand euro;
- the gain recognized on exercise of stock options: 16,954 thousand euro;
- the impairment charge on treasury shares of 56,190 thousand euro.

6. ANALYSIS OF INCOME TAX EXPENSE

	Pre-tax income	Income taxes	After-tax income
Operating income	19,535	(8,052)	11,483
Financial income, net	123,975	20,833	144,808
Exceptional items	(42,159)	21,846	(20,313)
TOTAL	**101,351**	**34,627**[1]	**135,978**

(1) This amount includes the 32,959 thousands euro tax gain arising from the French group tax election.

7. FIXED ASSETS

	Gross value: August 31, 2006	Additions in the period	Decreases in the period	Gross value: August 31, 2007
Intangible assets	5,418	1,141	2,273	4,286
Property, plant and equipment	12,392	1,707	113	13,986
Financial investments				
- Equity investments	4,157,369	200,161	321,411	4,036,119
- Receivables related to equity investments	131,831	424,589	145,265	411,155
- Other financial assets	4,394	43,889	36,665	11,619
Total financial investments	**4,293,594**	**668,639**	**503,341**	**4,458,893**
TOTAL FIXED ASSETS	**4,311,404**	**671,487**	**505,727**	**4,477,164**

Equity investments

Companies created and acquired

On August 31, 2007, Sodexho Alliance acquired from its subsidiary Compagnie Financière Aurore International 105,743,170 shares in Sodexho Holdings Limited valued at 193 million euro, thereby increasing the direct interest held by Sodexho Alliance from 79.41% to 100%.

Capital increases

Sodexho Alliance made capital increases in the following subsidiaries:

- Sodexho Toplu Yemek (1,131 thousand euro);
- Sodexho Grande Chine (2 million euro, having subscribed to 100% of the capital increase approved on September 20, 2006);
- Excel (1,447 thousand euro, in connection with the transfer of Excel to Sofinsod).

Divestments

On June 18, 2007, Sodexho Alliance transferred the shares comprising the entire common stock of Excel to Sofinsod, in exchange for 10,732 Sofinsod shares.

On March 13, 2007, Sodexho Alliance divested all 1,529,488 of its shares in Sodexho Hellas.

On June 6, 2007, Sodexho Alliance approved the dissolution without liquidation of Astilbe SAS, representing 3,024,875 shares with a value of 304,477 thousand euro. This dissolution resulted in the transfer of all of Astilbe SAS's net worth to Sodexho Alliance.

8. DEPRECIATION AND AMORTIZATION

	Accumulated: August 31,2006	Increases in the period	Decreases in the period	Accumulated: August 31, 2007
Intangible assets	1,631	203	569	1,265
Property, plant and equipment	7,536	2,385	26	9,895
TOTAL	**9,167**	**2,588**	**595**	**11,160**

9. AMOUNTS AND MATURITIES OF RECEIVABLES AND OTHER ASSETS

	Gross value	Less than 1 year	More than 1 year	Amortization & provisions	Carrying amount
Equity investments	4,036,119		4,036,119	77,683	3,958,436
Receivables related to equity investments	411,155	411,155			411,155
Other financial investments[1]	11,619		11,619	136	11,483
Total financial investments	**4,458,893**	**411,155**	**4,047,738**	**77,819**	**4,381,074**
Accounts receivable	46,374	46,374		2,825	43,549
Prepaid expenses, other receivables & other assets	41,930	41,727	203	4,164	37,766
Total receivables	**88,304**	**88,101**	**203**	**6,989**	**81,315**
TOTAL	**4,547,197**	**499,256**	**4,047,941**	**84,808**	**4,462,389**

(1) Including treasury shares held in connection with the liquidity contract (see note 12).

There are no securitized trade assets.

10. PROVISIONS

	Amount as of August 31, 2006	Increases and charges in the period	Decreases, releases and reclassifications in the period	Amount as of August 31, 2007
Provisions for contingencies and losses	47,461	63,706	22,081	89,086
Provisions for impairment				
- financial investments	77,641	20,438	20,260	77,819
- current assets	7,632		3,844	3,788
Total provisions for impairment	**85,273**	**20,438**	**24,104**	**81,607**
TOTAL	**132,734**	**84,144**	**46,185**	**170,693**
Comprising				
- operating items		693	2,317	
- financial items		21,733	23,816	
- exceptional items		61,718	20,052	

Provisions for contingencies and losses

As of August 31, 2007, the main provisions for contingencies and losses were:

- provision for tax losses reclaimable by subsidiaries included in group tax election: 16,270,344 euro;
- provision for treasury shares to be acquired: 9,133,936 euro;
- provision for impairment of treasury shares: 56,190,559 euro;
- risks related to negative net assets of subsidiaries: 5,278,077 euro;
- other items: 2,213,509 euro.

11. MARKETABLE SECURITIES

	Gross value August 31, 2007	Provisions for impairment	Carrying amount August 31, 2007	Carrying amount August 31, 2006
Money-market mutual funds	42,631		42,631	39,939
Treasury shares	122,126		122,126	75,875
Cash under Oddo liquidity contract	5,403		5,403	
TOTAL	**170,160**		**170,160**	**115,814**

12. TREASURY SHARES

MOVEMENTS IN TREASURY SHARES DURING THE PERIOD

	Marketable securities	Other financial investments
Number of shares held		
September 1, 2006	2,889,005	56,400
Acquisitions	1,830,040	1,521,402
Disposals	(2,284,353)	(1,366,502)
August 31, 2007	2,434,692	211,300
Gross value of shares held		
September 1, 2006	79,247	2,137
Acquisitions	101,075	75,807
Disposals	(58,196)	(67,297)
August 31, 2007	122,126	10,647

Shares sold to employees on exercise of previously granted stock options.

13. SHAREHOLDERS' EQUITY

13.1 Common stock

There were no changes in common stock during fiscal 2007. As of August 31, 2007, common stock totaled 636,105,652 euro, divided into 159,026,413 shares, including 25,722,952 with double voting rights.

13.2 Changes in shareholders' equity

(in thousands of euro)	
Shareholders' equity at end of previous fiscal year	2,665,884
Dividends approved by Annual Shareholders' Meeting and paid	(151,075)
Dividends on treasury shares	2,105
Net income for the fiscal year	135,978
Restricted provisions	472
Other	(64)
Shareholders' equity at end of fiscal year	**2,653,300**

Sodexho Alliance is in compliance with articles L. 225-210 and L. 225-214 of the French Commercial Code because in addition to the legal reserve, it has other reserves at least equal to the value of treasury shares held.

14. AMOUNT AND MATURITY OF LIABILITIES

	Gross amount	Less than 1 year	1 to 5 years	More than 5 years
Bond issues	1,818,590	41,096	1,277,494	500,000
Bank overdrafts	262	262		
Borrowings from related companies	20,317	20,317		
Other borrowings				
Sub-total: borrowings	**1,839,169**	**61,675**	**1,277,494**	**500,000**
Accounts payable	23,424	23,424		
Other liabilities	48,932	48,931		
TOTAL	**1,911,524**	**134,030**	**1,277,494**	**500,000**

There are no bills of exchange included in payables.

15. BOND ISSUES AND OTHER BORROWINGS

300 million euro bond issue

On March 16, 1999, Sodexho Alliance issued bonds for 300 million euro.

The bonds are redeemable at par on March 16, 2009, and bear interest at an annual rate of 4.625% payable annually on March 16.

On March 30, 2007, Sodexho Alliance redeemed bonds from this issue for a total nominal value of 12.7 million euro.

1,000 million euro bond issue

On March 25, 2002, Sodexho Alliance issued bonds for 1,000 million euro, redeemable at par on March 25, 2009.

The bonds bear interest at an annual rate of 5.875%, payable annually on March 25.

On March 30, 2007, Sodexho Alliance redeemed bonds from this issue for a total nominal value of 9.7 million euro.

2007 bond issue

On March 30, 2007, Sodexho Alliance issued bonds for 500 million euro, redeemable at par on March 30, 2014. The bonds bear interest at an annual rate of 4.50%, payable annually on March 28.

None of these bond issues is subject to financial covenants.

Other borrowings

April 2005 multi-currency revolving credit facility

On April 29, 2005, Sodexho Alliance and Sodexho, Inc. contracted a multi-currency revolving credit facility of up to 460 million euro plus 700 million US dollars. The maturity date of this facility initially was April 29, 2010, but may be extended at the request of Sodexho Alliance (subject to consent from the lenders), initially to April 29, 2011 and subsequently to April 26, 2012. On March 27, 2006, the lenders agreed to an initial extension of the facility to April 29, 2011. On April 18, 2007, Sodexho obtained a further extension of the facility from the lenders, to April 26, 2012.

As of August 31, 2007, no funds were drawn down under this facility, which was being used solely for the issuance of bank guarantees of 113 million US dollars (83 million euro).

This credit facility is not subject to any financial covenants, but requires the borrower to comply with the standard clauses contained in this type of syndicated credit agreement. In the event of non-compliance with these clauses, bankers representing at least two-thirds of the agreed facility are entitled to demand early repayment of the balance outstanding under the facility.

Early repayment of the facility would also give holders of the March 2002 1 billion euro bond issue and the March 2007 500 million euro bond issue the right to demand early redemption of their bonds.

16. ACCRUED EXPENSES

Borrowings	41,096
Accounts payable	8,175
Tax and employee-related liabilities	9,676
Other liabilities	0
TOTAL	**58,946**

17. FINANCE LEASES

	Buildings	Other property, plant and equipment	Total
Original cost	10,231	3,546	13,777
Acquisitions			
Retirements			
TOTAL	**10,231**	**3,546**	**13,777**
Depreciation			
Accumulated depreciation at start of period	7,863	1,818	9,681
Retirements			
Charge for the period	1,087	913	2,000
TOTAL	**8,950**	**2,731**	**11,681**
Lease payments			
Accumulated lease payments at start of period	10,900	2,280	13,180
Retirements			
Lease payments made in the period	1,519	832	2,351
TOTAL	**12,419**	**3,111**	**15,531**
Outstanding lease obligations			
Within no more than 1 year	1,480	452	1,932
Within more than 1 year but no more than 5 years	500	381	881
After more than 5 years			
TOTAL	**1,980**	**833**	**2,813**
Of which residual value			
Within no more than 1 year			
Within more than 1 year but no more than 5 years	1,281	814	2,095
After more than 5 years			
TOTAL	**1,281**	**814**	**2,095**
Amount expensed during the period	**1,519**	**832**	**2,351**

18. RELATED COMPANY INFORMATION

	Subsidiaries	Associates	Other investees
ASSETS – GROSS VALUES			
Equity investments	4,031,554	1,117	3,448
Receivables related to equity investments	411,155		
Other investment securities	76		
Advances to suppliers	15		
Accounts receivable	26,294		
Other operating receivables			
Due from related companies	13,487		
Non-operating receivables	5		
TOTAL	**4,482,586**	**1,117**	**3,448**
LIABILITIES			
Advances from clients			
Accounts payable	11,095		
Other operating liabilities			
Due to related companies	1,592		
TOTAL	**12,687**		
Income statement			
Financial income	209,992	5,693	57
Financial expenses	29,320		628

Subsidiaries: companies fully consolidated by Sodexho Alliance.

Associates: companies equity-accounted by Sodexho Alliance, and non-consolidated companies in which Sodexho Alliance holds an equity interest of more than 10%.

Other investees: companies in which Sodexho Alliance holds an equity interest of less than 10%.

19. FINANCIAL COMMITMENTS

Commitments made by Sodexho Alliance

	August 31, 2007	August 31, 2006
Performance bonds given to Sodexho Group clients	571,410	539,046
Financial guarantees to third parties	236,127	751,916
Retirement benefit commitments	2,126	2,233
Other commitments	61,236	5,955

Virtually all financial guarantees to third parties are in respect of loans to Sodexho Alliance subsidiaries.

New 12 year leases signed on October 19 2006, and related to the move to new company headquarters in 2008 increased commitments given for office leases by 53.8 million euros.

Commitments received by Sodexho Alliance

August 31, 2007	August 31, 2006
1,777,827	1,330,660

Sodexho, Inc. has counter-guaranteed Sodexho Alliance's borrowings.

Financial instrument commitments

Sodexho Alliance contracted new financial instrument commitments during fiscal 2007. The only ongoing commitment as of August 31, 2007 was as follows:

Description	Inception date	Expiry date	Nominal amount	Interest rate paid	Interest rate received	Hedged exchange rate	Market value of swaps August 31, 2007
Cross currency swap contracted to hedge a loan to Sodexho, Inc.	August 2007	February 2008	$550,000,000	5,8775%($)		€1.3664 = $1	€135,876
			€403,078,000		5.157%(€)		

20. PRINCIPAL FUTURE ADJUSTMENTS TO THE TAX BASE

Increases in the tax base	
Unamortized deferred charges	581
Notional expenses on parent company dividends receivable	0
Reductions in the tax base	
Provision for shares to be acquired	9,134
Provisions for doubtful receivables	13
Provision for remediation costs	0
Other non-deductible provisions	152

The future deferred tax asset based on this tempory tax difference amounts to 3,001 thousand euro.

21. RETIREMENT BENEFIT COMMITMENTS

Retirement benefits payable by law or under collective agreements

Sodexho Alliance is required to pay benefits to retiring employees on the terms stipulated in a company-wide collective agreement. The amount of the commitment has been calculated on the basis of rights vested at the balance sheet date, building in assumptions about final salary, discount rates and employee turnover.

This commitment, which is not recognized as a liability in the balance sheet, is estimated at 483 thousand euro.

Commitments related to the complementary retirement plan

Sodexho Alliance also has a commitment with respect to a complementary retirement plan. The amount of the commitment, estimated using the projected unit credit method based on final salary and net of funding for the plan, is 1,643 thousand euro.

