Fiscal 2008 Reference Document

2 - Financial and Legal Information

sodexo

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2 - Financial and legal Information

Fiscal 2008

This Reference Document (Registration document) was filed with the *Autorité des marchés financiers* on November 12, 2008, 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. This document was prepared by the issuer and is under the responsability of its signatories.

Management report, consolidated Group financial statements and Statutory Auditors reports for the years ended August 31, 2006 and 2007.

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, 2007 as presented on pages 101-189 of the reference document filed with *Autorité des marchés financiers* (French financial markets authority) on November 16, 2007 under number D. 07-986;
- 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 December 12, 2006 under number D.06-1215.

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 Sodexo's website, www.sodexo.com or on the website of the *Autorité des marchés financiers*, www.amf-france.org.

Summary

01

History

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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 No.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 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 several acquisitions. Sodexho Alliance delists from the New York Stock Exchange on July 16, 2008.
2008	Sodexho Alliance becomes Sodexo and changes its visual identity. Corporate headquarters is transferred to Issy-les-Moulineaux. Acquisition of VR's Vouchers and Cards activity in Brazil allowing Sodexo to reinforce its positions in this market. Several other acquisitions have been made in the Foodservices segment (in particular, Score Groupe in France), in the Service Vouchers and Cards business and in Facilities Management.

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Corporate Governance

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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 Chairman's Report on the Operating Procedures of the Board of Directors and on Internal Control Procedures).

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, 2008

		First Elected	Term Expires
Pierre Bellon	Chairman	Nov 14, 1974	2010
Rémi Baudin	Vice-Chairman	Feb 25, 1983	2010
Robert Baconnier(1)	President, ANSA	Feb 08, 2005	2011
Patricia Bellinger(1)	Company Director	Feb 08, 2005	2011
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(2)
François-Xavier Bellon	CEO of Bright Yellow Group Plc	Jul 26, 1989	2010
Sophie Clamens	Chairman of the Management Board, Bellon SA	Jul 26, 1989	2010
Paul Jeanbart(1)	Chief Executive Officer, Rolaco	Feb 13, 1996	2011
Charles Milhaud	Chairman of the Management Board, CNCE	Feb 4, 2003	2009(3)
François Périgot(1)	Honorary President, MEDEF International	Feb 13, 1996	2011(4)
Nathalie Szabo	Member of the Management Board, Bellon SA	Jul 26, 1989	2010
Peter Thompson(1)	Company Director	Feb 08, 2005	2011
Mark Tompkins(1)	Company Director	Feb 05, 2002	2011

(1) Independent Director.
(2) The Board of Directors will propose the renewal of this mandate for three years at the Shareholders' Meeting of January 19, 2009.
(3) Charles Milhaud gave notice on October 8, 2008 of his decision to not renew his mandate.
(4) François Périgot has informed the Chairman of the Board of his decision to resign from the Board for personal reasons, with effect immediately following the January 19, 2009 Annual Shareholders' Meeting. At this same meeting, the Board of Directors will propose the nomination of Michel Landel to the Board, who will complete the remainder of Mr. Périgot's term.

2. INFORMATION ABOUT MEMBERS OF THE BOARD OF DIRECTORS AS OF AUGUST 31, 2008

Pierre Bellon

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

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 – Issy-les-Moulineaux

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 at Sodexo (new name since January 2008).

From 1988, he served as Chairman and Chief Executive Officer of Bellon SA, the family holding company that controls Sodexo; 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).

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 Sodexo 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.
Nationality: French.
Degree in Literature, Graduate of the Institute d'Etudes Politiques de Paris and of the Ecole Nationale d'Administration (1965-1967).

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 French Internal Revenue Service. In 1986 he became head of the French 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 Sodexo 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.
Nationality: French.
Graduate of the Ecole des Hautes Etudes Commerciales (HEC).

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 – Issy-les-Moulineaux.

Background

Before helping Pierre Bellon to create Sodexo, 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 Foodservices 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 Foodservices 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 Foodservices Confederation.

Number of Sodexo shares held: 5,016.

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.
Nationality: Dual American and British.
BA in Literature, Harvard University.

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 – Issy-les-Moulineaux

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

- Board member, Nordic Windpower, Ltd (United Kingdom);
- Board member, YMCA of Greater Boston (Boston, U.S.);
- Member of Diversity Advisory Board of Organizational Resources Council (ORC).

Number of Sodexo 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
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux

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 Sodexo 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.
Nationality: French.
Degree in French Literature from IAE Aix – Marseille.

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 Sodexo 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.
Nationality: French.
Graduate of the European Business School.

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 Sodexo 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 Sodexo in Mexico. In January 2004, he was appointed Chief Executive of Sodexo 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 to seniors.

Other corporate offices held

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

Other positions

- Advisor, French Foreign Trade Commission.

Number of Sodexo shares held: 36,383.

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

Footprint Ltd. (Director).

Sophie Clamens

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

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 – Issy-les-Moulineaux

Background

Sophie Clamens began her career in 1985 with Crédit Lyonnais in the United States as a mergers and acquisitions advisor for the bank's French clientele in New York. She joined Sodexo in 1994 as a senior analyst in the Group Finance Department. In 2001, she was appointed Project Manager – Strategic Financial Planning within the Group Strategic Planning Department, to develop and implement key performance indicators for the Group. In September 2005, she was named Group Vice President of Client Retention and was responsible for the worldwide deployment of the initiative on client retention.

In September 2008 she was appointed President of Corporate Services for Sodexo France.

Other corporate offices held

- Bellon SA (Chairman of the Management Board since 2002);
- Baumira SARL (Officer 1).

Number of Sodexo 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.
Nationality: Canadian.
Civil engineer.

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 Sodexo 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.
Nationality: French.
Advanced degree in Mathematics, Physics and Chemistry.

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 – Issy-les-Moulineaux

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

- BTK – Banque Tuniso-Koweitienne (Chairman of the Board of Directors);
- CM Investissement (Officer);
- CNP Assurances (Director);
- Coface (Director);
- Crédit Immobilier et Hôtelier (Vice-Chairman of the Supervisory Board);
- Douja Promotion Groupe Addoha (Director);
- Erilia (Permanent representative of Erixel – Director);
- Erixel (Chairman);
- Europacorp (Vice-Chairman of the Supervisory Board);
- Financière Oceor (Chairman of the Supervisory Board);
- Fransabank France SA (Vice-Chairman of the Board of Directors);
- Gce Domaines (Chairman of the Board of Directors);
- Gce Maroc (Chairman of SAS and of the Board of Directors);
- GCE Maroc Immobilier (Director);
- GCE Participations (Permanent Representative of CNCE – Chairman);
- IDF Tele (Member of the Supervisory Board);
- IEP Aix en Provence (Director);
- Massira Capital Management (Director);
- Natixis (Chairman of the Supervisory Board);
- Nexity (Vice-Chairman of the Board of Directors).
- SCI Cascades Paradis (Officer);
- SCI Grand Horizon Paradis (Officer);
- SLE Prefecture (Cooperative – Director);
- Sopassure (Director);
- Veolia Eau – Compagnie Générale des Eaux (Member of the Supervisory Board).

Other positions

- Groupement Européen des Caisses d'Epargne (Vice-Chairman);
- Fédération Bancaire Française (Member of the 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 Sodexo shares held: 400.

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

- Société Nouvelle d'Exploitation de la Tour Eiffel (Director);
- SICP (Chairman of the Board of Directors);
- CDC Finance-CDC Ixis (Vice-Chairman of the Supervisory Board);
- Compagnie Financière Eulia (Vice-Chairman)
- GCE Immobilier (Vice-Chairman of the Supervisory Board);
- Perexia (Vice-Chairman of the Supervisory Board);
- IXIS Corporate & Investment Bank (Chairman of the Supervisory Board);
- IXIS Asset Management Group (Member of the Supervisory Board);
- Natixis Global Asset Management (Member of the Supervisory Board);
- Natixis Multimanager (Permanent Representative of the CNCE – Member of the Supervisory Board);
- Crédit Foncier de France (Chairman of the Supervisory Board);
- Banque des îles Saint Pierre et Miquelon (Permanent Representative of the CNCE – Director);
- CDC Entreprise (Member of the Supervisory Board);
- GCE Habitat (Member of the Supervisory Board);
- GCE Paiement (Permanent Representative of the CNCE – Chairman);
- Issoria (Chairman du Supervisory Board);
- Oterom Holding (Permanent Representative of the CNCE – Chairman);
- Sogima (Permanent Representative of GCE Immobilier – Member of the Supervisory Board);
- Sogima (Permanent Representative of the GCE SEM – Member of the Supervisory Board);
- Banque de la Réunion (Permanent Representative of the CNCE – Director);
- Banque de Tahiti (Permanent Representative of the CNCE – Director);
- Banque de Nouvelle-Calédonie (Permanent Representative of the CNCE – Director);
- Banque des Mascareignes (Director);
- Centre National d'Enseignement à Distance (Chairman of the Board of Directors).