22. TRAINING

Sodexho Alliance is required to provide a certain number of training hours to its employees in France ("Droit Individuel à la Formation"). As of August 31, 2007 the number of hours was approximately 5,200.

23. DIRECTORS' FEES

Directors' fees paid to members of Sodexho Alliance's Board of Directors in fiscal 2007 totaled 455 thousand euro.

24. GROUP TAX ELECTION

Gain arising from group tax election

Sodexho Alliance recognized a gain of 32,959 thousand euro from the Group tax election for Fiscal 2007. This gain represents the difference between the income tax liability of Sodexho Alliance as lead company in the tax group and the aggregate of the income tax charges recognized by the French subsidiaries included in the group tax election.

Tax losses reclaimable as of August 31, 2007

The amount of potentially reclaimable tax losses as of August 31, 2007 was 47,256 thousand euro. The provision as of that date (adjusted to a tax rate of 34.43%) was 16,270 thousand euro.

The balance of losses generated by subsidiaries that operate as holding companies was 99,909 thousand euro.

25. AVERAGE NUMBER OF EMPLOYEES

Managerial	126
Supervisory	36
Other	34
Apprentices	2
TOTAL	**198**

The average number of employees for the fiscal year is an average of the number of employees in service at the end of each quarter, and comprises employees working at Sodexho Alliance branches in France and the French overseas departments and regions.

26. CONSOLIDATION

Sodexho Alliance is consolidated in the financial statements of Bellon SA, which has its registered office at 2, place d'Arvieux, Marseille, France.

27. POST-BALANCE SHEET EVENTS

In June 2007, Sodexho Alliance signed an agreement to sell an office building located at Montigny-le-Bretonneux, France. The sale was completed in early September.

On October 31, 2007, Sodexho acquired 100% of Circles, a leading player in consumer and employee loyalty programs in North America. This acquisition reinforces Sodexho's expertise in quality-of-life services and will generate significant synergies across all Sodexho's client segments in North America.

28. LIST OF SUBSIDIARIES AND OTHER EQUITY INVESTMENTS

(in thousands of euro)	Capital	Other shareholders' equity*	Percentage interest in capital	Book value of investment gross	Book value of investment net	Loans and advances granted, net	Guarantees given	Revenues for most recent fiscal year*	Net income for most recent fiscal year*	Dividends received during the fiscal year
Detailed information										
French subsidiaries										
Holding Sogeres	6,098	11,651	100.00%	104,702	104,702				3,503	
Sodexho Pass International	117,780	(18,768)	91.24%	107,458	107,458				56,754	33,245
Sofinsod	21,283	56,318	100.00%	72,460	72,460				16,261	16,598
Universal Sodexho SAS	31,712	18,337	100.00%	31,400	31,400		1,025	82	(3,131)	
Société Française de Restauration	10,643	12,281	93.49%	12,553	12,553			496,977	12,679	10,385
Gardner Merchant Groupe	34,330	(31,724)	100.00%	12,348	12,348			10	836	
Société Française de Restauration & Services	1,899	2,239	86.20%	9,649	9,649		1,978	209,948	5,589	3,143
Ouest Catering SAS	516	8,222	100.00%	9,200	9,200			1,638	663	
Holding Altys	8,016	2,237	100.00%	8,016	8,016			20,775	1,996	
Sodexho Grande Chine	8,602	7,506	99.36%	8,547	8,547				(2,009)	
Sodexho IS&T	6,500	1,117	100.00%	6,500	6,500			2	(219)	1,316
French equity investments										
Sogeres	1,985	185,974	37.08%	72,567	72,567			374,802	3,429	2,299
Foreign subsidiaries										
Sodexho, Inc.	110	1,579,750	100.00%	2,377,539	2,377,539	402,518	188,863	5,164,928	107,964	60,837
Sodexho Holdings Limited	460,743	390,964	100.00%	751,028	751,028		10,623		(11,391)	
Sodexho Scandinavian Holding AB	56,551	24,133	100.00%	86,089	86,089		13,337	398,065	11,217	
Sodexho Awards	14	(9,890)	100.00%	45,684	7,803				3,049	
Compagnie Financière Aurore International	58,007	135,637	100.00%	68,918	68,918				(40)	
Sodexho Catering & Services GmbH	1,023	30,418	100.00%	37,507	37,507			148,305	4,366	
Sodexho Australia	28,857	(5,762)	100.00%	36,378	36,378		14,077	39,111	(2,076)	
Sodexho España	3,467	20,476	98.86%	26,804	26,804			132,249	2,515	
Sodexho Belgique	4,299	21,786	73.74%	26,887	26,887			229,391	7,180	4,339
Sodexho Venues Australia Pty	18,551	(15,580)	100.00%	21,729	4,554			10,266	2,078	
Sodexho Chile	10,850	6,775	99.94%	10,911	10,911		1,675	178,583	783	965
Kalyx	22	8,795	100.00%	9,430	9,430			82,786	7,728	5,829
Sodexho Mexico	9,766	(4,633)	100.00%	8,673	8,673			27,077	516	
Aggregate information										
Other French subsidiaries				**12,950**	**7,004**	**3,266**	**8,770**			**11,450**
Other foreign subsidiaries				**54,970**	**40,847**	**1,403**	**144,620**			**26,303**
Other French equity investments				**408**	**42**					**22**
Other foreign equity investments				**4,814**	**2,622**					**53**
TOTAL				**4,036,119**	**3,958,436**	**407,187**	**384,968**			**176,784**

* *Based on financial statements adjusted for the purposes of consolidation by the Sodexho Group.*

STATUTORY AUDITORS' REPORT ON THE STATUTORY FINANCIAL STATEMENTS

Year ended 31 August 2007
SODEXHO ALLIANCE S.A.
3, avenue Newton
78180 Montigny-le-Bretonneux

To the shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended August 31st, 2007, on:

- the audit of the accompanying financial statements of Sodexho Alliance S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities, as of August 31st, 2007, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matter:

- Your Company has valued financial investments held in accordance with the accounting principles set out in note 2.1 of the summary of significant accounting policies in the notes to the financial statements. We performed procedures in order to assess the data and assumptions on which the valuations were based and reviewed the calculations made by your Company.

The assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

III - Specific verifications and information

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.

We have no matters to report regarding:

- the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements;
- the fair presentation of the information provided in the management report of the Board of Directors in respect of remuneration granted to certain company officers and any other commitments made in their favor in connection with, or subsequent to, their appointment, termination or change in function.

In accordance with the law, we verified that the management report contains the appropriate disclosures as to the percentage interests and votes held by shareholders and disclosures as to the acquisition of shares and controlling interests.

Neuilly-sur-Seine and Paris La Défense, November 16, 2007

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Department of KPMG SA
Louis Pierre Schneider	Patrick-Hubert Petit

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. The statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

Year ended 31 August 2007
SODEXHO ALLIANCE S.A.
3, avenue Newton
78180 Montigny-le-Bretonneux

To the shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

Agreements and commitments entered into by the Company in financial year 2007

In accordance with article L.225-40 of the Commercial Code we have been advised of agreements and commitments which have been previously authorised by your Board of Directors.

We are not required to ascertain whether any other agreements or commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were notified. It is not our role to determine whether they are beneficial or appropriate. It is your responsibility, under the terms of article R.225-31 of the Commercial Code, to evaluate the benefits arising from these agreements and commitments prior to their approval.

We conducted our work in accordance with professional standards applicable in France; those standards require that we perform the procedures deemed necessary so as to verify that the information provided to us is in agreement with the underlying documentation from which it was extracted.

- Transfer of shares

On June 18, 2007, the two following contributions in shares took place:

- Sodexho Alliance S.A. contributed all its shares in Excel S.A.S. to Sofinsod SA.S. and received Sofinsod S.A.S. shares in exchange, then;
- Sofinsod S.A.S. contributed all its shares in Excel S.A.S. to Loisirs Développement S.A.S. and received Loisirs développement S.A.S. shares in exchange.

Given that those transactions relate to companies owned by the same party, the shares were contributed at the net book value for an amount of 694,636 euros in both cases.

Continuing agreements and commitments which were entered into in prior years

Moreover, in accordance with the Commercial Code (Code de Commerce), we have been informed of the following agreements and commitments, which were approved during previous years and which were applicable during the period:

- Contract for assistance and advisory services between Bellon S.A. and Sodexho Alliance S.A. of which Pierre Bellon, Rémi Baudin, Bernard Bellon, François-Xavier Bellon, Sophie Clamens, Nathalie Szabo and Astrid Bellon are directors.

  For the year ended August 31, 2007, Bellon S.A. invoiced Sodexho Alliance S.A. an amount of 8,126,800 euros excluding VAT.

- Commitments entered into by Bellon S.A. for the benefit of Mr Michel Landel, Chief Executive Officer of Sodexho Alliance S.A.

  In the event that his contract of employment is terminated by himself or by Bellon S.A. for any reason other than serious or gross misconduct, Mr Michel Landel will receive over and above the termination payments to which he would be entitled under the law an additional termination benefit equal to two years' total salary.

  In the event that his contract of employment is terminated by himself or by Bellon S.A. for any reason other than serious or gross misconduct, Mr Michel Landel will receive a non-competition indemnity equal to one year's total salary. If the contract is terminated by Bellon S.A. for serious or gross misconduct, this indemnity would only become payable if Bellon S.A. were to invoke the non-competition clause.

  Bellon S.A. also agreed to enroll Mr Michel Landel in the Sodexho Group executive retirement benefit plan, in addition to his compulsory retirement benefit entitlement. Subject to his presence within the Group at the time of his retirement, he will be granted a pension corresponding to 14% of his last annual fixed remuneration paid by Sodexho Alliance, its parent company or any other subsidiary of the Group. Contributions paid in respect of financial year 2007 amounted to 128,664 euros.

Neuilly-sur-Seine and Paris La Défense, November 16, 2007

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Department of KPMG SA
Louis Pierre Schneider	Patrick-Hubert Petit

This is a free translation into English of a 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 auditing standards applicable in France.

Supplemental Information on the Individual Company Financial Statements

1. FIVE-YEAR FINANCIAL SUMMARY

(in euro)	Fiscal 2007[1]	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
Capital at end of period					
Issued capital	636,105,652	636,105,652	636,105,652	636,105,652	636,086,260
Number of ordinary shares outstanding	159,026,413	159,026,413	159,026,413	159,026,413	159,021,565
Number of non-voting preferred shares outstanding	-	-	-	-	-
Maximum number of potential new shares issuable:					
by conversion of bonds	-	-	-	-	-
by exercise of warrants and options	-	-	-	-	-
- Warrants	-	-	-	-	6,243,718
- Options	-	-	-	-	93,248
Income statement data					
Revenues	39,020,200	42,117,334	43,188,837	47,277,612	65,741,805
Earnings before income tax, employee profit-sharing, depreciation, amortization and provisions	142,738,625	109,457,262	81,909,782	65,462,209	77,398,525
Income tax	34,627,337	19,431,725	14,468,156	18,321,581	21,151,093
Employee profit-sharing	-	-	-	-	-
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	135,978,445	113,759,209	77,098,733	87,490,294	79,261,607
Dividend payout	182,880,375	151,075,092	119,269,810	111,318,489	97,003,155
Per share data					
Earnings after income tax and employee profit-sharing but before depreciation, amortization and provisions	1.12	0.81	0.61	0.53	0.62
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	0.86	0.72	0.48	0.55	0.50
Net dividend per share	1.15	0.95	0.75	0.70	0.61
Employee data					
Average number of employees for the period	198	176	259	236	267
Salary expense for the period	14,930,987	13,535,263	11,348,563	11,336,520	11,939,190
Social security and other employee welfare benefits paid during the period	7,472,219	5,823,051	4,984,400	4,336,551	4,759,799

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 22, 2008.

2. APPROPRIATION OF EARNINGS

(in thousands of euro)	Fiscal 2007[1]	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
Net income	135,978	113,759	77,098	87,490	79,262
Retained earnings	577,832	613,189	653,290[2]	684,765	701,934
Retained earnings[3]	2,040	1,959	2,070	1,465	573
Transfer to legal reserve	0	0	0	(2)	0
Transfer to long-term capital gains reserve	0	0	0	0	0
Transfer from long-term capital gains reserve	0	0	0	0	0
Distributable earnings	**715,851**	**728,907**	**732,458**	**773,718**	**781,769**
Net dividend	182,880	151,075	119,270	111,318	97,003
Reserves	0	0	0	2	0
Retained earnings	532,971	577,832	613,188	662,398	684,766
Number of shares outstanding	**159,026,413**	**159,026,413**	**159,026,413**	**159,026,413**	**159,021,565**
Number of shares entitled to dividend	**159,026,413**	**159,026,413**	**159,026,413**	**159,026,413**	**159,021,565**
Earnings per share (in euro)	**0.86**	**0.72**	**0.48**	**0.55**	**0.50**

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 22, 2008.
(2) Change in accounting method relating to the recognition of a provision in the parent company books entitled to the group tax regime. Impact on opening shareholders' equity: 9,110 thousand euro.
(3) Dividends on Sodexho Alliance treasury shares and not distributed.

3. LIST OF INVESTMENTS

Number of shares		Carrying amount at August 31, 2007
	I) SUBSIDIARIES AND EQUITY INVESTMENTS	
	1- FRENCH COMPANIES	
	Subsidiaries	
6,716,104	SODEXHO PASS INTERNATIONAL	107,457,668
399,995	HOLDING SOGERES	104,701,923
1,330,176	SOFINSOD	72,459,963
1,982,009	UNIVERSAL SODEXHO SAS	31,399,929
621,891	S.F.R	12,553,441
2,251,135	GARDNER MERCHANT GROUPE SA	12,348,365
109,154	S.F.R.S	9,649,360
2,503	OCF OUEST CATERING SAS	9,200,000
8,546,658	SODEXHO GRANDE CHINE	8,546,658
500,981	HOLDING ALTYS	8,015,696
1,625,000	SODEXHO IS&T	6,500,000
139,618	S.F.S	2,377,241
3,837	RESTAURATION FRANCAISE	1,005,290
19,998	CIR	787,010
49,995	SOCIETE HOTELIERE ET DE TOURISME DE GUYANE	762,169
38,997	SIGES	608,209
2,490	SOCIÉTÉ DES THERMES DE NEYRAC-LES-BAINS	540,094
387,000	SODEXHO AMERIQUE DU SUD	387,000
10,811	EMIS	172,599
	OTHERS: carrying amount < €150,000 individually	363,888
	Equity investments	
45,998	SOGERES	72,566,845
	OTHERS: carrying amount < €150,000 individually	42,000
	TOTAL – FRENCH COMPANIES	**462,445,348**
	2- FOREIGN COMPANIES	
	Subsidiaries	
195	SODEXHO, INC.	2,377,539,202
513,646,471	SODEXHO HOLDINGS LTD	751,028,037
5,300,000	SODEXHO SCANDINAVIAN HOLDING AB	86,089,349
136,607	COMPAGNIE FINANCIERE AURORE INTERNATIONAL	68,918,257
1	SODEXHO CATERING AND SERVICES GmbH	37,506,819
62,752	SODEXHO AUSTRALIA	36,378,141
29,046	SODEXHO BELGIQUE	26,887,366
11,407	SODEXHO ESPAÑA	26,804,146
50,700	SODEXHO CHILE	10,910,841
15,000	KALYX	9,430,426
86,662,670	SODEXHO MEXICO	8,672,833
998,000	SODEXHO AWARDS	7,802,642
298,500	SODEXHO OY	4,956,750
20,550,102	SODEXHO INDIA	4,667,881
37,200	SODEXHO VENUES AUSTRALIA	4,553,577
1,860,040	SODEXHO ITALIA	4,029,452

Number of shares		Carrying amount at August 31, 2007
45,000	AIMS CORPORATION	3,623,285
328,140,279	SODEXHO NIGERIA	2,378,417
67,643	SODEXHO POLSKA	2,037,782
84,996	SODEXHO MAROC	1,910,202
2,044,348	SODEXHO DO BRASIL COMERCIAL Ltda	1,891,858
56,893	SODEXHO SPOLOCNE STRAVOVANI	1,690,782
36,000	SODEXHO PORTUGAL	1,409,000
100,000	SODEXHO MAGYARORSZAG KFT	1,309,924
15,500	SODEXHO MM CATERING	1,194,992
495,499,996	SODEXHO TOPLU YEMEK	1,131,445
10,182	UNIVERSAL SODEXHO THE NETHERLANDS	1,047,349
104,648,427	SODEXHO DOO	1,018,459
29,700	SODEXHO SPOLOCNE	727,603
1,032,035	SODEXHO PERU	705,123
550,000	SODEXHO SINGAPORE	652,348
270,401	SODEXHO INVERSIONES	600,378
1,526,805	SODEXHO AO	447,887
3,835,000	SODEXHO MALAYSIA	386,275
5,000	SISA	381,123
620,000	SODEXHO COSTA RICA	348,130
6,496	SODEXHO GENEVE	320,000
2,808	SODEXHO NOUVELLE-CALEDONIE	296,927
2,499	CATESCO SAS	285,623
1,398	SODEXHO CAMEROUN	211,797
249	SODEXHO PASS CHILE	186,517
2,497	SODEXHO MONACO	177,102
	OTHERS: carrying amount < €150,000 individually	822,423
	Equity investments	
1,299,888	LEOC JAPAN COMPANY LTD	2,261,912
392	TEYSEER SERVICES QATAR	208,024
	OTHERS: carrying amount < €150,000 individually	152,368
	TOTAL – FOREIGN COMPANIES	**3,495,990,774**
	TOTAL – SUBSIDIARIES AND EQUITY INVESTMENTS	**3,958,436,122**
	II) OTHER INVESTMENT SECURITIES	
	Others: carrying amount < €150,000 individually	192,904
	TOTAL – OTHER INVESTMENT SECURITIES	**192,904**
	III) MARKETABLE SECURITIES EXCLUDING TREASURY SHARES	
5,333	KLEBER EURIBOR	12,935,618
278	NATIXIS-CASH 1ER FCP 3DEC	29,695,829
	Cash held under Oddo liquidity contract	5,402,564
	Others: carrying amount < €150,000 individually	0
	TOTAL – MARKETABLE SECURITIES EXCL. TREASURY SHARES	**48,034,011**

Employment and environmental information relating to the issuer

These disclosures relate to the employment and environmental impact of the activities of Sodexho Alliance SA in France (including French overseas departments and territories), and are presented to comply with article L. 225-102-1 of the French Commercial Code.

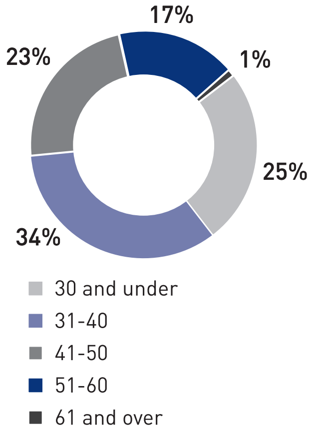
1. EMPLOYMENT DATA

As of August 31, 2007, Sodexho Alliance employed 212 people in the following categories:

	Managers	Supervisors	Front line and other staff	Total
Male	62	2	5	69
Female	74	34	35	143
TOTAL	**136**	**36**	**40**	**212**

Each of these categories corresponds to different functions within the company.

67% of Sodexho Alliance employees are female.



During Fiscal 2007:

- a total of 44 individuals were hired on permanent contracts, 42 being hired directly and 2 converted from fixed-term contracts;
- approximately 5.66% of Sodexho Alliance employees were on fixed-term contracts, and agency staff accounted for 0.54% of hours worked. Fixed-term contracts and agency staff were mainly used in response to temporary peaks in demand for the company's services.

Sodexho Alliance terminated the contracts of eight employees during Fiscal 2006. None of these was for economic reasons.

In terms of working time within France (including overseas departments and territories), employees worked a 35-hour week.

11 employees worked part-time (3 managerial, 1 supervisory and 7 front-line).

In all, 3,559 overtime hours were worked in Fiscal 2007, representing 1.07% of total hours worked.

The absenteeism rate in Fiscal 2007 was 2.26%.

The number of absentee days was as follows:

	Managers	Supervisory	Front-line/ Other	Total
Work-related and travel-to-work accidents	0	0	10	10
Sick leave	39	87	223	349
Maternity leave	391	0	83	474
Other reasons (unpaid leave, authorized leave, etc)	7	18	278	303
TOTAL	**437**	**105**	**594**	**1,136**

Average annual gross salaries were as follows:

(in euro)	Managers	Supervisory	Front-line/ Other
Male	109,796	Immaterial*	28,005
Female	80,517	37,794	26,605

* *Not meaningful because there are only 2 employees in this category.*

Sodexho Alliance's activities did not generate any statutory employee-profit sharing entitlement during Fiscal 2007.

The Health, Safety and Working Conditions Committee met four times, and recorded just 4 work-related accidents which resulted in 10 days of absence from work. The frequency rate[1] was 3.02 and the severity rating[1] was 0.03.

Sodexho Alliance invested 2.45%[2] of total payroll in training, as follows:

	Managers	Supervisory	Front-line/ Other	Total
Number of days' training	2,021	382	313	2,716
Number of people trained	51	22	6	79
Male (%)	37	5	0	25
Female (%)	63	95	100	75

Sodexho Alliance spent 23,156 euro on efforts to employ disabled people, and employs two disabled people.

The company also paid 81,946 euro to the Works Council to support its welfare activities.

The average employments represents the average number of employees employed at the end of each quarter and includes employees of Sodexho Alliance in France and in French overseas departments and regions.

1 See Glossary for definition.
2 2006 Training declaration.

2. ENVIRONMENTAL INFORMATION

As part of its commitment to sustainable development, Sodexho strives to minimize the direct impact of its service activities on the environment.

Working at the computer, using the printer, taking a coffee break, heating the office, turning on the light, traveling: all these activities affect the environment. An internal group known as the Environmental Life Committee has been established, bringing together representatives from various corporate functions to assess and limit the environmental effect of administrative tasks carried out by Sodexho's employees.

An initial action plan has been drafted, accompanied by awareness programs at the Montigny site involving a new network of "environmental monitors" and the launch of an environmental policy for offices.

Electricity consumption

Fiscal 2006	1,864,753 kWh
Fiscal 2007	1,766,632 kWh

This comsumption represents a 5% reduction from the previous year reflects moderate weather conditions during the winter and less consumption of heating.

Water consumption

Fiscal 2006	1,546 m^3
Fiscal 2007	1,777 m^3

The source of the water used at the corporate headquarters is a public supply. The 10% increase in water consumption relates to a variety of factors including the switch from plastic cups of coffee stations to reusable mugs.

Sodexho's corporate headquarters will transfer in the first half of 2008 to Issy-les-Moulineaux. The new building will permit Sodexho to improve its pro-environment activities.

6. General Information

General Information about Sodexho Alliance and its Issued Capital

1. GENERAL INFORMATION ABOUT SODEXHO ALLIANCE

The information below is a translation into English of extracts from the Sodexho Alliance bylaws, the full French-language text of which is available on our website at www.sodexho.com.

1.1 Legal name and registered office

Legal name: Sodexho Alliance SA.

Registered office: 3, avenue Newton, 78180 Montigny-le-Bretonneux, France.

Telephone: +33 (0)1 30 85 75 00 Fax: +33 (0)1 30 85 50 88.

1.2 Legal form

Sodexho Alliance is a *société anonyme* (joint stock corporation), governed by articles L. 210-1 to L. 247-9 of the French Commercial Code and by Decree no.67-236 of March 23, 1967.

1.3 Nationality

French.

1.4 Date of incorporation and expiration (article 5 of the bylaws)

"The Company has a life of 99 years from December 31, 1974, saving earlier extension or winding up."

The date of expiration of the company is December 30, 2073.

1.5 Corporate objects (article 2 of the bylaws)

"The objects of the Company shall be, in France, the French overseas departments and territories or abroad, directly or indirectly, on behalf of third parties or on its own account or in association with third parties:

- *the development and provision of all services related to the organization of food services and other essential services for corporations and public bodies;*
- *the operation of all restaurants, bars, hotels and more generally all establishments connected with food service, the hotel industry, tourism, leisure and other services, and the ownership and financing thereof;*
- *the provision of some or all of the services required for the operation, maintenance and management of establishments or buildings used for office, commercial, industrial, leisure, healthcare or educational purposes, and for the operation and maintenance of some or all of the equipment installed therein;*
- *the execution of all installation, repair, refurbishment and replacement works on installed equipment;*
- *the provision of advice and of economic, financial and technical surveys relating to all projects and to all services associated with the development, organization and operation of the establishments defined above, and in particular all acts in furtherance of the construction of such establishments and all related consultations and assistance;*
- *the formation of all new companies and the acquisition by whatever means of equity interests in all companies irrespective of their corporate objects;*
- *and more generally all civil, commercial, industrial and financial transactions, and transactions involving movable property or real estate, that are directly or indirectly associated with the aforementioned objects or with all similar or related objects."*

1.6 Registration

Sodexho Alliance is registered in the Versailles Register of Commerce and Companies as no.301 940 219.

1.7 Business identifier code (APE code)

741 J.

1.8 Consultation of legal documents

Documents relating to the Company which are required to be made available to the public (bylaws, reports, letters and other documents, historical individual company and consolidated financial information for each of the two fiscal years preceding the date of this Reference Document) are available on our website www.sodexho.com and may also be consulted at our registered office (3, avenue Newton, 78180 Montigny-le-Bretonneux, France), preferably by appointment.

1.9 Material contracts

As of today the company has not entered into any material contracts, other than those signed in the ordinary course of business, creating a material obligation or commitment for the entire Group.

1.10 Fiscal year (article 17 of the bylaws)

"The fiscal year commences on September 1 of each year and ends on August 31 of the following year."

1.11 Appropriation of earnings (excerpt from article 18 of the bylaws)

"(...) 2. The first appropriation of net income, net of any accumulated losses from prior periods, must be an amount of at least 5% of net income to establish the reserve fund required by law. This appropriation ceases to be obligatory once this reserve fund is equal to one-tenth of the issued capital, but must be resumed if for any reason the reserve falls below one-tenth of the issued capital.

3. Distributable earnings comprise net income for the fiscal year, minus any accumulated losses brought forward and any transfer to the legal reserve, plus any retained earnings brought forward.

Distributable earnings are appropriated in the following order:

a) any sum that the Ordinary Shareholders' Meeting, on the proposal of the Board of Directors, decides to carry forward as retained earnings or to appropriate to the creation of an extraordinary reserve fund, contingency fund or other fund, whether or not created for a specific purpose;

b) any surplus is distributed among the shareholders. (...)".

1.12 Shareholders' Meetings (excerpt from article 16 of the bylaws)

1. General Shareholders' Meetings are called and deliberate on the terms stipulated by the law. They are held at the registered office or at any other place specified in the notice of the meeting.

For the purposes of calculating quorum and majority at shareholders' meetings, shareholders taking part in said meetings via video-conferencing or telecommunications links enabling them to be identified in accordance with the definitions and conditions relating to such links as stipulated in the relevant laws or regulations are deemed to have attended the meeting.

2. The General Shareholders' Meeting comprises all shareholders irrespective of the number of shares held by each, provided that all amounts due in respect of such shares have been fully paid.

The right to attend or be represented at shareholders' meetings is conditional upon:

- *inclusion in the shareholders' register in the case of holders of registered shares;*
- *proof of temporary non-transferability of shares in the case of holders of bearer shares.*

Said formalities must be completed at least two days before the date of the meeting. However, the Board of Directors has discretion to reduce this time limit provided it does so for all shareholders.