François Périgot

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

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 Union of Industrial and Employers' Confederations of Europe. 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 Sodexo 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.
Nationality: French.
Graduate of the European Business School.

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

Background

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

She joined Sodexo in March 1996 as Sales Director for Sodexo Prestige in France, becoming a Regional Manager in 1999. In September 2003 she was appointed Managing Director of Sodexo Prestige, and 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 Sodexo 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.
Nationality: American.
BA Modern Languages, Oxford University; MBA, Columbia University.

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 Grand Met Plc in 1984, where he held management positions (Green Giant, Haagen-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: President 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 Sodexo 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.
Nationality: British.
Masters degree in Natural Sciences and Economics from the University of Cambridge; MBA from the INSEAD Business School in France.

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 capital development 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), and certain unlisted subsidiaries;
- Kingkaroo (Pty) Ltd (South Africa);
- Samara Private Game Reserve (Pty) Ltd (South Africa).

Number of Sodexo 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:

- **17,500 euro** fixed fee to each Director;
- **1,750 euro** per attendance at Board meetings;
- **5,400 euro** fixed fee to each member of a Board Committee;
- **760 euro** per attendance at Committee meetings.

The total amount of directors' fees paid for Fiscal 2008 was 513,630 euro, out of the maximum of 530,000 euro authorized by the general shareholders' meeting of January 22, 2008.

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)

	Total	Sodexo SA	Bellon SA[2]	Total	Sodexo SA	Bellon SA[2]
(in euro)	Fiscal 2008[1]	Directors' fees		Fiscal 2007[1]	Directors' fees	
Pierre Bellon[3]	243,590	43,590	200,000	240,000	40,000	200,000
Robert Baconnier	44,350	44,350		40,000	40,000	
Rémi Baudin	47,870	45,870	2,000	44,100	42,100	2,000
Patricia Bellinger	50,350	50,350		39,300	39,300	
Astrid Bellon	102,968	28,000	74,968	95,896	25,600	70,296
Bernard Bellon	38,670	36,670	2,000	35,600	33,600	2,000
François-Xavier Bellon	104,718	29,750	74,968	97,496	27,200	70,296
Sophie Clamens	246,542	32,030	114,979	216,208	30,000	101,776
Paul Jeanbart	31,270	31,270		25,600	25,600	
Charles Milhaud	17,500	17,500		19,200	19,200	
François Périgot	45,110	45,110		40,700	40,700	
Nathalie Szabo	202.205	36,670	87,943	189,020	32,900	81,628
Peter Thompson	33,520	33,520		25,600	25,600	
Mark Tompkins	38,950	38,950		33,400	33,400	

(1) Total including directors' fees paid by Sodexo SA and all forms of compensation paid for positions held in Bellon SA, Sodexo SA, and/or Sodexo Group companies.
(2) All forms of compensation paid for positions held in Bellon SA.
(3) Pierre Bellon receives no compensation or fringe benefits for his position as Chairman of the Board of Sodexo, but has the use of a company car, an office and an assistant. In addition, Pierre Bellon will not benefit from any departure indemnity when his term ends.

4. 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, this 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 put in place by the Company."

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

Sodexo is governed by a Board of Directors presided over by Mr. Pierre Bellon.

Role of the Chairman of the Board of Directors

The Chairman of the Board of Directors represents the Board and organizes and directs its work, on which he reports to the Shareholders at the Annual Meeting. The Chairman oversees the functioning of all facets of the Company and in particular, ensures that the board members are able to fulfil their mission.

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 and defines Group policy, 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 and/or investigate the issues to be discussed.

The Group's senior executives keep the Board informed on a regular basis 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 functional 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 Sodexo shares.

Except in cases of force majeure, all Directors of Sodexo 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 Sodexo 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 Sodexo securities:

- during the 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 the 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 of all transactions in Sodexo shares.

Board meetings during the year

The Board of Directors met eight times during Fiscal 2008, fulfilling the minimum requirement of four meetings per year as stated in the Internal Rules.

Date	Main items on the agenda	Attendance rate
September 10, 2008	Approval of the Fiscal 2008 budget	93%
November 13, 2008	Finalizing the financial statements for Fiscal 2007. Finalizing the Board Report. Convening of the Annual Shareholders' Meeting	86%
January 7, 2008	Adoption of a new stock option plan	86%
January 22, 2008	Business update for opening months of Fiscal 2007. Evaluation of the Board of Directors	86%
March 12, 2008	Transfer of the corporate headquarters to Issy-les-Moulineaux. Launch of International Savings Plan (PEI). Presentation by the Group Executive Vice President, Marketing and Supply Chain Management. Presentation of activities in France and in the United Kingdom	93%
April 15, 2008	Finalizing the interim consolidated financial statements for the first half of Fiscal 2008. Implementation of the share repurchase program in the form of a Simplified Tender Offer. Presentation on the Service Vouchers and Cards activity	93%
June 19, 2008	Update on investment projects. Reduction in capital	93%
July 9, 2008	Update on investment projects	93%

The average attendance rate during Fiscal 2008 was 90%.

Composition of the Board of Directors

A list of members of the Board of Directors is provided on page 6 of this 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 Sodexo operates.

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

Currently, the term "independent director" has no definition in French law. However, the September 2002 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 Sodexo 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 Sodexo.

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 2008, six Board members were deemed independent directors.

Directors hold office for a term of three years.

Subsequent event information

François Perigot, Sodexo Board member since February 2, 1996 and the Chairman of the Nominating Committee, has informed the Chairman of the Board of Directors of his decision to resign from his term for personal reasons. The Board of Directors was informed of this decision at its November 6, 2008 meeting and the resignation will take effect on January 19, 2009 at the Annual Shareholders' Meeting.

On his own behalf as well as that of the Board of Directors and all of the shareholders, Pierre Bellon would like to thank François Perigot for his dedication and loyalty to Sodexo, for the eminent role he played as Director, in particular in the area of Human Resources and also as Chairman of the Nominating Committee.

Charles Milhaud, whose term ends at the Annual Shareholders' Meeting on January 19, 2009, has made known on October 8, 2008 his decision not to renew his term. The Chairman of the Board thanks him for his contribution to the Group of his significant experience during the last six years.

Michel Landel has been Chief Executive Officer of Sodexo since September 1, 2005. He has carried out this function for three years, to the satisfaction of the Board of Directors, clients, employees, and shareholders. Because of this very good performance, the Board of Directors proposed to nominate him to join the Board. This nomination will reinforce his authority and the confidence in him held by clients, employees and shareholders.

The Board has also proposed that Patricia Bellinger, whose competence in human resources, career management for executives, and diversity is recognized worldwide, be named Chair of the Nominating Committee, replacing François Périgot.

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. Pierre Bellon, Rémi Baudin and Sophie Clamens 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 Sodexo 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 Sodexo), Siân Herbert-Jones (Group Chief Financial Officer) and Steven Pangburn (Group Internal Audit Director) are regularly invited to attend Audit Committee meetings to discuss their activities and answer questions.

The Audit Committee met three times during Fiscal 2008, with a 93% average attendance rate.

Issues addressed by the Committee included:

- approval of the Internal Audit Plan for Fiscal 2008;
- 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 program to assess internal controls (CLEAR Program – see below);
- supervision of the independence and work of the external auditors. The Committee also approved the terms of engagement and fees of the auditors of Sodexo and its subsidiaries in connection with the audit of the consolidated financial statements for Fiscal 2008. 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 2007, and the interim consolidated financial statements for the Fiscal 2008 half year. In addition to three formal meetings, the Chairman of the Audit Committee also had periodic meetings during Fiscal 2008 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 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;
- provides an opinion to the Board on the nomination of the Chief Executive Officer and as appropriate one or more Chief Operating Officers.

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; and
- 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 Nominating Committee met formally twice in Fiscal 2008 to discuss succession planning for members of the Group Executive Committee.

The average attendance rate was 90%.

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 principles and rules applied by the Board of Directors in determining the compensation and benefits of any nature provided to the executive officers are included on pages 14, 15 and 33 of this document.

The Compensation Committee met twice in Fiscal 2008 to make recommendations to the Board on issues such as the launch of the International Savings Plan, the implementation and plan rules of a new stock option plan, a review of executive incentive 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 1.7 million stock options to 500 senior managers under the 2008 plan in accordance with individual grants as proposed by the Chief Executive Officer.

The attendance rate in Fiscal 2008 was 100%.

Creation of Temporary Committee of Independent Directors

During Fiscal 2008 Sodexo considered a proposal to repurchase its own shares through a Simplified Tender Offer process. In connection with this proposal, a committee comprised of all of the independent directors was created in order to oversee the discussions and work related to the share tender offer and to approve the decision to implement it. The committee also appointed an independent expert in connection with this transaction.

This committee met twice and the attendance rate 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

In September 2007, the directors were sent an evaluation form containing approximately 50 questions on the operating procedures of the Board of Directors and the various committees. During the January 22, 2008 meeting, the results of this evaluation were presented and were as follows: the rules and missions of the Board are clear, and the information received was determined to be satisfactory by the board members. Nonetheless, the directors requested to be even more closely involved in the Group's strategic reflections. Accordingly at the September 9, 2008 session, the members of the Group's Executive Committee presented the three year plan for each of their entities. Board members also reaffirmed their desire to meet more frequently with the members of the Group's Executive Committee. As such, it was decided to dedicate a portion of each Board meeting to the activities of one member of the Executive Committee insofar as possible. This measure was implemented starting with the March 12, 2008 meeting: the Chief Executive Officer of Europe presented the Food and Facilities Management activities in France and in the United Kingdom, and the Group Executive Vice President, Marketing and Supply Chain Management explained the action plans implemented in the areas under his responsibility. During the April 15, 2008 meeting, the Chief Executive Officer of Service Vouchers and Cards presented an update on the strategy and current initiatives in that activity.

Corporate Governance

Since September 1, 2005, the roles of the Chairman of the Board of Directors and the Chief Executive Officer were separated and Michel Landel became the Chief Executive Officer of Sodexo, succeeding Pierre Bellon.

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 presented on page 12 of Volume I. 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.

Additionally, the Group's Chief Executive Officer decided to create an International Committee comprising approximately 60 representatives of the Group. This International Committee's objectives are to share a common vision, to reflect on the risks and opportunities presented at the global level, to mobilize around major strategic priorities, to detect and share best practices, and to identify and assist in accelerating the organic growth of the Group.

Principles of Corporate Governance

Sodexo's corporate governance structure is compliant with prescriptions of French law and with the rules established by the Autorité des Marchés Financiers (AMF). In addition, Sodexo complies with the Corporate Governance Code of the AFEP-MEDEF in effect as amended by the recommendations of October 6, 2008.

Consequently, the Company considers that its application of corporate governance principles is appropriate and adheres to best practices for corporate governance in France.

Specific procedures pertaining to the participation of shareholders at the Annual Meeting are mentioned in Article 16 of Sodexo's statutes (included on page 197 of this document).

4.2 Internal control procedures implemented by the Company

Objectives and general organization of the Company's internal control procedures

The **internal control** system implemented by Sodexo is intended to create a general framework adaptable to the specifics of the Group's different activities.

As defined by leading companies under the aegis of the AMF to create a reference framework, internal control is a methodology established by the Group and implemented under its responsibility, which in particular is intended to ensure:

- compliance with laws and regulations;
- the application of Group policies
- the effectiveness of the Company's internal processes, notably those concerning the safeguarding of its assets;
- the reliability of financial information.

The system of internal control is not limited to a group of procedures nor does it only apply to accounting and finance processes.

- It does not cover all intiatives undertaken by senior management.

The internal control system is based on the Group's values and policies as defined by Sodexo senior management and implemented by each entity, taking into account local factors.

Sodexo's fundamental principles are defined as follows:

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

  Its vocation is twofold:

  - improve the quality of daily life, and
  - participate in the economic, social and environmental development of the world, in the countries, regions and cities where Sodexo operates;
- 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.

All Executive Committee members have signed the **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.

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

In November 2006, the Group Executive Committee recommended to the Board of Directors the adoption of a Business Integrity Code. The code enshrines Sodexo'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.

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

These policies cover Sodexo's strategic imperatives, as well as 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 Sodexo'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 Sodexo 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, service debt and pay dividends to shareholders.

These policies also set forth principles for the keeping of accounting records, and stress the importance of the information provided by reporting entities, including financial 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 teams are fully aware of these imperatives and that controls are in place to ensure that these objectives are met.

The Group continues to reinforce its finance teams in its subsidiaries as well as in the Group Finance department. This reinforcement includes the strengthening of resources with technical expertise in the area of financial reporting. The Group also uses external specialists on complex issues in order to ensure the appropriate application of accounting rules.

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 Chief Executive Officers and Chief Financial Officers 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 Sodexo's current use of interest rate and currency instruments.

The **Information Systems and Technologies Department** has defined policies seeking to accelerate synergies, reduce the costs of the technical infrastructure and ensure improved compatibility 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 **Leadership Orientations** to the 200 key Group executives. These updates are a user-friendly tool to inform executives about strategic priorities and to help them mobilize their teams around shared objectives.

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.

The Chief Executive Officer delegates certain powers to members of the Executive Committee, who themselves delegate to members of their own executive teams.

Delegations of authority cover sales, human resources, purchasing, investments and finance, 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 Group Executive Vice President, Marketing and Supply Chain Management;
- 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 Sodexo. 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 **medium-term plan**. The consolidated plan is presented to the Board of Directors by the Chief Executive Officer. The three-year plans of the different business units are presented to the Board of Directors by the members of the Executive Committee. The preparation of the plan is subject to interaction and dialogue between the Group Executive Committee and the Business Units reporting to it.

The consolidated plan and related action plans are incorporated into a **consolidated budget**, which is submitted to the Board of Directors for approval. The Business Unit plans prepared by the members of the Executive Committee result in an annual budget approved by the Chief Executive Officer. 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, business development, brand recognition, humain resources, purchasing, management, finance) are used to measure performance on a monthly or quarterly basis. The Group Finance Department coordinates the process and monitors operational performance indicators using a scorecard.

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 Senior Vice President and Director of Internal Audit reports directly to the Chairman of the Board, in order to guarantee Group Internal Audit's 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 Internal Audit Department performs internal audits of Group entities based on an Internal Audit Plan. A 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 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.

The principal assignments included in the Internal Audit Plan approved by the Audit Committee at the start of Fiscal 2008 were completed during the year. The Group Internal Audit Department, with an average of 23 staff, conducted 122 engagements during Fiscal 2008 in 37 countries. In addition to this central team, around fifty internal auditors (about half them based in the U.S.) 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 2007 and 2008, more than 95% of recommendations were either implemented or addressed in an action plan prepared by the management of the subsidiary involved. For Fiscal 2008, of the 687 recommendations made by the Internal Audit Department, 28% have already been implemented and 72% are addressed in an action plan.

The Internal Audit Department also plays an important role in the **CLEAR** program (Controls for Legal requirements and to Enhance Accountability and Reporting, 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

Sodexo'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 Sodexo decided to delist from the New York Stock Exchange and deregister from the U.S. securities regulations. Independent of this delisting, effective July 16, 2007, the CLEAR program continues. Management has reinvested part of the savings gained by delisting in making significant improvements in its internal control structure. Permanent improvement in internal controls and management procedures remain an essential priority for the Group.

The Group Finance Department is responsible for the reliability of financial and accounting information.

Production and analysis of financial information are based on procedures applied at the 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 Chief Executive Officer and Chief Financial Officer 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 Chief Executive Officer 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 Actuals Reporting** for review and consolidation.

The Group Chief Financial Officer presents this Monthly Actuals Reporting (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.

Consolidated Financial Statements are produced quarterly.

Prior to each quarterly consolidation, precise instructions are sent to the subsidiaries' Chief Financial Officers 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 Sodexo 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 Sodexo'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 Sodexo'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.

In order for the Chief Executive Officer to provide reliable information on the Group's financial situation, 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 brand.

Description of risk management principles

Sodexo 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.

The Group has for some time put in place specific procedures designed to ensure that risks are evaluated and managed at the appropriate level within the organization.

As such, a list of risks is prepared each year by the Executive Committee, and presented to the Audit Committee. In connection with the CLEAR program, each entity must identify and list in order of importance its principal risks and describe the controls in place for managing them. These local evaluations are aggregated at the Group level and presented to the Audit Committee.

Additionally, the **Group Legal Department**, which is part of the Group Finance Department, as well as the legal teams at local levels are required to work pro-actively with the operational teams, and oversee the compliance with legal requirements. They also ensure that contractual negotiations are handled in an even manner and that the risks only relate to contractual obligations for services and are limited in value and duration.

Lastly, the **Group Risk Management and Insurance Department** works closely with subsidiaries to:

- put in place appropriate insurance coverage to protect the interests of the Group;
- identify and evaluate the key risk exposures faced by Sodexo, 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 Sodexo's risk exposure.