The Board of Directors may, if it sees fit, provide shareholders with personal admission cards in their names.

When the meeting is held, attendance by a shareholder in person cancels any proxy vote or postal vote.

Postal voting forms will only be taken into account if they are received by the Company at least three days before the Meeting.

In the event of conflict between these two methods of participating in the meeting, the proxy form will be taken into consideration, subject to votes expressed in the postal voting form.

3. *Meetings are chaired by the Chairman of the Board of Directors, or in his absence by the Vice Chairman if one has been appointed, or failing that by the longest-serving Director present.*
4. *If there is no Director present, the meeting elects its own Chairman.*

1.13 Double voting rights (excerpt from article 16 of the bylaws)

Double voting rights are conferred on:

- *all fully paid shares registered in the name of the same shareholder for at least four years;*
- *registered shares allotted free of charge to a shareholder in the event of an increase in the share capital by conversion of earnings, reserves or additional paid in capital in proportion to existing shares held by that shareholder that enjoy double voting rights.*

1.14 Share ownership declaration thresholds (excerpt from article 9 of the bylaws)

Any shareholder whose direct or indirect shareholding reaches 2.50% of the Company's issued capital or any multiple thereof is required to inform the Company by registered letter with acknowledgment of receipt within fifteen days. Failure to make such declaration may result in the shares exceeding the threshold being stripped of voting rights on the terms stipulated by law. This declaration requirement applies equally when a shareholding passes below any of the declaration thresholds.

2. GENERAL INFORMATION ABOUT THE ISSUED CAPITAL

2.1 Conditions stipulated in the bylaws for changes in issued capital and shareholder rights

None.

2.2 Changes in issued capital

	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
Capital at end of Fiscal year					
Issued capital (euros)	636,105,652	636,105,652	636,105,652	636,105,652	636,086,260
Number of ordinary shares outstanding	159,026,413	159,026,413	159,026,413	159,026,413	159,021,565
Number of non-voting preferred shares outstanding	0	0	0	0	0
Number of financial instruments potentially requiring issuance of new shares via:					
- conversion of bonds	0	0	0	0	0
- exercise of warrants or options:					
warrants	0	0	0	0	374,773
options	0	0	0	0	93,248

Five-year summary of changes in issued capital

Date	Description of transaction	Number of shares issued	Increase in issued capital	Additional paid in capital	Number of shares post-transaction	Issued capital post-transaction
Aug 31, 2000	Share issue Stock options (20,348)	20,348	€325,568	€1,068,228.90	33,587,529	€537,400,464
Oct 13, 2000	Share issue Stock options (1,552)	1,552	€24,832	€58,950.13	33,589,081	€537,425,296
Dec 6, 2000	Share issue Stock options (18,020)	18,020	€288,320	€591,737.50	33,607,101	€537,713,616
Mar 7, 2001	Share issue Exercise of warrants (22) Stock options (72,624) 4-for-1 stock split	101,112,159	€1,163,724	€2,091,163.19	134,719,260	€538,877,040
May 14, 2001	Share issue Exercise of warrants (16,062) Stock options (6,256) ESOP (4,728)	273,116	€1,092,464	€5,844,314	134,992,376	€539,969,504
Jul 4, 2001	Share issue	22,498,729	€89,994,916	€922,447,889	157,491,105	€629,964,420
Aug 31, 2001	Share issue Exercise of warrants (2,732) Stock options (23,034)	68,549	€274,196	€1,349,699.44	157,559,654	€630,238,616
Oct 18, 2001	Share issue (International ESOP)	1,385,848	€5,543,392	€51,985,486.89	158,945,502	€635,782,008
Jan 11, 2002	Share issue Exercise of warrants (150) Stock options (12,353)	14,852	€59,408	€314,564.28	158,960,354	€635,841,416
Aug 31, 2002	Share issue Exercise of warrants (3,076) Stock options (9,816)	61,062	€244,248	€1,287,974.68	159,021,416	€636,085,664
Aug 31, 2003	Share issue Exercise of warrants (9)	149	€596	€3,082.05	159,021,565	€636,086,260
Aug 31, 2004	Share issue Exercise of warrants (291)	4,848	€19,392	€100,383.86	159,026,413	€636,105,652

2.3 Securities giving access to capital

As of the date of this Reference Document, there are no securities outstanding that would give immediate or future access to the capital of Sodexho Alliance.

2.4 Capital authorized but not issued

The Extraordinary Shareholders' Meeting of January 31, 2006 and January 30, 2007 authorized the Board of Directors to increase the Company's share capital on one or more occasions by issuance of shares, warrants, and/or securities giving immediate or future access to Sodexho Alliance shares, or by the conversion of earnings, additional paid in capital, reserves or other items into issued capital. Such issues can be made with or without pre-emptive rights and, in the latter case, with priority subscription rights, and are subject to the following limits:

Type of capital increase	Maximum aggregate par value	Date of authorization	Date of expiry
Authorizations with pre-emptive rights			
- Issuance of shares for cash, or via warrants or other securities	€63 million[1]	January 31, 2006	March 31, 2008
- Issuance of debt securities	€540 million[1]	January 31, 2006	March 31, 2008
Authorizations without pre-emptive rights			
- Issuance of shares for cash, or via warrants or other securities	€63 million[1]	January 31, 2006	March 31, 2008
- Issuance of debt securities	€540 million[1]	January 31, 2006	March 31, 2008
- Authorization to issue shares in a public offering or as acquisition currency	10% of the capital	January 31, 2006	March 31, 2008
Authorizations to issue shares to employees			
- Stock options	10% of the capital	January 31, 2006	March 31, 2009
- Under article L. 225-138 of the French Commercial Code and article L. 443-5 of the French Labor Code	[2]	January 31, 2006	July 31, 2007
- Under an Employee Stock Ownership Plan (ESOP)	€40 million[3]	February 3, 2004	February 4, 2009
- Attribution free shares	1% of the capital	January 30, 2007	March 30, 2010

(1) These amounts are not cumulative.
(2) Share issues reserved for employees are capped at 10% of these authorized capital increases.
(3) The aggregate number of shares held directly or indirectly at any time by employees under ESOPs may not exceed 5% of the issued capital.

2.5 Share ownership of Sodexho Alliance SA

2.5.1 Issued capital at August 31, 2007

Sodexho Alliance has issued capital of €636,105,652 divided into 159,026,413 shares of €4 each, all fully paid and of the same class.

Holders of fully-paid Sodexho Alliance shares may elect to hold them either as registered shares or as bearer shares identifiable under the relevant laws and regulations, in particular article L. 228-2 of the French Commercial Code.

There are 855 registered shareholders, and the most recent Euroclear survey identified 24,536 holders of bearer shares.

2.5.2 Share ownership

As of August 31, 2007, Bellon SA owned 36.83% of the issued capital of Sodexho Alliance and Sofinsod, a 100%-owned subsidiary of Sodexho Alliance, held a direct interest of 18.5% in Bellon SA.

As of August 31, 2007, the following companies had disclosed their shareholdings to Sodexho Alliance:

- Caisse des Dépôts et Consignations: 2.76% of the capital and 3.69% of the voting rights;
- Arnhold and S. Bleichroeder Advisers, acting on behalf of its managed funds (including First Eagle Funds, Inc): 6.24% of the capital and 5.46% of the voting rights.

As of August 31, 2007, 0.71% of the capital was owned by the employees.

As of August 31, 2007, Sodexho Awards, a 100%-owned subsidiary of Sodexho Alliance, held 443,621 Sodexho Alliance shares, representing 0.28% of the capital, to cover stock options granted to employees of Sodexho, Inc. under the plan awarded by Sodexho Marriott Services and assumed by Sodexho Alliance in 2001 (the SMS plans).

As of August 31, 2007, Sodexho Alliance held 2,645,992 of its own shares, representing 1.66% of the capital:

- 2,434,692 shares were held to cover stock option plans awarded to Group employees;
- 211,300 shares were held in connection with the liquidity contract with Oddo Corporate Finance that became effective July 10, 2006.

2.5.3 Changes in share ownership

Shareholder	August 31, 2007 % of capital	August 31, 2007 % of voting rights	August 31, 2006 % of capital	August 31, 2006 % of voting rights	August 31, 2005 % of capital	August 31, 2005 % of voting rights	August 31, 2004 % of capital	August 31, 2004 % of voting rights
Bellon SA	36.83	43.78	36.83	41.90	36.83	41.73	38.53	39.88
Employees	0.71	1.18	1.44	1.96	1.50	2.03	1.70	2.38
Caisse des Dépôts et Consignations	2.76	3.69	3.45	4.79	4.20	5.50	4.69	6.26
Arnhold and S. Bleichroeder Advisers	6.24	5.46	10.05	9.04	10.35	9.36	4.50	4.29
Public	51.52	45.89	46.29	42.31	44.96	41.38	48.67	47.19
Treasury shares	1.94	0	1.94	0	2.16	0	1.91	0

All Sodexho Alliance shares have the same voting rights, except for treasury shares which have no voting rights and nominative shares held for more than four years which have double voting rights.

2.5.4 Share buybacks and disposals

Pursuant to the authorization given by the Ordinary Shareholders meeting of January 30, 2007 Sodexho Alliance repurchased between January 31, 2007 and August 31, 2007 a total of 1,830,040 of its own shares, representing 1.15% of the capital, at an average price of 55.23 euro.

Sodexho Alliance transferred 2,284,353 treasury shares on the exercise of stock purchase options during Fiscal 2007.

During Fiscal 2007, Sodexho Awards acquired 668,732 Sodexho Alliance shares, representing 0.42% of the capital, at an average price of 52.56 euro. During Fiscal 2007, Sodexho Awards transferred 365,491 shares in the form of ADRs (American Depositary Receipts) on the exercise of options by Group employees in the United States.

On July 1, 2006, Sodexho Alliance signed a liquidity contract with Oddo Corporate Finance relating to the company's ordinary shares. The contract complies with the Business Ethics Charter of the AFEI (French Association of Investment Firms) dated March 14, 2005, approved by the *Autorité des Marchés Financiers* on March 22, 2005.

The contract, which initially ran until August 31, 2006, is renewable for successive 12-month periods.

In order to implement this contract, an amount of 15,000,000 euro was allocated to the liquidity account.

Transactions carried out under the liquidity contract during Fiscal 2007 were as follows:

- purchase of 1,521,402 shares for a total of 75,807,566.27 euro, at an average price of 49.83 euro;
- disposal of 1,366,502 shares for a total of 67,873,085.08 euro, at an average price of 49.67 euro;

As of August 31, 2007, the liquidity account comprised:

- 211,300 shares;
- 5,400,000 euro.

2.6 Declaration thresholds imposed by the bylaws

Any shareholder whose direct or indirect shareholding reaches 2.50% of the Company's issued capital or any multiple thereof is required to inform the Company by registered letter with acknowledgment of receipt within fifteen days. Failure to make such declaration may result in the shares exceeding the threshold being stripped of voting rights on the terms stipulated by law. This declaration requirement applies equally when a shareholding passes below any of the declaration thresholds.

Since September 1, 2006 no shareholder has made a declaration.

As of the date of this Reference Document, there were as far as the company was aware no shareholders other than those mentioned in the table above holding 2.50% or more of the capital or voting rights directly, indirectly or in concert.

2.7 Identification of shareholders

Sodexho Alliance may make use of its legal rights to identify holders of securities giving immediate or future rights to vote at shareholders' meetings.

2.8 Employee share ownership

Executive stock option plans

The Ordinary Shareholders' Meeting of February 26, 2001 authorized the Board of Directors to purchase Sodexho Alliance shares for allotment to employees under stock purchase option plans. This authorization was renewed at the Ordinary Shareholders' Meetings of February 3, 2004, January 31, 2006, and January 30, 2007.

As of August 31, 2007, 4,557,919 stock purchase options, worth a total of 156,673,094 euro, were still outstanding under plans awarded by Sodexho Alliance; see page 82 for details.

As of August 31, 2007, 472,178 stock purchase options, worth a total of 13,096,382 USD, were still outstanding under the plans awarded by Sodexho Marriott Services and assumed by Sodexho Alliance in 2001 (the SMS plans); see page 83 for details.

As of August 31, 2006, there were no stock subscription options outstanding and liable to be exercised.

Employee Stock Ownership plans

The Extraordinary Shareholders' Meeting of February 3, 2004 renewed the authorizations granted to the Board of Directors by the Extraordinary Shareholders' Meetings of February 23, 1993, February 13, 1996, February 21, 2000 and February 4, 2003 to carry out share issues reserved for Group employees under employee stock ownership plans.

The Board of Directors used these authorizations at Board meetings as follows:

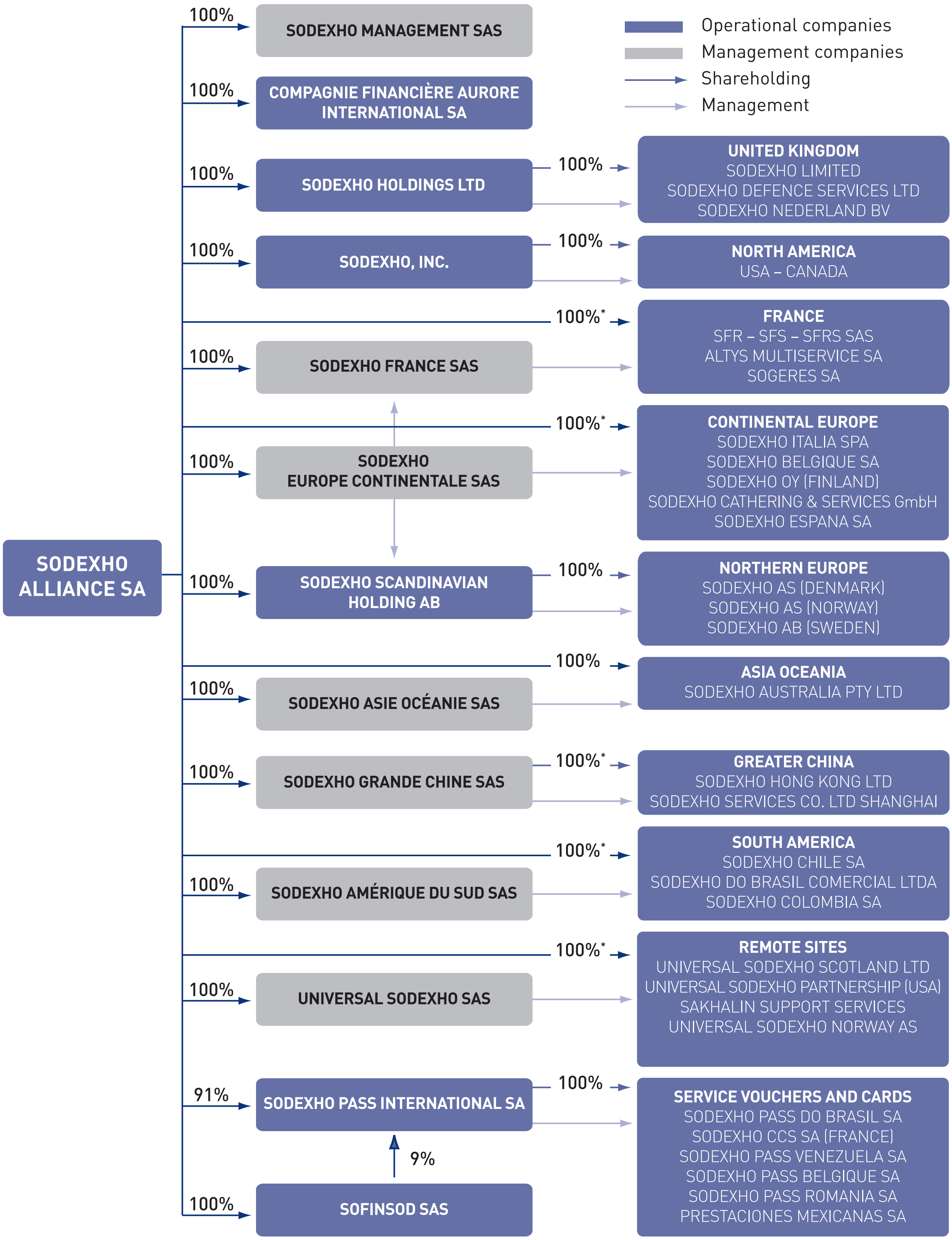
- October 8, 1993: subscription of 88,000 new shares at a price of 120 euro per share;
- October 7, 1994: subscription of 25,000 new shares at a price of 112 euro per share;
- October 23, 1995: subscription of 48,697 new shares at a price of 148 euro per share;
- June 14, 1996: approval of a new plan involving purchase of Sodexho SA shares on the stock market. Payments into the plan enabled a total of 16,856 shares to be acquired;
- October 23, 1997: approval of a new plan involving purchase of Sodexho Alliance shares on the stock market. Payments into the plan enabled a total of 16,420 shares to be acquired;
- October 22, 1998: approval of a new plan involving purchase of Sodexho Alliance shares on the stock market. Payments into the plan were received in December 1998;
- October 21, 1999: approval of a new plan involving purchase of Sodexho Alliance shares on the stock market. Payments into the plan were received in December 1999;
- December 6, 2000: approval of a new plan involving subscription for Sodexho Alliance shares. Payments into the plan enabled a total of 4,728 shares to be issued.

Under the authorization granted by the Extraordinary Shareholders' Meeting of December 18, 2000, the Board of Directors implemented an international employee stock ownership plan (ESOP) covering 150,000 Group employees in 22 countries. On October 18, 2001, the Board of Directors placed on record that a total of 1,385,848 4 euro shares had been subscribed for by 18,726 employees. The subscription price was 44.10 euro in the United States and 41.51 euro per share elsewhere. The international ESOP is described on page 78 of the Financial Review in the Sodexho Reference Document for Fiscal 2001, filed with the *Commission des Opérations de Bourse (COB)* as no.R.01.488.

The employee profit sharing payments made by certain French companies to the ESOP allowed for the following:

- for Fiscal 2001, to purchase 110,000 shares on November 30, 2001;
- for Fiscal 2002, to purchase 144,000 shares on December 2, 2002;
- for Fiscal 2003, to purchase 85,000 shares on November 28, 2003 and 80,000 shares on January 2, 2004;
- for Fiscal 2004, to purchase 72,000 shares on January 14, 2005;
- for Fiscal 2005, to purchase 45,000 shares on January 25, 2006;
- for Fiscal 2006, to purchase 10,000 shares on December 8, 2006, 40,000 shares on December 20, 2006, 30,000 shares on December 27, 2006, 30,000 shares on December 28, 2006 and 6,000 shares on December 29, 2006.

Condensed Group Organizational Chart



* Sodexho Alliance is generally the majority shareholder for these operational subsidiaries.
NB : The operational subsidiaries cited above for each geographic area or activity are those with the highest revenues for fiscal year 2007.

7. Annual Shareholders' Meeting

Board Report

ORDINARY BUSINESS

Adoption of the financial statements and approval of regulated agreements (1st and 2nd resolutions)

The Board of Directors is requesting the Shareholders' Meeting to adopt the individual company financial statements of Sodexho Alliance for the year ended August 31, 2007 showing net income of 136 million euro and the consolidated financial statements for the year ended August 31, 2007 showing consolidated net income of 347 million euro, and to approve the appropriation of earnings for fiscal 2007.

The Board is proposing to distribute a cash dividend of 1.15 euro per share.

	Fiscal 2007(1)	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
Number of qualifying shares	159,026,413	159,026,413	159,026,413	159,026,413	159,021,565
Net dividend (in euro)	1.15	0.95	0.75	0.70	0.61
Tax credit (in euro)	-(2)	-(2)	-(2)	-(2)	0.305
Gross dividend (in euro)	1.15	0.95	0.75	0.70	0.915
Share price on the last trading day of the November following the fiscal year-end (in euro)	43.42	44.83	34.37	21.58	24.04

(1) Proposed dividend submitted for approval by the Annual Shareholders' Meeting of January 22, 2008.
(2) Under article 93 of Law no.2003-1311, dividends distributed on or after January 1, 2005 are no longer entitled to tax credits.

The dividend will become payable as of February 4, 2008.

This dividend is eligible in full for the tax relief specified in article 158-3 of the French General Tax Code on the terms applicable to income for the 2008 calendar year, where the recipient is an individual investor resident in France for tax purposes.

Regulated agreements (3rd resolution)

The regulated agreements submitted to the Shareholders' Meeting for approval are as follows:

Agreements contracted during fiscal 2007:

- On June 6, 2007, the Board of Directors approved a transfer of the shares in Excel (Sodexho Prestige). Sodexho Alliance SA transferred all its shares in Excel to Sofinsod, in exchange for Sofinsod SAS shares. Sofinsod subsequently transferred all the shares in Excel to Loisirs Développements, in exchange for Loisirs Développements shares.

Agreement contracted in an earlier period remaining in effect during fiscal 2007:

- On December 31, 1991, Bellon SA and Sodexho Alliance entered into a service agreement whereby Bellon SA provides Sodexho Alliance and Sodexho Group companies with assistance and advice in areas such as strategy, finance, accounting and capital markets, directly or with qualified experts. In return for these services, Bellon SA is paid a fee, the amount of which is approved annually by the Board of Directors of Sodexho Alliance in accordance with the relevant legal requirements.
- The following are directors of both companies: Pierre Bellon, Rémi Baudin, Bernard Bellon, François-Xavier Bellon, Sophie Clamens, Nathalie Szabo and Astrid Bellon. Bellon SA invoiced a total of 6,526,800 euro (excluding VAT) to Sodexho Alliance under this agreement for fiscal 2007. In addition, a rider to this agreement specific to fiscal 2007 was signed on March 14, 2007, for an amount of 1,600,000 euro.
- On September 13, 2005, Bellon SA and Michel Landel entered into an employment contract. Under its terms, Bellon SA undertook to make various payments to Michel Landel in the event of the termination of his contract over and above the termination payments to which he would be entitled under the law.

  Bellon SA also agreed to enroll Michel Landel in the Sodexho Group executive retirement benefit plan, in addition to his compulsory retirement benefit entitlement. Contributions paid in respect of fiscal 2007 amounted to 128,664 euro.

Purchase by the Company of its own shares (4th resolution)

The Board of Directors is requesting the Shareholders' Meeting to renew the authorization to purchase the Company's own shares under articles L. 225-209 et seq. of the French Commercial Code.

This authorization would replace the previous authorization granted by the Shareholders' Meeting on January 30, 2007.

It would allow for the implementation of a share repurchase program capped at 10% of the Company's issued capital as of the date of the repurchase.

The features of the share repurchase program for which we are seeking your approval at the Shareholders' Meeting of January 22, 2008 are as follows:

Maximum purchase price per share: 80 euro
Number of shares: 10% of the issued capital
with an 18-month period of validity, subject to the limits stipulated in the relevant laws and regulations.

Shares may be acquired for the following purposes

1. market-making in the shares under a liquidity contract drawn up in accordance with the AFEI Code of Conduct as recognized by the Autorité des Marchés Financiers;
2. allotting shares to employees as part of employee profit-sharing schemes, stock option plans or employee stock ownership plans;
3. allotting consideration-free shares to salaried employees or certain categories of salaried employees on the basis of their performance, under articles L. 225-197-1 et seq. of the French Commercial Code;
4. retention and subsequent use in connection with mergers and acquisitions;
5. cancellation by reduction in the issued capital.

Composition of the Board of Directors (5th to 10th resolutions)

The terms of office as Director of Robert Baconnier, Paul Jeanbart, François Périgot, Peter Thompson, Mark Tompkins and Patricia Bellinger expire at the Shareholders' Meeting of January 22, 2008.

The Board is proposing to the Shareholders' Meeting, on the recommendation of the Nominating Committee, that Robert Baconnier, Paul Jeanbart, François Périgot, Peter Thompson, Mark Tompkins and Patricia Bellinger be re-elected to serve as Directors for a three-year term expiring at the end of the Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2010.

Directors' fees (11th resolution)

The Board is requesting the Shareholders' Meeting to set the total amount of directors' fees to be paid to the Board of Directors for fiscal 2008 at 530,000 euro, 12% higher than the amount for fiscal 2007.

Debt issues (12th resolution)

The Board hereby reports to the Shareholders' Meeting on the use it has made of the authorization to carry out one or more debt issues in the form of ordinary negotiable bonds up to a maximum aggregate amount of 2 billion euro. This authorization was used on March 15, 2007, when the Board of Directors carried out an issue of ordinary negotiable bonds of an amount of 500 million euro.

The Board of Directors is requesting the Shareholders' Meeting to cancel the unused portion of said authorization. Consequently, the Board of Directors will have sole competence, subject to compliance with the law, to decide upon or authorize the issuance of bonds without limitation as to amount, with authority to sub-delegate to the Chief Executive Officer.

EXTRAORDINARY BUSINESS

Change of legal name (13th resolution)

The Board is proposing that the Shareholders' Meeting change the legal name of the Company, simplifying the existing name (Sodexho Alliance) and adopting the new name:

Sodexo.

Authorization to increase the issued capital with pre-emptive rights, and by conversion of reserves (14th and 15th resolutions)

The Board is requesting the Shareholders' Meeting to renew the delegations of competence that were granted to the Board on January 31, 2006 to increase the Company's permanent capital. No use has been made of these delegations during the last two fiscal years. These new authorizations would allow the Board of Directors to decide to increase the issued capital on one or more occasions by issuance of shares, warrants, and/or securities giving immediate or future access to shares of the Company, or by conversion of earnings, additional paid in capital, reserves or other items. Such issues could be made with pre-emptive rights and would be subject to the following limits:

- the maximum aggregate par value of shares issued would be 64 million euro;
- the maximum aggregate nominal value of debt securities issued would be 750 million euro.

In the case of conversion of reserves, additional paid in capital or earnings, no upper limit is set for the aggregate par value of the capital increase.

If approved, these delegations of competence, which would be valid for a period of 26 months, would allow the Board to act in the best interests of the Company by deciding, when the time is right, on the most appropriate means of increasing the Company's permanent capital in light of the opportunities offered by the financial markets.

Because any such issues are in the future, and because conditions in the national and international financial markets are liable to change, it is not possible at this stage to give precise figures on the dilution of each shareholder's interest in the capital that might arise.

Consequently, the principal characteristics of the securities issued under the authorizations described above, and the terms on which they might give access to an interest in the Company's capital, will not be determined until the date of the decision to carry out the issue. As required by article 155-2 of the decree of March 23, 1967, a supplementary report would be issued at the appropriate time describing the final terms of the proposed issues. This report would be made available to the shareholders within 15 days following the decision of the Board of Directors to carry out the issue, and would be brought to the attention of the next Shareholders' Meeting to be held after the date of the decision by the Board of Directors (or the Chief Executive Officer acting under delegated powers) to carry out the issue.

In addition, the statutory auditors would issue a report on any such issue when the Board of Directors makes use of the delegation of competence.

Authorization to increase the issued capital under an international employee stock ownership plan (16th and 17th resolutions)

In connection with the proposed launch of a new International Employee Stock Ownership Plan, and to comply with legal requirements in the countries involved, the Board of Directors is requesting the Shareholders' Meeting to:

- authorize the Board, for a period of 26 months, to increase the issued capital by issuing shares or securities to members of an employee stock ownership plan;
- delegate competence to the Board, for a period of 18 months, to carry out an increase in the issued capital reserved for employees of the Sodexho Group.