Assessment of internal control procedures

The internal control procedures, as described above put in place by management, are part of an ongoing process of identifying, evaluating and managing the Group's risk exposures, called the CLEAR initiative. This initiative covers the five components of the COSO (Committee of Sponsoring Organizations)[1]: control environment (integrity, ethics, competencies, etc.), evaluation of risks (identification, analysis and management of risks), control activities (methods and procedures), information and communication (collection and sharing of information), and monitoring (follow-up and eventual updating of processus). Strongly endorsed by the Chief Executive Officer and Group Chief Financial Officer, the CLEAR initiative was approved by the Board of Directors and the Audit Committee, and also received the backing of the Group's Executive Committee.

This initiative has an objective of continuous progress in identifying risks and implementing an effective internal control system. 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 also addresses:

- the control environment, both at the Group and the subsidiary levels; and
- the dispersal through the organization and at Group level of control activities.

The majority of Group subsidiaries representing more than 95% of Sodexo's revenues prepare a detailed report on their control environment (Company level controls), described in accordance with the five COSO components, and including an evaluation of the subsidiary's principal risks.

For the 40 or so most significant Group subsidiaries, programs for documenting and testing the control environment and control activities have been put in place. In connection with the CLEAR program, a risk and control framework has been developed by the Group. Within this framework, the Group's activities have been segmented into eleven significant processes, which are briefly described below.

(1) As defined in the glossary.

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, 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 Sodexo's risk and control framework.

The Chief Executive Officers and Chief Financial Officers of the main subsidiaries must annually confirm that their internal controls are appropriately designed, effective, and adapted to their organization. In addition, appropriate action plans for improvement are identified. The objective of these evaluations is to make permanent improvements to the Group's internal control.

Since its launch, CLEAR has mobilised more than 700 employees in the various Group subsidiaries and functions. Each entity, which is responsible for managing its risks, has designated a CLEAR contact. This individual liaises with his/her network of contacts within the Business Unit, and regularly updates the Business Unit's risk matrix, the documentation of processes and existing controls, as well as performing or coordinating the tests of operational effectiveness of these controls.

Continuous improvement of internal controls and management procedures remains an essential priority for the Group. This is why the CLEAR initiative is permanent and covers an increasingly greater scope of subsidiaries. Group senior management is commitment to permanently reinvesting a portion of the savings from the delisting from the New York Stock Exchange, in the significant improvement of its internal controls structures.

This report describes both the operating procedures of the Board of Directors as well as the internal control procedures in place in the Group as of November 6, 2008. It will be presented to the shareholders at the January 19, 2008 Annual Shareholders' Meeting.

Risk management and reinforcement of related internal controls are a permanent strategic priority for the Group.

Pierre Bellon

Chairman of the Board of Directors

External auditors report on the Chairman's report

Statutory Auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Code ("Code de commerce"), on the report prepared by the Chairman of the Board of Sodexo SA, on the internal control procedures relating to the preparation and processing of accounting and financial information and the preparation of the other information required by Article L.225-37 of the French Commercial Code

For the year ended August 31, 2008

SODEXO SA
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

To the shareholders,

In our capacity as Statutory Auditors of Sodexo SA, and in accordance with Article L.225-235 of the French Commercial Code ("Code de commerce"), we hereby report on the report prepared by the Chairman of your company in accordance with Article L.225-37 of the French Commercial Code for the year ended 31August 2008.

It is the Chairman's responsibility, in a report approved by the Members of the Board of Directors, to describe the composition of the Board, the preparation and organization of the Board's work and the internal control and risk management procedures implemented by the company. It is our responsibility to report to you on the information contained in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of accounting and financial information, and to attest that this report contains the other information required by Article L.225-37 of the French Commercial Code.

We conducted our work in accordance with French professional standards. These standards require that we perform procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of accounting and financial information. These procedures mainly consisted in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of accounting and financial information on which the information presented in the Chairman's report and existing documentation are based;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any material weaknesses in the internal control relating to the preparation and processing of accounting and financial information that we would have identified in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Code.

Furthermore, we attest that this report contains the other information required by Article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris La Défense, November 12, 2008

The Statutory Auditors

PricewaterhouseCoopers Audit

Louis-Pierre Schneider

KPMG Audit
Department of KPMG S.A.

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.

5. OTHER INFORMATION CONCERNING THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Family relationships within the Board of Directors 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 Sodexo.

No loans or guarantees have been made or given to either members of the Board of Directors or Senior Management by Sodexo 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 Sodexo 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 37.65% of the share capital of Sodexo;
- 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 Sodexo, 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 Group has signed framework agreements with the Fondation des Caisses d'Epargne in France relating to the management of approximately fifty sites.

As far as the Company is 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.
- been prohibited by a court to act as a board member, a supervisory board member, or a member of senior management of an issuer, or to participate in the management or business affairs of an issuer.

In applying the requirements of Article 223-26 of the AMF's General Rules, to the Company's knowledge, management transactions on Company shares declared to the AMF in connection with Article L.621-18-2 of the French Monetary and Commercial Code were as follows during Fiscal 2008:

- On July 30, 2008, Michel Lander exercised 17,622 stock options granted to him in 1998 (as indicated on page 42 of this document) and immediately sold the related shares for 67.01 USD per share.

Controlling shareholder measures

In Sodexo has put in place a series of measures in order to ensure that the control over the Company is not exercised in an abusive manner. 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 Sodexo. Pierre Bellon remained as Chairman of the Board;
- the disclosures within this document of the relationship between Sodexo 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 Sodexo (disclosed on page 201 of this document).

Regulated related-party agreements

- Since 1991, Bellon SA and Sodexo are bound by a service agreement whereby Bellon SA provides Sodexo and Sodexo Group companies with assistance and advice in areas such as strategy, finance, accounting, capital markets, and human resources, 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 Sodexo 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 6,854,300 euro (excluding VAT) to Sodexo under this agreement for Fiscal 2008.
- 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 (see page 185 of this document for additional information).

  Bellon SA also agreed to enroll Michel Landel in the Sodexo Group executive retirement benefit plan, in addition to his compulsory retirement benefit entitlement.
- In compliance with Article L.225-42-1 of the French Commercial Code, at the Annual Shareholders Meeting on January 19, 2009, shareholders will be asked to ratify the payment to Michel Landel of an indemnity should his contract as Chief Executive Officer terminate, subject to performance conditions more fully described on page 206 of this document.

6. AUDIT FEES

Nature of services	PricewaterhouseCoopers Amount Fiscal 2008	PricewaterhouseCoopers Amount Fiscal 2007	PricewaterhouseCoopers % Fiscal 2008	PricewaterhouseCoopers % Fiscal 2007	KPMG Amount Fiscal 2008	KPMG Amount Fiscal 2007	KPMG % Fiscal 2008	KPMG % Fiscal 2007
Audit								
Audit of individual company financial statements and consolidated financial statements	4.0	4.5	87%	77%	3.9	3.4	75%	68%
Other audit services	0.5	1.2	10%	21%	1.2	1.6	23%	30%
Sub-total: audit	**4.5**	**5.7**	**97%**	**98%**	**5.1**	**5.0**	**98%**	**98%**
Other services (Legal, tax, labor)	**0.2**	**0.1**	**3%**	**2%**	**0.1**	**0.1**	**2%**	**2%**
TOTAL	**4.7**	**5.8**	**100%**	**100%**	**5.2**	**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 Sodexo (PricewaterhouseCoopers and KPMG, both members of the Regional Company of External Auditors of Versailles) will be appointed to act as auditor to virtually all Group subsidiaries representing 98% of financial statement audit fees, of which 50% are paid to PricewaterhouseCoopers and 48% to KPMG. 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 is being 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 0.2 million euro for Fiscal 2008.

Audit fees paid during the Fiscal year were impacted by:

- the delisting of Sodexo 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;
- the implementation by the auditors during Fiscal 2007 of assessment procedures for internal controls, reinforcing the Group's commitment to maintaining a satisfactory control environment. These fees are included in the table above as "Other audit services".

The Audit Committee approved in advance all services performed by the auditors during Fiscal 2008.

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.

The Executive Committee

1. CHIEF EXECUTIVE OFFICER

Michel Landel

Born November 7, 1951.
Married, 3 children.
French.
Graduate of the European Business School.

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 – Issy-les-Moulineaux
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 Sodexo 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 Sodexo, Inc.

In February 2000, Michel Landel was appointed Vice-Chairman of the Sodexo 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 Sodexo on September 1, 2005.

Other corporate offices held

- Sodexo, Inc. (Director).