These requests are subject to a limit of 2.5% of the issued capital. The price at which the beneficiaries subscribe for shares would be set by the Board of Directors, but could not be more than 20% below the average of the opening quoted share prices for the twenty trading days preceding the decision setting the opening date of the subscription period.

Cancellation of shares (18th resolution)

The Board is also requesting the Shareholders' Meeting to renew the authorization to cancel, via a reduction in the issued capital, shares acquired under the Company's share repurchase program; this authorization would be valid for a period of eighteen months.

Amendments to the bylaws (19th and 20th resolutions)

The Board of Directors is asking the Shareholders' Meeting to approve amendments to the bylaws in order to bring them into line with changes in the law. The proposed amendments are as follows:

1. amendment to certain paragraphs of article 16 of the bylaws relating to access to Shareholders' Meetings and the deliberations of Shareholders' Meetings.

   These amendments will:

   - allow shareholders to participate in Shareholders' Meetings if their right to do so has been substantiated by an accounting record being held of their shares at midnight (Paris time) on the third business day preceding the Meeting,
   - allow the Company to arrange for voting by remote transmission;

2. amendment to article 11 of the bylaws relating to the Board of Directors, in order to incorporate the new arrangements introduced by the law of December 30, 2006 on the election of one or more employee shareholder representatives to the Board of Directors.

   This amendment will allow the Company to arrange for the election of a Director to represent the employees in the event that shares held by employees represent 3% or more of the issued capital.

Powers for the completion of formalities (21st resolution)

This resolution will allow the necessary publication formalities to be completed after the Meeting.

USE OF FINANCIAL AUTHORIZATIONS

The financial authorizations granted to the Board of Directors by the Shareholders' Meeting of January 31, 2006 or January 30, 2007 have been used on the following terms;

- **Increase or reduction in the Company's issued capital:**

  As of the date of this Reference Document, the Board of Directors had not used any of the delegated powers granted by the Shareholders' Meeting of January 30, 2007 to increase or reduce the issued capital of the Company;

- **Trading in the Company's own shares:**

  Refer to the report on page 223 of this Reference Document for details of transactions by the Company in its own shares under the share repurchase program authorized by the Shareholders' Meeting of January 30, 2007 and implemented by the Board of Directors at its meeting of January 30, 2007;

- **Granting of stock options:**

  As of the date of this Reference Document, the Board of Directors had not used the authorization granted by the Shareholders' Meeting of January 31, 2006 to grant stock subscription options to Group employees.

  Refer to page 82 of this Reference Document for details of stock purchase options granted to Group employees by the Board of Directors in Fiscal 2007 under the authorization granted by the Shareholders' Meeting of January 31, 2006;

- **Consideration-free allotment of shares:**

  As of the date of this Reference Document, the Board of Directors had not used the authorization granted by the Shareholders' Meeting of January 30, 2007 to allot consideration-free shares to Group employees.

Resolutions submitted to the Annual Shareholders' meeting of January 22, 2008

ORDINARY BUSINESS

First resolution

(Adoption of the financial statements – Discharge to directors)

The Shareholders' Meeting, having heard the reports of the Board of Directors and of the auditors, adopts the individual company financial statements for the year ended August 31, 2007 as presented by the Board of Directors, showing net income of €135,978,445.01, and the consolidated financial statements for the year ended August 31, 2007, showing consolidated net income of €347 million.

The Shareholders' Meeting discharges the directors from responsibility for their management for the year ended August 31, 2007.

Second resolution

(Appropriation of earnings)

In accordance with the proposal made by the Board of Directors, the Shareholders' Meeting resolves:

to appropriate net income for the year ended August 31, 2007 of:	€135,978,445.01
plus retained earnings as of the same date of:	€579,872,810.60
making a total of:	**€715,851,255.61**
as follows:	
- net dividend	€182,880,374.95
- retained earnings	€532,970,880.66
Total	**€ 715,851,255.61**

Consequently, each share qualifying for dividend will receive a net dividend of €1.15:

- giving entitlement to the tax relief specified in article 158-3 of the French General Tax Code on the terms applicable to income for the 2007 calendar year, where the recipient is an individual investor liable to personal income tax in France;
- not giving entitlement to this tax relief in all other cases.
- If the Company holds any of its own shares as of this date, the amount of dividend corresponding to these shares will not be paid, and will be appropriated to retained earnings.

The dividend will be payable from February 4, 2008.

Dividends paid by the Company in respect of the last three fiscal years were as follows:

	Fiscal 2006	Fiscal 2005	Fiscal 2004
Number of qualifying shares	159,026,413	159,026,413	159,026,413
Net dividend (euros)	0.95	0.75	0.70

Third resolution

(Approval of regulated agreements)

The Shareholders' Meeting, having heard the auditors' special report on related-party agreements regulated by article L 225-38 of the French Commercial Code, approves said report and agreements.

Fourth resolution

(Purchase by the Company of its own shares)

The Shareholders' Meeting, having heard the report of the Board of Directors, authorizes the Board of Directors and any duly authorized representative of the Board, in accordance with articles L. 225-209 et seq. of the French Commercial Code, for a period of eighteen months, to arrange for the repurchase by the Company of its own shares.

This authorization is designed to allow the Company to:

- carry out market-making in the shares under a liquidity contract drawn up in accordance with the AFEI Code of Conduct as recognized by the *Autorité des Marchés Financiers*;
- allot shares to employees on the terms and conditions permitted by law, in particular as part of employee profit-sharing schemes, stock option plans or employee stock ownership plans;
- allot consideration-free shares to salaried employees or certain categories of salaried employees on the basis of their performance, as permitted under articles L. 225-197-1 *et seq*. of the French Commercial Code;
- purchase shares for retention and subsequent use in connection with mergers and acquisitions;
- cancel the shares by reducing the issued capital.

These transactions may be effected by any method on the stock market or over-the-counter, including by means of derivatives. There is no limitation on the use of block trades to purchase or transfer shares under this authorization.

These transactions may take place at any time subject to the limits imposed by laws and regulations in force at the time.

The Shareholders' Meeting resolves that the number of shares acquired under the present resolution may not exceed 10% of the Company's issued capital, currently 15,902,641 shares, it being stipulated that for the purposes of the present authorization, the number of treasury shares must be taken into account such that the Company at no time owns more than 10% of its own shares.

The Shareholders' Meeting resolves that the total amount spent on such purchases may not exceed 750 million euro.

The Shareholders' Meeting resolves that the purchase price may not exceed 80 euro per share, subject to any adjustments required in the event of transactions involving the Company's capital.

Full powers are given to the Board of Directors and any duly authorized representative of the Board to act on this authorization by:

- placing stock market orders, and entering into agreements, in particular for the keeping of share purchase and sale registers;
- making filings and completing other formalities and generally doing all that is necessary.

This authorization cancels and replaces all previous authorizations to the same effect, in particular that granted in the fourth resolution of the Annual Shareholders' Meeting of January 30, 2007.

Fifth resolution

(Re-election of Robert Baconnier as director)

The Shareholders' Meeting re-elects Robert Baconnier, whose term of office has expired, to serve as director for a three-year term expiring at the end of the Annual Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2010.

Sixth resolution

(Re-election of Patricia Bellinger as director)

The Shareholders' Meeting re-elects Patricia Bellinger, whose term of office has expired, to serve as director for a three-year term expiring at the end of the Annual Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2010.

Seventh resolution

(Re-election of Paul Jeanbart as director)

The Shareholders' Meeting re-elects Paul Jeanbart, whose term of office has expired, to serve as director for a three-year term expiring at the end of the Annual Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2010.

Eighth resolution

(Re-election of François Périgot as director)

The Shareholders' Meeting re-elects François Périgot, whose term of office has expired, to serve as director for a three-year term expiring at the end of the Annual Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2010.

Ninth resolution

(Re-election of Peter Thompson as director)

The Shareholders' Meeting re-elects Peter Thompson, whose term of office has expired, to serve as director for a three-year term expiring at the end of the Annual Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2010.

Tenth resolution

(Re-election of Mark Tompkins as director)

The Shareholders' Meeting re-elects Mark Tompkins, whose term of office has expired, to serve as director for a three-year term expiring at the end of the Annual Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2010.

Eleventh resolution

(Directors' fees for fiscal 2008)

The Shareholders' Meeting sets at €530,000 the total amount of directors' fees to be paid for the year ending August 31, 2008.

Twelfth resolution

(Voidance of unused portion of authorization to issue bonds)

The Shareholders' Meeting notes that the Board of Directors, using the authorization granted by the twelfth resolution of the Annual Shareholders' Meeting of January 30, 2007 up to a maximum of €2 billion, carried out an issue of ordinary bonds of a total amount of €500 million on March 15, 2007.

The Shareholders' Meeting resolves to void the unused portion of said authorization as granted by the Annual Shareholders' Meeting of January 30, 2007. Consequently, the Board of Directors shall henceforth have sole competence, subject to compliance with the law, to decide upon or authorize the issuance of bonds without limitation as to amount, with authority to sub-delegate to the Chief Executive Officer.

EXTRAORDINARY BUSINESS

Thirteenth resolution

(Change of legal name)

The Shareholders' Meeting, having heard the report of the Board of Directors, resolves to simplify the current legal name of the Company and to adopt as the new legal name:

"Sodexo"

Consequently, the Shareholders' Meeting resolves that Article 3 of the bylaws shall henceforth read as follows:

"Article 3 – Legal name

The legal name of the Company is: Sodexo"

Fourteenth resolution

(Delegation of competence to the Board of Directors to proceed with capital increases by the issuance, with pre-emptive rights maintained, of ordinary shares and/or other securities giving access to the capital or entitlement to debt securities)

The Shareholders' Meeting, having reviewed the report of the Board of Directors and the auditors' special report, and in accordance with articles L. 225-129, L. 225-129-2 and L. 228-92 of the French Commercial Code, having noted that the issued capital is fully paid:

1. delegates to the Board of Directors competence to proceed with, on one or more occasions, to the extent and at the times that it sees fit:
   - the issuance in France or abroad, in euro or any other currency or currency unit established by reference to more than one currency, with pre-emptive rights maintained, of ordinary shares and/or any other securities, including stand-alone share subscription warrants or share purchase warrants, giving immediate or future access at any time or on a fixed date to the Company's capital or to debt securities, by subscription in cash or by offset of debts, conversion, exchange, redemption, presentation of a warrant or any other means, any debt securities being issuable with or without guarantees in the form, at the rate and on the terms that the Board of Directors sees fit;

   it being stipulated that the issuance of preferred shares is excluded from the present delegation;
2. sets the period of validity of the present delegation at twenty-six (26) months from the date of the present Shareholders' Meeting;
3. resolves that in the event that the Board of Directors makes use of the present delegation:
   - the maximum aggregate par value of immediate or future capital increases carried out as a result of the issuance of shares or securities referred to in paragraph 1 above is set at 64 million euro, it being specified that any immediate or future capital increase arising under the terms of the seventeenth resolution of the present Shareholders' Meeting shall also count towards this limit,
   - this upper limit will be raised as appropriate by the aggregate par value of any additional shares that may be issued, in the event of new transactions affecting the Company's capital, in order to protect, in accordance with the law, the rights of holders of securities giving future access to the capital,
   - further, that the aggregate nominal value of debt securities of the Company whether or not giving access to the capital may not exceed 750 million euro or the equivalent thereof as of this day in any other currency or currency unit established by reference to more than one currency, it being specified that the nominal value of any debt securities issued

under the terms of the seventeenth resolution of the present Shareholders' Meeting shall also count towards this limit;

4. resolves that in the event that the present delegation of competence is used:
   - the shareholders shall have irreducible pre-emptive rights to subscribe to the issue(s) in proportion to the number of shares held by each at the time, although the Board may at its discretion grant reducible subscription rights,
   - if the entire issue is not absorbed by irreducible and reducible subscriptions, the Board of Directors may, subject to compliance with the law, use any or all of the means specified in article L. 225-134 of the French Commercial Code in the order it sees fit, including offering some or all of the unsubscribed shares and/or securities to the public or limiting the amount of the issue to the amount of subscriptions actually received, provided that at least three-quarters of the issue has been subscribed;
5. formally records that in the event that the present delegation of competence is used, the decision to issue securities giving access to the capital shall entail express waiver by the shareholders of their pre-emptive rights over the shares to which such securities give entitlement, in favor of the holders of those securities;
6. formally records that the present delegation of competence grants full powers to the Board of Directors, with authority to delegate to the Chief Executive Officer or with the agreement of the Chief Executive Officer, to implement the present delegation subject to compliance with the law, and in particular to:
   - decide upon the capital increase and the number of securities to be issued,
   - determine the amount of the issue, the issue price, and any issue premium,
   - determine the date and terms of the issue, the nature and characteristics of the securities to be issued, and further to decide, in the case of bonds or other debt securities giving access to the capital of the Company, whether they are to be subordinated (and if so, the ranking of subordination, in accordance with article L. 228-97 of the French Commercial Code), to set the rate of interest (in particular fixed, floating, zero-coupon or index-linked), the term (fixed or perpetual) and the other terms of issue (including the granting of guarantees or collateral) and repayment (including redemption by delivery of Company assets); such securities may have warrants attached that give entitlement to the allotment, purchase or subscription of bonds or other debt securities or may take the form of complex bonds as defined by the stock market authorities (for example, because of the terms of redemption or remuneration or because of other rights such as index-linking or option rights), and to amend the aforementioned terms during the life of such securities subject to compliance with the relevant formalities,
   - determine the method used to pay for the shares and/or securities hereby issued,
   - determine as necessary terms for the exercise of rights attached to the shares or securities giving access to the capital hereby issued and in particular to determine the date, which may be retroactive, from which the new shares will rank for dividend and other rights, and determine the terms of exercise of any rights to conversion, exchange or redemption (including by delivery of Company assets such as shares or securities already issued by the Company), along with all other terms and conditions of the capital increase,
   - determine the terms under which the Company may purchase or exchange on the stock market, at any time or during pre-determined periods, the securities hereby issued, with a view to their cancellation or retention, subject to compliance with the law,
   - at its discretion, suspend the exercise of the rights attached to these securities for up to three months,
   - at its sole discretion, offset the cost of capital increases against the additional paid in capital arising thereon, and deduct from such additional paid in capital any sums required to increase the legal reserve to one-tenth of the new issued capital following each capital increase,
   - determine and make any adjustments needed to take account of the effect of transactions affecting the capital of the Company, in particular a change in the par value of the shares, an increase in the capital by conversion of reserves, consideration-free allotment of shares, stock split or reverse stock split, distribution of reserves or other assets, redemption of capital, or any other equity transaction, and determine any arrangements for protecting the holders of securities giving access to the capital,
   - formally record the completion of each capital increase and arrange for the bylaws to be amended accordingly,
   - enter into agreements, take measures and complete all formalities necessary for the issuance and servicing of securities issued under the present delegation and the exercise of any rights attached thereto;
7. formally records that in the event that the Board of Directors uses the delegation of competence granted to it by the present resolution, the Board of Directors will report to the subsequent Ordinary Shareholders' Meeting on the use made of the authorizations granted in the present resolution, in accordance with the relevant laws and regulations;
8. formally records that the present delegation voids any unused portion of any prior delegation relating to the issuance, with pre-emptive rights maintained, of securities giving immediate or future access to an interest in the Company's capital.

Fifteenth resolution

(Delegation of competence to the Board of Directors to increase the capital by conversion of reserves)

The Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary business, having reviewed the report of the Board of Directors, and in accordance with the French Commercial Code:

1. delegates to the Board of Directors competence to proceed with, on one or more occasions and to the extent and at the times it sees fit, the conversion into capital of some or all of such earnings, reserves or additional paid in capital that may legitimately be converted into capital by law or under the bylaws, in the form of the allotment of consideration-free ordinary shares or an increase in the par value of existing shares;
2. sets the period of validity of the present delegation at twenty-six (26) months from the date of the present Shareholders' Meeting;
3. formally records that the present delegation of competence gives full powers to the Board of Directors, with authority to delegate to the Chief Executive Officer or with the agreement of the Chief Executive Officer to a Chief Operating Officer, to implement the present delegation subject to compliance with the law, and in particular to:
   - determine the amount and nature of the reserves to be converted into capital, determine the number of new shares to be issued and/or the amount by which the par value of the existing shares comprising the issued capital will be increased, determine the date, which may be retroactive, from which the new shares will rank for dividend and other rights or the increase in par value will become effective,
   - decide that fractional rights shall not be negotiable and that the corresponding shares shall be sold, the proceeds of the sale being divided among the rights-holders,
   - formally record the completion of each capital increase and arrange for the bylaws to be amended accordingly, and generally do all that is useful and necessary in compliance with the applicable laws and regulations;
4. formally records that in the event that the Board of Directors uses the delegation of competence granted to it by the present resolution, the Board of Directors will report to the subsequent Ordinary Shareholders' Meeting on the use made of the authorizations granted in the present resolution, in accordance with the relevant laws and regulations.

Sixteenth resolution

(Authorization to the Board of Directors to proceed with increases in the issued capital by issuance of shares or securities giving access to the Company's capital with cancellation of pre-emptive rights in favor of members of an employee stock ownership plan)

The Shareholders' Meeting, having reviewed the report of the Board of Directors and the auditors' special report, pursuant to articles L. 443-1 et seq of the French Labor Code and article L. 335-138-1 of the French Commercial Code, and in accordance with article L. 225-129-6 of the French Commercial Code:

1. authorizes the Board of Directors to increase the issued capital of the Company on one or more occasions by the issuance of shares or of securities giving access to the Company's capital reserved for the members of an employee stock ownership plan of the Company or of French or foreign entities that are related to the Company within the meaning of article L. 225-180 of the French Commercial Code and article L. 444-3 of the French Labor Code;
2. resolves that the subscription price(s) will be determined by the Board of Directors in compliance with article L. 443-5 of the French Labor Code, by applying a discount of no more than 20% of the average of the opening quoted share prices for the twenty trading days preceding the decision setting the opening date of the subscription period.

Expressly authorizes the Board of Directors to reduce or cancel said discount as it sees fit, in particular to take account of legal, accounting, tax and welfare regimes applicable in the countries of residence of the employee stock ownership plan members benefiting from the capital increase;

3. resolves pursuant to article L. 443-5 of the French Labor Code that the Board of Directors may also decide to allot, free of consideration, existing or new shares in the Company or existing or new securities giving access to the Company's capital, to cover the employer's plan contribution and/or the discount, provided that the equivalent monetary value thereof valued at the subscription price does not have the effect of breaching the limits specified in articles L. 443-5 and L. 443-7 of the French Labor Code and that the characteristics of the securities giving access to the Company's capital are determined by the Board of Directors in compliance with the applicable regulations;
4. resolves to cancel the pre-emptive rights of shareholders in respect of the new shares or other securities giving access to the Company's capital and of the securities to which the securities issued under the present resolution would give entitlement in favor of the members of an employee stock ownership plan;
5. resolves that the Board of Directors shall have full powers, with authority to delegate or sub-delegate, in accordance with the applicable laws and regulations, to implement the present resolution and in particular to decide the terms and conditions of the transactions and determine the dates and terms of the issues carried out under the present authorization, set the opening and closing dates of subscriptions, the dates from which the shares will be entitled to dividend and other rights, the arrangements for payment for the shares and any deferral of such payment, to request the admission of the shares hereby issued to listing on a stock exchange wherever it sees fit, to formally

record the completion of the capital increases to reflect the quantity of shares actually subscribed, to carry out directly or via an intermediary all transactions and formalities associated with the capital increases and, if it sees fit, offset the cost of the capital increases against the additional paid in capital arising thereon and deduct from such additional paid in capital any sums required to increase the legal reserve to one-tenth of the new issued capital following each capital increase;

6. resolves that the maximum aggregate par value of capital increases made pursuant to the present resolution may not exceed 2.5% of the Company's issued capital as of the date of the decision of the Board of Directors to carry out the capital increase, this limit to be raised by the required number of shares to reflect any adjustments made in compliance with the applicable laws and regulations and with any contractual provisions in order to protect the rights of holders of securities giving access to the Company's shares.

The authorization hereby granted to the Board of Directors is valid for a period of 26 months from the date of the present Shareholders' Meeting.

Seventeenth resolution

(Delegation by the Shareholders' Meeting to the Board of Directors of competence to proceed with increases in the issued capital, with cancellation of pre-emptive rights, reserved for certain categories of beneficiaries)

The Shareholders' Meeting, having reviewed the report of the Board of Directors and the auditors' special report, in accordance with articles L. 225-129 et seq and L. 225-138 of the French Commercial Code:

1. delegates to the Board of Directors competence to decide to increase the issued capital, on one or more occasions and to the extent and at the times it sees fit, by issuance of shares or any other securities giving immediate or future access to the Company's capital, such issues to be reserved for persons meeting the criteria for one or more of the categories described below;
2. resolves that the maximum aggregate par value of capital increases made pursuant to the present resolution may not exceed 2.5% of the Company's issued capital as of the date of the decision of the Board of Directors to carry out the capital increase, this limit to be raised by the required number of shares to reflect any adjustments made in compliance with the applicable laws and regulations and with any contractual provisions in order to protect the rights of holders of securities giving access to the Company's shares. The maximum aggregate par value of capital increases made pursuant to the present resolution will count towards the overall limit specified in paragraph 3 of the fourteenth resolution of the present Shareholders' Meeting;
3. resolves to cancel pre-emptive rights to the shares or securities, and to the securities to which said securities may give entitlement, that may be issued pursuant to the present resolution, and to reserve the right to subscribe thereto to categories of beneficiaries meeting the following criteria: (i) employees and officers of Sodexho Alliance Group companies that are related to the Company within the meaning of article L. 225-180 of the French Commercial Code and article L. 444-3 of the French Labor Code and which have their registered office outside France; (ii) and/or employee stock ownership funds or other entities with or without legal personality which are invested in securities issued by the company and of which the unit-holders or shareholders comprise the persons defined in item (i) of the present paragraph; (iii) and/or any bank or bank subsidiary acting on behalf of the Company in connection with the implementation of a stock ownership plan or similar plan in favor of the persons defined in item (i) of the present paragraph to the extent that subscription by the person authorized under the present resolution would enable the employees of subsidiaries located outside France to benefit from employee stock ownership plans and similar plans on terms that would confer an equivalent economic benefit to that accruing to the other employees of the Sodexho Alliance Group;
4. resolves that the subscription price(s) will be determined by the Board of Directors in compliance with article L. 443-5 of the French Labor Code, by applying a discount of no more than 20% of the average of the opening quoted share prices for the twenty trading days preceding the decision setting the opening date of the subscription period.

   Expressly authorizes the Board of Directors to reduce or cancel said discount as it sees fit, in particular to take account of legal, accounting, tax and welfare regimes applicable in the country of residence of the employee stock ownership plan members benefiting from the capital increase;
5. resolves that the Board of Directors shall, subject to the terms of the bylaws, have full powers, with authority to sub-delegate as permitted by the law, to implement the present delegation, arrange for the issue of the shares, and amend the bylaws accordingly.

The Board of Directors will report to the subsequent Ordinary Shareholders' Meeting on the use made of the delegation of competence granted in the present resolution, in accordance with the relevant laws and regulations.

The delegation hereby made to the Board of Directors is valid for a period of eighteen months from the date of the present Shareholders' Meeting.

Eighteenth resolution

(Authorization for the Board of Directors to reduce the issued capital by cancellation of shares)

The Shareholders' Meeting, having reviewed the report of the Board of Directors and the auditors' special report, resolves:

1. to authorize the Board, in accordance with L. 225-209 of the French Commercial Code and subject to adoption by the Shareholders' Meeting of the fourth resolution, to cancel on one or more occasions the shares acquired by the Company pursuant to the authorization granted by the fourth resolution of the present Shareholders' Meeting under ordinary business up to a maximum of 10% of the issued capital of the Company per twenty-four month period and to reduce the issued capital accordingly;
2. to authorize the Board of Directors, with authority to sub-delegate, to carry out such reductions in the issued capital, set the terms and formally record completion thereof, amend the bylaws accordingly, complete all formalities, measures and filings with all relevant bodies and generally do all that is necessary.

The present authorization is granted for a period of eighteen months from the date of the present Shareholders' Meeting.

This authorization cancels and replaces any previous delegation of the same type, and specifically that granted in the fifteenth resolution of the Annual Shareholders' Meeting of January 30, 2007.

Nineteenth resolution

(Harmonization of article 16 of the bylaws with the provisions of the decrees of May 3, 2002 and December 11, 2006)

The Shareholders' Meeting, having reviewed the report of the Board of Directors, resolves to harmonize the provisions of the bylaws relating to remote voting and access to meetings with decree no.2002-803 of May 3, 2002 and decree no.2006-1566 of December 11, 2006, and to amend paragraphs 1 and 2 of article 16 of the bylaws accordingly, as indicated below:

Article 16 – Shareholders' Meetings

The second paragraph of item 1 of this article shall henceforth read as follows:

"For the purposes of calculating quorum and majority at Shareholders' Meetings, shareholders taking part in said meetings via video-conferencing or electronic telecommunications links enabling them to be identified in accordance with the definitions and conditions relating to such links as stipulated in the relevant laws or regulations are deemed to have attended the meeting."

Item 2 of this article shall henceforth read as follows:

"Shareholders' Meetings comprise all shareholders who have paid in full all amounts due in respect of their shares and whose right to participate in Shareholders' Meetings has been substantiated by an accounting record being held of their shares either in the name of the shareholder or, if the shareholder is not resident in France, of the shareholder's approved intermediary, at midnight (Paris time) on the third business day preceding the Meeting.

An accounting record of the shares is a record existing either in the nominative share registers kept by the company or by the approved intermediary, or in the bearer share accounts kept by the approved intermediary, that satisfies the time constraint specified in the previous paragraph.

Access to Shareholders' Meetings is open to members on presentation of proof of status and identity. The Board of Directors may if it sees fit arrange for shareholders to be supplied with individual entry passes in their names, and require these passes to be produced.

Any shareholder may vote remotely, in compliance with the applicable law and regulations. Similarly, any shareholder may during the course of a meeting participate in discussions and vote by remote transmission."

The remainder of the article is unchanged.

Twentieth resolution

(Modification of article 11 of the bylaws in relation with the provisions introduced by the law of December 30, 2006 on the election of one or more employee shareholder representatives to the Board of Directors)

The Shareholders' Meeting, having heard the report of the Board of Directors, resolves to supplement the bylaws by incorporating the new arrangements introduced by the law of December 30, 2006 on the election of one or more employee shareholder representatives to the Board of Directors.

Consequently, the Shareholders' Meeting resolves to insert a new paragraph at the end of article 11 of the bylaws, to read as follows:

"If the report presented by the Board of Directors pursuant to article L. 225-102 of the French Commercial Code establishes that shares held by employees of the Company and employees of related companies within the meaning of article L. 225-180 of said Code represent more than 3% of the Company's capital, a Director shall be elected by the Shareholders' Meeting on the recommendation of the employee shareholders.

The terms for the selection of candidates are as follows:

- *if the voting right attached to shares owned by employees is exercised by the members of the Supervisory Board of an employee stock ownership fund, the candidates shall be selected by said Board.*
- *If the voting right attached to shares owned by employees is exercised by the employees themselves, the candidates shall be selected by the consultation process described below. Only candidates nominated by a group of shareholders representing at least 5% of the shares held directly by employees shall be eligible;*

At least two months before the Shareholders' Meeting, the Board of Directors shall invite the employees and/or members of the Supervisory Board of the employee stock ownership fund(s) to submit candidates. To this end, the Chairman of the Board of Directors shall arrange for the employee shareholders to be consulted by letter with a view to the selection of candidates. The employee shareholders have fifteen days from the date of the letter in which to reply.