Other positions

- Chairman of Executive for Excellence in France;
- Chairman of the STOP Hunger Association (France);
- Chairman of the Sodexo Foundation (United States);
- Member of the Management Board of Sodexo Pass International SAS.

Number of Sodexo shares held: 34,120.

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

None.

2. EXECUTIVE COMPENSATION FOR FISCAL 2008

Chief Executive Officer

Michel Landel has served as Chief Executive Officer since September 1, 2005.

Components of his compensation are as follows:

(in euro)	Total(1)	Fixed salary	Variable bonus	Fringe benefits(2)
Fiscal 2007	2,085,143	925,967	1,155,794	3,382
Fiscal 2008	2,613,447	979,041	1,631,310	3,096

(1) Total including gross amount of all forms of compensation and benefits paid during the fiscal year for positions held in Bellon SA and Sodexo SA.
(2) Amount reflecting reported value of company car.

As indicated on page 39 of this document, the Chief Executive Officer received 100,000 stock options on January 7, 2008. The value of these options is 797,800 euros, which corresponds to their fair value at the grant date, as determined using the method described in note 4.23 of the consolidated financial statements on page 126 of this document (which also describes the exercise terms and performance and related conditions). The charge related to these is recognized over a four-year period.

The Chief Executive Officer is also a beneficiary of the defined-benefit pension plan for Sodexo's French senior managers, which provides for a pension supplementary to the compulsory pension system, conditional upon the beneficiary being an employee of the company at the time of retirement. A cumulative amount of 993,291 euro was provided for as of August 31, 2008.

Pursuant to Article L.225-42-1 of the French Commercial Code, it is proposed that the Annual Shareholders' Meeting on January 19, 2009 approve the awarding to Michel Landel of a performance-related indemnity in the event of termination of his appointment as Chief Executive Officer. The terms of this indemnity are presented on page 206 of this document.

Executive Committee

The composition of the Group's Executive Committee is provided on page 12 of Volume 1.

The total amount of compensation for Fiscal 2008 paid to the ten members of the Executive Committee existing as of August 31, 2008 was 10,985,562 euro. This amount comprised a fixed component of 4,912,484 euro and a variable component of 6,073,078 euro, including fringe benefits and supplementary retirement benefits for non-French members.

Compensation paid to Executive Committee members comprises base salary, annual performance and medium-term bonuses and fringe benefits, and supplementary retirement benefits paid by the Company or other Group companies to non-French members.

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 75% 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 remainder is dependant upon the attainment of personal objectives established at the beginning 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.

Descriptions of the stock option plans (exercise terms and performance conditions) are provided in note 4.23 of the notes to the consolidated financial statements presented on page 126 of this document.

3.1 Sodexo stock options granted to employees

The Annual Shareholders' Meeting of February 26, 2001 granted authority to the Board of Directors to purchase Sodexo shares for the purpose of granting them to employees under stock option plans. The Annual Shareholders' Meeting renewed this authority at its meetings of February 3, 2004, January 31, 2006, January 30, 2007, and January 22, 2008.

The number of stock options granted under the different plans established by the company and still in force and outstanding at August 31, 2008 was 5,191,236 for a total amount of 194,142,816 euro (see table below for details).

Date of Board Meeting authorizing the plan	Total number of options granted	Exercise period start date	Expiration date	Adjusted exercise price* (euro)	Number of options outstanding at August 31, 2008 (excluding grantees no longer employed by the Group)
Jan 27, 2003 (A)	1,147,100	Jan 27, 2004	Jan 26, 2009	23.98	217,230
Jan 27, 2003 (B)	1,713,950	Jan 27, 2004	Jan 26, 2009	23.98	211,681
Jan 27, 2003 (C)	56,750	Jan 27, 2004	Jan 26, 2009	23.98	151
Jan 20, 2004 (A)	483,350	Jan 20, 2005	Jan 19, 2010	24.48	208,988
Jan 20, 2004 (B)	518,633	Jan 20, 2005	Jan 19, 2010	24.48	150,102
Jan 20, 2004 (C)	7,700	Jan 20, 2005	Jan 19, 2010	24.48	6,356
Jan 18, 2005 (A)	537,100	Jan 18, 2006	Jan 17, 2011	23.08	408,316
Jan 18, 2005 (B)	466,000	Jan 18, 2006	Jan 17, 2011	23.08	238,902
Jan 18, 2005 (C)	6,900	Jan 18, 2006	Jan 17, 2011	23.08	5,656
Jun 16,2005 (B)	20,000	Jun 16, 2006	Jun 15, 2011	26.02	5,004
Jan 10, 2006 (A1)	369,604	Jan 10, 2007	Jan 9, 2012	34.83	325,049
Jan 10, 2006 (A2)	192,996	Jan 10, 2007	Jan 9, 2012	34.83	156,869
Jan 10, 2006 (B)	399,802	Jan 10, 2007	Jan 9, 2012	34.83	307,457
Jan 10, 2006 (C)	5,050	Jan 10, 2007	Jan 9, 2012	34.83	5,054
Jan 16, 2007 (A1)	502,600	Jan 16, 2008	Jan 15, 2014	47.82	489,600
Jan 16, 2007 (A2)	337,600	Jan 16, 2008	Jan 15, 2013	47.82	307,300
Jan 16, 2007 (B)	500,000	Jan 16, 2008	Jan 15, 2013	47.82	477,790
Jan 16, 2007 (C)	4,500	Jan 16, 2008	Jan 15, 2013	47.82	4,504
April 24, 2007 (A1)	20,000	April 24, 2008	April 23, 2014	55.36	20,014
April 24, 2007 (A2)	1,600	April 24, 2008	April 23, 2013	55.36	1,602
Sept 11, 2007 (B)	40,000	Sept 11, 2008	Sept 10, 2013	47.17	40,028

Date of Board Meeting authorizing the plan	Total number of options granted	Exercise period start date	Expiration date	Adjusted exercise price* (euro)	Number of options outstanding at August 31, 2008 (excluding grantees no longer employed by the Group)
Jan 7, 2008 (A1)	619,300	Jan 7, 2009	Jan 6, 2015	42.27	609,699
Jan 7, 2008 (A2)	451,700	Jan 7, 2009	Jan 6, 2014	42.27	439,600
Jan 7, 2008 (B)	555,200	Jan 7, 2009	Jan 6, 2014	42.27	554,284

(A) Plan reserved for non-U.S. 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 U.S. employees not resident in the United States.

There were 1,911,412 options exercisable at August 31, 2008. There were 323,147 options outstanding at August 31, 2008, for a total amount of 8,194,326 US dollars (see table below) granted under Stock Incentive Plans) awarded by Sodexho Marriott Services (SMS Plans) to its North American employees between 1997 and 2001, and assumed by the Company in 2001 via its 100%-owned subsidiary Sodexo Awards (see note 4.23.4 to the consolidated financial statements). All of these options were exercisable as of August 31, 2008.

Date of grant	Total number of options assumed	Exercise period start date	Expiration date	Exercise price* (USD)	Number of options outstanding at August 31, 2008 (excl. grantees no longer employed by the Group)
Nov 06, 1997	112,648	Nov 06, 1998	Nov 06, 2012	29.9890	25,004
Sept 22, 1998	10,999	Sept. 22, 1999	Sept. 22, 2008	37.7811	483
Feb 8, 1999	13,722	Feb 8, 2000	Feb 8, 2009	31.9275	520
Nov 22, 1999	1,155,008	Nov 22, 2000	Nov 22, 2009	22.3235	170,315
July 19, 2000	13,764	July 19, 2001	July 19, 2010	22.9974	357
Dec 15, 2000	702,817	Dec 15, 2001	Dec 15, 2010	28.1360	119,788
Jan 5, 2001	2,966	Jan 5, 2002	Jan 5, 2011	27.5463	2,969
April 2, 2001	19,281	April 2, 2002	April 2, 2011	39.6802	3,711

* ***Adjustment to stock option plans resulting from the simplified tender offer (OPAS).***
As a result of the simplified tender offer (OPAS) for the company's shares carried out in June 2008 (described on page 201 of this document), in compliance with Article R.225-138 of the French Commercial Code and in order to make whole the holders of stock options unexercised before April 25, 2008, the date at which the exercise of the said rights was suspended, the exercise price and number of stock options for all plans were adjusted by a factor of 0.07% on June 13, 2008.