A report shall be prepared on this process, specifying the number of votes cast for each candidate. A list of all validly selected candidates shall be prepared and communicated to the Board of Directors."

Twenty-first resolution

(Powers)

The Shareholders' Meeting confers full powers on the bearer of a copy or extract of the minutes of the present Shareholders' Meeting to carry out all necessary formalities.

SPECIAL REPORT OF THE STATUTORY AUDITORS ON THE ISSUANCE OF SHARES AND/OR VARIOUS SECURITIES

(Ordinary and Extraordinary Shareholders' Meeting of January 22, 2008: 14th resolution)

SODEXHO ALLIANCE S.A.
3, avenue Newton
78180 Montigny-le-Bretonneux

To the shareholders,

In our capacity as statutory auditors of your Company and in accordance with the terms of our engagement pursuant to the French Commercial Code (Code de Commerce) and notably Articles L. 225-129-2, L. 225-135 and L. 228-92, we hereby submit our report on the proposed issue of shares and/or various securities, on which you are being asked to deliberate and vote.

The Board of Directors proposes, on the basis of their report, that he be empowered to determine the terms and conditions of this operation for a period of 26 months and where necessary to waive your preferential subscription rights.

The 14th resolution provides for the issues, with retention of preferential subscription rights, of shares in the Company and/or various securities that grant immediate or deferred access to your Company's share capital.

The principal amount of immediate or future capital increases carried out by virtue of the aforementioned authorization may not exceed 64 million euros, it being understood that this authorization shall be included in and may not exceed the principal amount of shares that will be granted by virtue of the 14th and 17th resolutions. The principal amount of the debt securities to be issued may not exceed 750 million euros, it being understood that this authorization shall be included in and may not exceed the amount of debt securities that will be granted by virtue of the 14th and 17th resolutions.

In accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code, the Board of Directors has to prepare a report. We are required to comment on the conformity of the financial data with the financial statements and on other information in connection with the issues concerned in this report.

We performed the procedures that we deemed necessary in accordance with the professional standards set down by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes). Those procedures consisted of reviewing the content of the Board of Directors' report and the methods used for determining the issue price for each issue.

Since the terms and conditions of the issue price of the equity securities to be issued by virtue of the 14th and 17th resolutions have not been stated in this report, we are not in a position to, and do not comment on the final terms and conditions under which these issues will be conducted.

In accordance with Article R. 225-116 of the Commercial Code, we will submit a supplementary report when an issuance of various securities that grants immediate or deferred access to a share in your Company's capital is made by your Board of Directors.

Neuilly-sur-Seine and Paris La Défense, November 16, 2007

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Department of KPMG SA
Louis Pierre Schneider	Patrick-Hubert Petit

This is a free translation into English of the Statutory Auditor's special 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 construed in accordance with, French law and professional auditing standards applicable in France.

SPECIAL REPORT OF THE STATUTORY AUDITORS ON EMPLOYEE SHARE ISSUES

(Ordinary and Extraordinary Shareholders' Meeting of January 22, 2008: 16th resolution)

SODEXHO ALLIANCE S.A.
3, avenue Newton
78180 Montigny-le-Bretonneux

To the shareholders,

In our capacity as Statutory Auditors of Sodexho Alliance S.A. and as required by Articles L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby present our report on the planned issuance of shares to employees of the Company and its affiliates within the meaning of Article L. 225-180 of the Commercial Code, without pre-emptive subscription rights for existing shareholders.

Shareholder approval is required for such issues pursuant to Article L. 225-129-6 of the Commercial Code and Article L. 443-5 of the French Labor Code (Code du travail).

As described in its report, the Board of Directors is seeking a 26-month authorization to carry out such issues and to set the terms and conditions thereof. Shareholders are also asked to waive their pre-emptive right to subscribe for the shares to be issued to employees.

The total nominal amount of any capital increases resulting from such employee share issues may not exceed 2.5% of the Company's capital.

The Board of Directors is responsible for drawing up a report in compliance with Articles R. 225-113 and R. 225-114 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements, on the proposal to waive shareholders' pre-emptive subscription rights and on certain other information about such issues given in the Board's report.

We performed the procedures that we deemed necessary in accordance with the professional standards set down by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes). Those procedures consisted of reviewing the content of the Board of Director's report relating to employee share issues, as well as the methods used for determining the issue price of the shares concerned.

Subject to the future examination of the terms and conditions of these issues, we have no comment to make on the methods used to determine the issue price of said shares, as presented in the report of the Board of Directors.

As the price of any shares issued will be determined by the Board of Directors when the operations are carried out, we are not in a position to comment on the final terms and conditions under which these issues will be conducted, nor, in consequence, on the proposed waiver of shareholders' pre-emptive rights to subscribe for the issues concerned.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report at the time of each such issue conducted by the Board of Directors.

Neuilly-sur-Seine and Paris La Défense, November 16, 2007

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG SA
Louis Pierre Schneider	Patrick-Hubert Petit

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SPECIAL REPORT OF THE STATUTORY AUDITORS ON THE ISSUANCE OF SHARES AND SHARE EQUIVALENTS (WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS)

(Ordinary and Extraordinary Shareholders' Meeting of January 22, 2008: 17th resolution)

SODEXHO ALLIANCE S.A.
3, avenue Newton
78180 Montigny-le-Bretonneux

To the shareholders,

In our capacity as Statutory Auditors of Sodexho Alliance S.A., and in accordance with Articles L. 228-92 and L. 225-138 of the French Commercial Code (Code de Commerce), we present below our report on the authorizations sought by the Board of Directors to issue shares and/or share equivalents to certain categories of people as defined in the report of the Board of Directors.

As described in its report, the Board of Directors is seeking an 18-month authorization to carry out such issues and to set the terms and conditions thereof. Where applicable, shareholders are also asked to waive their pre-emptive right to subscribe for the securities concerned.

The total nominal amount of any capital increases resulting from such shares issues may not exceed 2.5% of the Company's capital which will impact the amount of the maximum increase as defined under the fourteenth resolution.

We performed the procedures that we deemed necessary in accordance with the professional standards set down by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes). Those procedures consisted of reviewing the methods used for determining the issue price for each issue.

Subject to the future examination of the terms and conditions of these issues, we have no comment to make on the methods used to determine the issue price of the securities concerned, as presented in the report of the Board of Directors.

As the price of the securities issued will be determined by the Board of Directors when the operations are carried out, we are not in a position to comment on the final terms and conditions under which these issues will be conducted, nor, in consequence, on the proposed waiver of shareholders' pre-emptive rights to subscribe for the issues concerned, the principle of which is in keeping with the nature of the proposed operations.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report at the time of each such issue conducted by the Board of Directors.

Neuilly-sur-Seine and Paris La Défense, November 16, 2007

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Department of KPMG SA
Louis Pierre Schneider	Patrick-Hubert Petit

This is a free translation into English of the Statutory Auditor's special 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 construed in accordance with, French law and professional auditing standards applicable in France.

SPECIAL REPORT OF THE STATUTORY AUDITORS ON A SHARE CAPITAL REDUCTION THROUGH THE CANCELLATION OF PURCHASED SHARES

(Ordinary and Extraordinary Meeting of Shareholders held on January 22, 2008 – 18th resolution)

SODEXHO ALLIANCE S.A.
3, avenue Newton
78180 Montigny-le-Bretonneux

To the shareholders,

In our capacity as statutory auditors of Sodexho Alliance, and in accordance with the terms of our engagement set forth in Article L. 225-209, paragraph 7 of the French Commercial Code (Code de Commerce), in the event of a share capital reduction through the cancellation of purchased shares, we hereby submit our report containing our assessment of the reasons for, and the terms and conditions of the proposed capital reduction.

We performed our procedures in accordance with the professional standards set down by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes). Those standards require us to perform procedures to assess whether the reasons for, and the terms and conditions of, the proposed capital reduction are legitimate and lawful.

This transaction is to be carried out in connection with the repurchase by your Company of its own shares pursuant to the provisions of Article L. 255-209 of the French Commercial Code (Code de Commerce), limited to 10% of the Company's capital. This purchase authorization is submitted for your approval in the 4th resolution and would be given for a period of 18 months.

Your Board of Directors requests that you grant it full authority for a period of 18 months, within the context of the authorization for your Company to purchase its own shares, to cancel the shares of stock purchased, within the limit of 10% of the stated capital of its Company in any given 24-month period.

We have no matters to report on the reasons for, or the terms and conditions of, the aforementioned proposed capital reduction. We remind you that this capital reduction is subject to prior shareholder consent to the repurchase by your Company of its own shares.

Neuilly-sur-Seine and Paris La Défense, November 16, 2007

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Department of KPMG SA
Louis Pierre Schneider	Patrick-Hubert Petit

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8. Glossary

Glossary

ADR

Abbreviation for "American Depositary Receipt". An ADR is a registered certificate issued by an American bank to represent ownership of a share or bond issued by a publicly-traded non-American company. ADRs are quoted in US dollars, but the underlying shares or bonds are denominated in their original currency and are held in deposit by a bank, known as the custodian, in the country of issue. ADRs enable a non-American company, subject to certain conditions, to be quoted in the United States. One Sodexho Alliance share is represented by one Sodexho Alliance ADR. Dividends and voting rights belong to the ADR holder.

Client Retention Rate

The client retention rate equals prior-period revenues from contracts lost by Sodexho (to rivals or due to a decision not to outsource) divided by total prior-period revenues for the entity in question. Also included are contracts terminated by Sodexho, and site closures (including the effect of relocations).

This is a comprehensive retention rate. Other companies may calculate their retention rates on a different basis.

COSO

COSO was formed in the United States in 1985 to sponsor the National Commission on Fraudulent Financial Reporting, an independent private sector initiative jointly sponsored by major professional associations chaired by James C. Treadway. COSO issued recommendations to public companies and independent accountants in the form of an integrated framework for internal control, which forms the basis for the application of certain provisions of the Sarbanes-Oxley Act.

Group net income

Group net income is total net income generated by all Group companies minus the portion of net income attributable to minority investors in subsidiaries not wholly owned by Sodexho.

Intensity risk

Risks which due to their frequency and gravity must be transferred to the insurance market.

Issued volume

The face value of vouchers and cards multiplied by the number of vouchers and cards issued.

Number of sites

The number of sites corresponds to the number of client locations in the Group.

Organic Growth

Organic growth is the increase of revenues, at constant exchange rates, and excluding the impact of acquisitions or divestitures of subsidiaries for a twelve month period.

Work-related accident frequency rate

Number of accidents per million hours worked.

Work-related accident severity rating

Number of days' work lost due to work-related accidents per million hours worked.

9. Responsibility for the Reference Document and the Audit of the Financial Statements

Responsibility for the *Document de Référence* (French-language equivalent of the Reference Document)

"Having taken all reasonable precautions, I hereby declare that the information contained in this Document de Référence is to the best of my knowledge in accordance with reality and that nothing has been omitted that would alter its impact.

I declare that to the best of my knowledge the financial statements comply with the applicable accounding standards and present a true statement of the interests, the financial position, and of the income of the company, and of the consolidated entities.

The Management Report described in page 252 presents a true picture of the evolution of the business, of the results and the financial position of the company and of the consolidated entities, as well as a description of the principal risks for the Group.

I have obtained from our statutory auditors an engagement completion letter in which they declare that they have verified the information relating to the financial position and the financial statemets which are presented in this document and that they have read this document in its entirety.

The Chief Executive Officer
Michel Landel

Responsibility for the audit of the Financial Statements

Auditors	First appointed	Term of office	Term of office expires
Principal auditors			
PricewaterhouseCoopers Audit 63, rue de Villiers 92208 Neuilly sur Seine, France Registered no. RCS Nanterre 672 006 483 Represented by Louis-Pierre Schneider	February 22, 1994	6 years	Annual Shareholders' Meeting held in 2011 to adopt the financial statements for fiscal 2010
KPMG Audit, departement de KPMG S.A. Immeuble le Palatin 3, cours du Triangle 92923 Paris La Defense CEDEX, France Registered no. 775 726 417 Represented by Patrick-Hubert Petit	February 4, 2003	6 years	Annual Shareholders' Meeting held in 2009 to adopt the financial statements for fiscal 2008
Alternate auditors			
Patrick Frotiée 63, rue de Villiers 92208 Neuilly sur Seine, France	February 25, 1997	6 years	Annual Shareholders' Meeting held in 2011 to adopt the financial statements for fiscal 2010
Didier Thibaut De Menonville 2 bis, rue de Villiers 92309 Levallois-Perret Cedex, France	February 4, 2003	6 years	Annual Shareholders' Meeting held in 2009 to adopt the financial statements for fiscal 2008

10. Reconciliation table

To facilitate the reading of this document, the reconciliation table below identifies:

- The main headings required by European Regulation 809/2004, which implemented the "Prospectus Directive" (Directive 2003/71/EC of the European Parliament and Council) on the prospectus to be published when securities are offered to the public or admitted to trading. Disclosures that are not applicable to Sodexho Alliance are marked "N/A".
- The information that constitutes the financial report required for all listed companies in the Monetary and Financial code of the European Parliament and Council (Directive 2004/109/EC) ("Transparence Directive").
- The main headings of the Management Report defined by L.225-100 of the French Commercial Code.

Reconciliation table

New address as of April 2008

Sodexo, Head Office

255, quai de la Bataille de Stalingrad

92130 Issy-Les-Moulineaux – France

Sodexo, Conference Center and Restaurant Dockside

226, quai de la Bataille de Stalingrad

92130 Issy-Les-Moulineaux – France

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In 2008, sodexo

is changing the Group's name and rejuvenating its visual identity.

STOP HUNGER

sodexo

Making every day a better day