3.2 Sodexo 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 Sodexo as described on pages 34-35.

			Elisabeth Carpentier	George Chavel	Roberto Cirillo	Pierre Henry
Plan date	Jan 11, 2002	Options granted		8,000		
Exercise price in euro	47.00	Options exercised at Aug 31, 2007		8,000		
		Options exercised in the Fiscal year				
Expiration date	Jan 10, 2008	Options not yet exercised at Aug 31, 2008		0		
Plan date	Jan 27, 2003	Options granted	35,000	9,500		7,300
Exercise price in euro	24.00	Options exercised at Aug 31, 2007	30,000	9,500		5,400
Adjusted exercise price	23.98	Options exercised in the Fiscal year	5,000			1,902
Expiration date	Jan 26, 2009	Options not yet exercised at Aug 31, 2008	0	0		0
Plan date	Jun 12, 2003	Options granted		15,000		
Exercise price in euro	24.00	Options exercised at Aug 31, 2007		15,000		
Adjusted exercise price	23.98	Options exercised in the Fiscal year				
Expiration date	Jan 26, 2009	Options not yet exercised at Aug 31, 2008		0		
Plan date	Jan 20, 2004	Options granted	35,000	13,667		5,000
Exercise price in euro	24.50	Options exercised at Aug 31, 2007		10,251		
Adjusted exercise price	24.48	Options exercised in the Fiscal year	35,022	3,416		5,004
Expiration date	Jan 19, 2010	Options not yet exercised at Aug 31, 2008	0	0		0
Plan date	Jan 18, 2005	Options granted	35,000	15,000		10,000
Exercise price in euro	23.10	Options exercised at Aug 31, 2007		7,500		
Adjusted exercise price	23.08	Options exercised in the Fiscal year		3,750		
Expiration date	Jan 17, 2011	Options not yet exercised at Aug 31, 2008	35,025	3,753		10,007
Plan date	Jan 10, 2006	Options granted	35,000	11,363		35,000
Exercise price in euro	34.85	Options exercised at Aug 31, 2007		2,840		
Adjusted exercise price	34.83	Options exercised in the Fiscal year				
Expiration date	Jan 9, 2012	Options not yet exercised at Aug 31, 2008	35,025	8,528		35,025

			Elisabeth Carpentier	George Chavel	Roberto Cirillo	Pierre Henry
Plan date	Jan 16, 2008	Options granted		16,000		50,000
Exercise price in euro	47.85	Options exercised at Aug 31, 2007				
Adjusted exercise price	47.82	Options exercised in the Fiscal year				
Expiration date	Jan 15, 2013	Options not yet exercised at Aug 31, 2008		16,012		50,035
Plan date	Jan 16, 2008	Options granted	45,000			
Exercise price in euro	47.85	Options exercised at Aug 31, 2007				
Adjusted exercise price	47.82	Options exercised in the Fiscal year				
Expiration date	Jan 15, 2014	Options not yet exercised at Aug 31, 2008	45,032			
Plan date	April 24, 2008	Options granted			20,000	
Exercise price in euro	55.40	Options exercised at Aug 31, 2007				
Adjusted exercise price	55.36	Options exercised in the Fiscal year				
Expiration date	April 23, 2014	Options not yet exercised at Aug 31, 2008			20,014	
Plan date	Sept 11, 2008	Options granted		20,000		
Exercise price in euro	47.20	Options exercised at Aug 31, 2007				
Adjusted exercise price	47.17	Options exercised in the Fiscal year				
Expiration date	Sept 10, 2013	Options not yet exercised at Aug 31, 2008		20,014		
Plan date	Jan 7, 2008	Options granted		50,000		50,000
Exercise price in euro	42.30	Options exercised at Aug 31, 2007				
Adjusted exercise price	42.27	Options exercised in the Fiscal year				
Expiration date	Jan 6, 2014	Options not yet exercised at Aug 31, 2008		50,035		50,035
Plan date	Jan 7, 2008	Options granted	45,000		20,000	
Exercise price in euro	42.30	Options exercised at Aug 31, 2007				
Adjusted exercise price	42.27	Options exercised in the Fiscal year				
Expiration date	Jan 6, 2015	Options not yet exercised at Aug 31, 2008	45,032		20,014	

			Siân Herbert-Jones	Philip Jansen	Nicolas Japy	Michel Landel
Plan date	Jan 11, 2002	Options granted				30,000
Exercise price in euro	47.00	Options exercised at August 31, 2007				
		Options exercised in the Fiscal year				
Expiration date	Jan 10, 2008	Options not yet exercised at August 31, 2008				
Plan date	Jan 27, 2003	Options granted	40,000		15,000	60,000
Exercise price in euro	24.00	Options exercised at August 31, 2007			15,000	
Adjusted exercise price	23.98	Options exercised in the Fiscal year				
Expiration date	Jan 26, 2009	Options not yet exercised at August 31, 2008	40,028			60,042
Plan date	Jun 12, 2003	Options granted				
Exercise price in euro	24.00	Options exercised at August 31, 2007				
Adjusted exercise price	23.98	Options exercised in the Fiscal year				
Expiration date	Jan 26, 2009	Options not yet exercised at August 31, 2008				
Plan date	Jan 20, 2004	Options granted	40,000		10,000	45,000
Exercise price in euro	24.50	Options exercised at August 31, 2007			7,500	
Adjusted exercise price	24.48	Options exercised in the Fiscal year				
Expiration date	Jan 19, 2010	Options not yet exercised at August 31, 2008	40,028		2,502	45,032
Plan date	Jan 18, 2005	Options granted	40,000	8,000	15,000	60,000
Exercise price in euro	23.10	Options exercised at August 31, 2007				
Adjusted exercise price	23.08	Options exercised in the Fiscal year				
Expiration date	Jan 17, 2011	Options not yet exercised at August 31, 2008	40,028	8,006	15,011	60,042
Plan date	Jan 10, 2006	Options granted	40,000	20,000	30,000	63,000
Exercise price in euro	34.85	Options exercised at August 31, 2007				
Adjusted exercise price	34.83	Options exercised in the Fiscal year				
Expiration date	Jan 9, 2012	Options not yet exercised at August 31, 2008	40,028	20,014	30,021	63,045

			Siân Herbert-Jones	Philip Jansen	Nicolas Japy	Michel Landel
Plan date	Jan 16, 2007	Options granted		50,000		
Exercise price in euro	47.85	Options exercised at August 31, 2007				
Adjusted exercise price	47.82	Options exercised in the Fiscal year				
Expiration date	Jan 15, 2013	Options not yet exercised at August 31, 2008		50,035		
Plan date	Jan 16, 2007	Options granted	50,000		40,000	90,000*
Exercise price in euro	47.85	Options exercised at August 31, 2007				
Adjusted exercise price	47.82	Options exercised in the Fiscal year				
Expiration date	Jan 15, 2014	Options not yet exercised at August 31, 2008	50,035		40,028	90,063
Plan date	April 24, 2007	Options granted				
Exercise price in euro	55.40	Options exercised at August 31, 2007				
Adjusted exercise price	55.36	Options exercised in the Fiscal year				
Expiration date	April 23, 2014	Options not yet exercised at August 31, 2008				
Plan date	Sept 11, 2007	Options granted				
Exercise price in euro	47.20	Options exercised at August 31, 2007				
Adjusted exercise price	47.17	Options exercised in the Fiscal year				
Expiration date	Sept 10, 2013	Options not yet exercised at August 31, 2008				
Plan date	Jan 7, 2008	Options granted		50,000		
Exercise price in euro	42.30	Options exercised at August 31, 2007				
Adjusted exercise price	42.27	Options exercised in the Fiscal year				
Expiration date	Jan 6, 2014	Options not yet exercised at August 31, 2008		50,035		
Plan date	Jan 7, 2008	Options granted	50,000		40,000	100,000*
Exercise price in euro	42.30	Options exercised at August 31, 2007				
Adjusted exercise price	42.27	Options exercised in the Fiscal year				
Expiration date	Jan 6, 2015	Options not yet exercised at August 31, 2008	50,035		40,028	100,070

* *Pursuant to Article L. 225-185 of the French Commercial Code, the Board of Directors has decided that Michel Landel, who is the sole individual among the Board of Directors and Chief Executive Officer to whom stock options have been granted, shall be required to hold throughout the duration of his term as Chief Executive Officer a number of shares obtained through the exercise of options granted under the January 16, 2008 and January 7, 2008 plans equivalent to 30% of his base salary on the date of exercise of the said options.*

			Clodine Pincemin	Damien Verdier
Plan date	Jan 11, 2002	Options granted		
Exercise price in euro	47.00	Options exercised at August 31, 2007		
		Options exercised in the Fiscal year		
Expiration date	Jan 10, 2008	Options not yet exercised at August 31, 2008		
Plan date	Jan 27, 2003	Options granted	19,000	12,000
Exercise price in euro	24.00	Options exercised at August 31, 2007	19,000	12,000
Adjusted exercise price	23.98	Options exercised in the Fiscal year		
Expiration date	Jan 26, 2009	Options not yet exercised at August 31, 2008	0	0
Plan date	Jun 12, 2003	Options granted		
Exercise price in euro	24.00	Options exercised at August 31, 2007		
Adjusted exercise price	23.98	Options exercised in the Fiscal year		
Expiration date	Jan 26, 2009	Options not yet exercised at August 31, 2008		
Plan date	Jan 20, 2004	Options granted	10,000	8,000
Exercise price in euro	24.50	Options exercised at August 31, 2007		
Adjusted exercise price	24.48	Options exercised in the Fiscal year	10,007	
Expiration date	Jan 19, 2010	Options not yet exercised at August 31, 2008	0	8,006
Plan date	Jan 18, 2005	Options granted	10,000	7,000
Exercise price in euro	23.10	Options exercised at August 31, 2007		
Adjusted exercise price	23.08	Options exercised in the Fiscal year		
Expiration date	Jan 17, 2011	Options not yet exercised at August 31, 2008	10,007	7,005
Plan date	Jan 10, 2006	Options granted	12,000	20,000
Exercise price in euro	34.85	Options exercised at August 31, 2007		
Adjusted exercise price	34.83	Options exercised in the Fiscal year		
Expiration date	Jan 9, 2012	Options not yet exercised at August 31, 2008	12,009	20,014
Plan date	Jan 16, 2007	Options granted		
Exercise price in euro	47.85	Options exercised at August 31, 2007		
Adjusted exercise price	47.82	Options exercised in the Fiscal year		
Expiration date	Jan 15, 2013	Options not yet exercised at August 31, 2008		

			Clodine Pincemin	Damien Verdier
Plan date	Jan 16, 2007	Options granted	18,000	35,000
Exercise price in euro	47.85	Options exercised at August 31, 2007		
Adjusted exercise price	47.82	Options exercised in the Fiscal year		
Expiration date	Jan 15, 2014	Options not yet exercised at August 31, 2008	18,013	35,025
Plan date	April 14, 2007	Options granted		
Exercise price in euro	55.40	Options exercised at August 31, 2007		
Adjusted exercise price	55.36	Options exercised in the Fiscal year		
Expiration date	April 23, 2014	Options not yet exercised at August 31, 2008		
Plan date	Sept 11, 2007	Options granted		
Exercise price in euro	47.20	Options exercised at August 31, 2007		
Adjusted exercise price	47.17	Options exercised in the Fiscal year		
Expiration date	Sept 10, 2013	Options not yet exercised at August 31, 2008		
Plan date	Jan 7, 2008	Options granted		
Exercise price in euro	42.30	Options exercised at August 31, 2007		
Adjusted exercise price	42.27	Options exercised in the Fiscal year		
Expiration date	Jan 6, 2014	Options not yet exercised at August 31, 2008		
Plan date	Jan 7, 2008	Options granted	18,000	40,000
Exercise price in euro	42.30	Options exercised at August 31, 2007		
Adjusted exercise price	42.27	Options exercised in the Fiscal year		
Expiration date	Jan 6, 2015	Options not yet exercised at August 31, 2008	18,013	40,028

Further, the table below shows options granted to or exercised by Executive Committee members under Stock Incentive Plans granted by Sodexho Marriott Services (*SMS Plans*) between 1997 and 2001 as mentioned on page 35:

			George Chavel	Michel Landel
Plan date	June 8, 1998	Options granted	6,800	17,609
Exercise price in USD	38.8195	Options exercised at August 31, 2007	6,800	0
Adjusted exercise price	38.7923	Options exercised in the Fiscal year		17,622
Expiration date	Aug 8, 2008	Options not yet exercised at August 31, 2008	0	0
Plan date	Nov 22, 1999	Options granted	8,500	55,607
Exercise price in USD	22.3391	Options exercised at August 31, 2007	8,500	0
Adjusted exercise price	22.3235	Options exercised in the Fiscal year		
Expiration date	Nov 22, 2009	Options not yet exercised at August 31, 2008	0	55,646
Plan date	Dec 15, 2000	Options granted	3,965	29,657
Exercise price in USD	28.1557	Options exercised at August 31, 2007	3,965	0
Adjusted exercise price	28.1360	Options exercised in the Fiscal year		
Expiration date	Dec 15, 2010	Options not yet exercised at August 31, 2008	0	29,678
Plan date	April 2, 2001	Options granted	5,000	0
Exercise price in USD	39.708	Options exercised at August 31, 2007	5,000	
		Options exercised in the Fiscal year		
Expiration date	April 2, 2011	Options not yet exercised at August 31, 2008	0	0

3.3 Sodexo stock options granted and exercised during Fiscal 2008 for the 10 employees (other than the Chief Executive Officer) granted or exercising the highest number of options

Number of options granted during the Fiscal year	Exercise price in euro	Adjusted exercise price in euro	Date of exercise	Plan date	Number of options exercised during the Fiscal year
379,000 (Adjusted to 379,266)	42.30	42.27	Jan 7, 2009-Jan 6, 2015	Jan 7, 2008	
	24.00	23.98		Jan 27, 2003	
	24.50	24.48		Jan 20, 2004	
	23.10	23.08	April 2008-Aug 2008	Jan 18, 2005	158,965

03

Shareholders-Financial Communication

Page

Financial Communication

→ LISTENING TO OUR SHAREHOLDERS AND THE FINANCIAL COMMUNITY

To respond more effectively to the expectations of individual and institutional shareholders, Sodexo is continuously improving 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 community is notified of the financial information timetable a year in advance, and updates are always available on the website at www.sodexo.com;
- **accessibility**: live webcasts of the General Shareholders' Meeting and annual earnings presentations are broadcast via live webcast and maintained on the website. Releases of interim earnings and quarterly revenue figures (first and third quarter) are accompanied by conference calls to give 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 are maintained on Sodexo'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.sodexo.com.

Sodexo 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, Sodexo 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 financial communication 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 Human Resources departments.

Publication of financial information

Barring exceptional circumstances, 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.sodexo.com.

Sodexo 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 Sodexo'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 Sodexo have signed up to this Code and agreed to abide by its principles.

→ HOW TO OBTAIN INFORMATION

On the Sodexo website

www.sodexo.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. and Fax +33 (0)1 57 75 80 54

By e-mail

financial.communication@sodexo.com

By mail

Sodexo
Investor Relations
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9
France

→ 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 its General Regulation. The 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.sodexo.com. The Group's Annual Report is the illustrated version of this Reference Document.

Because Sodexo 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 was previously 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 well as on the Sodexo website (www.sodexo.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 Sodexo 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.

→ REGULAR MEETINGS AND ONGOING DIALOGUE

Sodexo is committed to genuine dialogue with its shareholders and with the broader financial community.

The two major scheduled events mark the publication of our full-year results and the Annual Shareholders' Meeting. Sodexo also arranges quarterly conference calls moderated by the Chief Executive Officer and Chief Financial Officer, for securities analysts, on the occasion of the release of interim earnings and the quarterly revenue publications.

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, Frankfurt, and in the Netherlands) and in the United States (including New York and Boston). These provide a setting for more informal dialogue, and offer periodic special-interest briefings to give analysts insight into front-line operations ("investor days"). Sodexo also takes part periodically in industry presentations and conferences organized by brokerage firms.

→ INVESTOR DATES

First quarter revenues	January 7, 2009
Annual Shareholders' Meeting	January 19, 2009
Ex-dividend date	January 28, 2009
Record date	January 30, 2009
Payment of dividend	February 2, 2009
Half-year interim results	April 23, 2009
Nine-month revenues	July 1, 2009
Full-year earnings release	November 5, 2009
Annual Shareholders' Meeting	January 18, 2010

These dates are purely indicative, and may be subject to change without notice. Regular updates are available in the calendar on our website, **www.sodexo.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 Sodexo.

Our registered shareholders' accounts are managed by Société Générale, which also acts as transfer agent for all Sodexo shares.

CONTACTS

For further information call:

Société Générale Nantes (France) : +33 (0)2 51 85 52 47

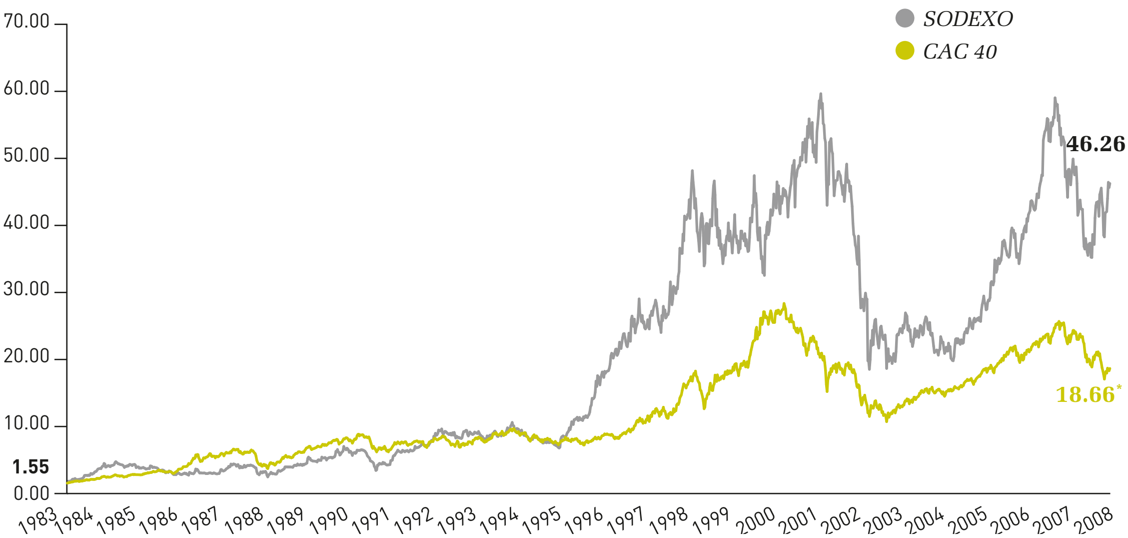
Sodexo: +33 (0)1 57 75 80 54

or visit the Société Générale website: www.nominet.socgen.com.

Sodexo shares

Sodexo shares are listed on NYSE-Euronext Paris (Euroclear code: FR 0000121220), and are included in the Next 20 index. Since its voluntary delisting from the New York Stock Exchange in 2007, Sodexo American Depositary Receipts (ADRs) are traded on the over the counter (OTC) market, ticker SDXAY, each ADR representing one Sodexo share.

ADJUSTED SODEXO SHARE PRICE TRENDS FROM INITIAL LISTING THROUGH AUGUST 31, 2008 *(in euro)*

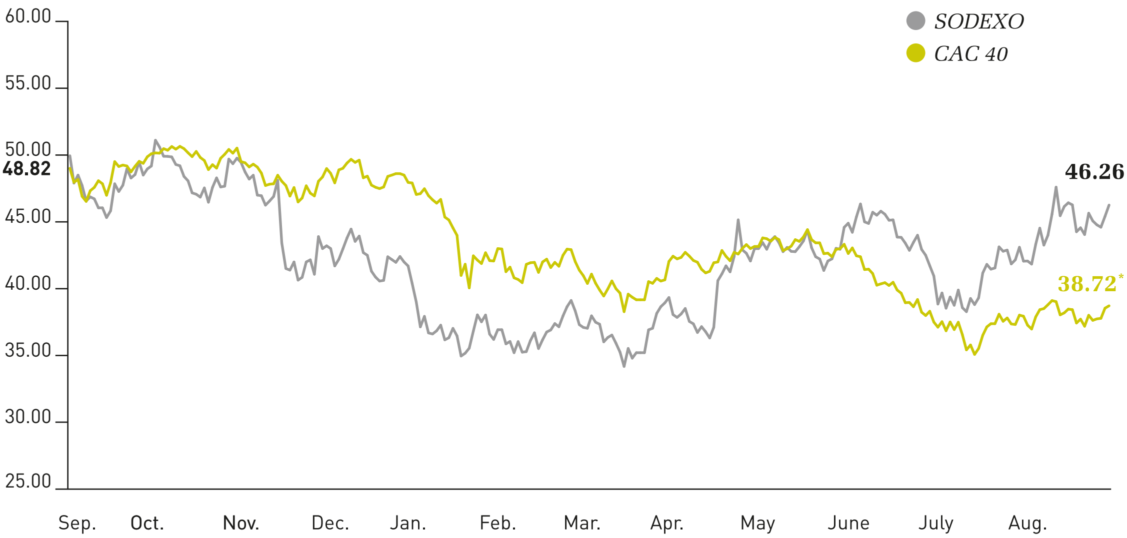


* *Sodexo share price trend assuming it had tracked the CAC 40 index.*
Source: Sodexo.

The initial listing was on March 2, 1983 at an adjusted price of 1.55 euro. As of August 29, 2008 (last trading day of August), the closing share price was 46.26 euro. Over the period, the value of the share has multiplied by 30, whereas the CAC 40 index has multiplied by only 12, which means Sodexo's shares have outperformed the CAC 40 by a wide margin.

Since listing on the stock exchange Sodexo's shares have registered an average annual appreciation of 14.6%, excluding dividends.

ADJUSTED SODEXO SHARE PRICE TRENDS FROM SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2008 *(in euro)*



* *Sodexo share price trend assuming it had tracked the CAC 40 index.*

Source: Sodexo.

During the last fiscal year, Sodexo's share price declined by 5.2% compared with a 21% decline for the CAC 40 index. As of August 31, 2008 the market capitalization of Sodexo was 7.3 billion euro.

ADJUSTED SODEXO SHARE PRICE

From September 1, 2007 through August 31, 2008 (in euro)

Price at September 3, 2007		48.82
	12-month low	33.13
	12-month high	51.94
Price at August 29, 2008		46.26

ADJUSTED SODEXO ADR* PRICE

From September 1, 2007 to August 31, 2008 (in USD)

Price at September 1, 2007		67.75
	12-month low	50.90
	12-month high	72.10
Price at August 29, 2008		68.10

AVERAGE DAILY TRADING VOLUME OF SODEXO SHARE

Volume	718,538
Value (in euro)	29,629,409

Source: NYSE-Euronext Paris.

AVERAGE DAILY TRADING VOLUME OF SODEXO ADR

Volume	5,989
Value (in USD)	377,717

Source: Bank of New York Mellon/Bloomberg.

* *ADRs are traded on the over-the-counter (OTC) market.*

DIVIDEND

In euro	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Total payout	199,557,672*	178,918,994	149,034,320	117,310,833
Dividend per share	1.27*	1.15	0.95	0.75

* *Subject to approval at the Annual Shareholders' Meeting on January 19, 2009.*

The Board of Directors recommends to the Annual Shareholders' Meeting of January 19, 2009 to approve the payment of a dividend of 1.27 euro on each share. The dividend will be paid as of February 2, 2009. Specifically, shares not entitled to the distribution of dividends will be as of January 28, 2009 (the ex-dividend date). The date to determine the shares that shall be entitled to dividends shall be those shares held as of the close of business on January 30, 2009 (the record date).

EARNINGS PER SHARE(1) AND DIVIDEND PER SHARE(2)

In euro	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Earnings per share	2.42	2.22	2.07	1.36
Dividend per share	1.27	1.15	0.95	0.75

(1) Based on quarterly average number of shares outstanding.
(2) Calculated on the number of shares as of August 31 of each year.

DIVIDEND FOR FISCAL 2008 AND YIELD

Dividend*	**1.27 EUR**
Yield based on share price at August 31, 2008	2.75%

* *Subject to approval at the Annual Shareholders' Meeting on January 19, 2009.*

Dividends not claimed within 5 years of the date on which they were payable to shareholders are forfeited and remitted by Sodexo to the Caisse des Dépôts et Consignations.

Capital

CHANGES IN ISSUED CAPITAL

From September 1, 2007 through November 7, 2008

	Number of shares	Total issued capital *(in euros)*
As of September 1, 2007	159,026,413	636,105,652
As of June 19, 2008	157,359,282	629,437,128
As of September 9, 2008	156,554,395	626,217,580
As of September 18, 2008	157,132,025	628,528,100
As of November 7, 2008	157,132,025	628,528,100

1. SODEXO: AN INDEPENDENT GROUP

Sodexho remains an independent group.

On August 31, 2008, Sodexo had 52,193 shareholders, of which 22,257 were members of our employee stock ownership plans.

Bellon SA	37.7%
Employees	0.7%
Treasury shares	2.3%
French shareholders	24.2%
Individual	*2.8%*
Institutional	*21.4%*
Non-French shareholders	35.1%

SHAREHOLDERS IDENTIFIED AS OF AUGUST 31, 2008

	Number of shares	% of issued capital	Number of voting rights*	% of voting rights*
Bellon SA	59,252,063	37.65	79,743,246	43.79
Arnhold and S. Bleichroeder Advisers	11,529,949	7.33	11,529,949	6.33
Caisse des Dépôts et Consignations	4,888,005	3.11	7,200,933	3.95
Employees	1,030,090	0.65	1,915,765	1.05
Treasury shares	3,638,206	2.31	3,638,206	2.01
Public	77,020,969	48.95	78,048,651	42.87
TOTAL	**157,359,282**	**100.00**	**182,076,750**	**100.00**

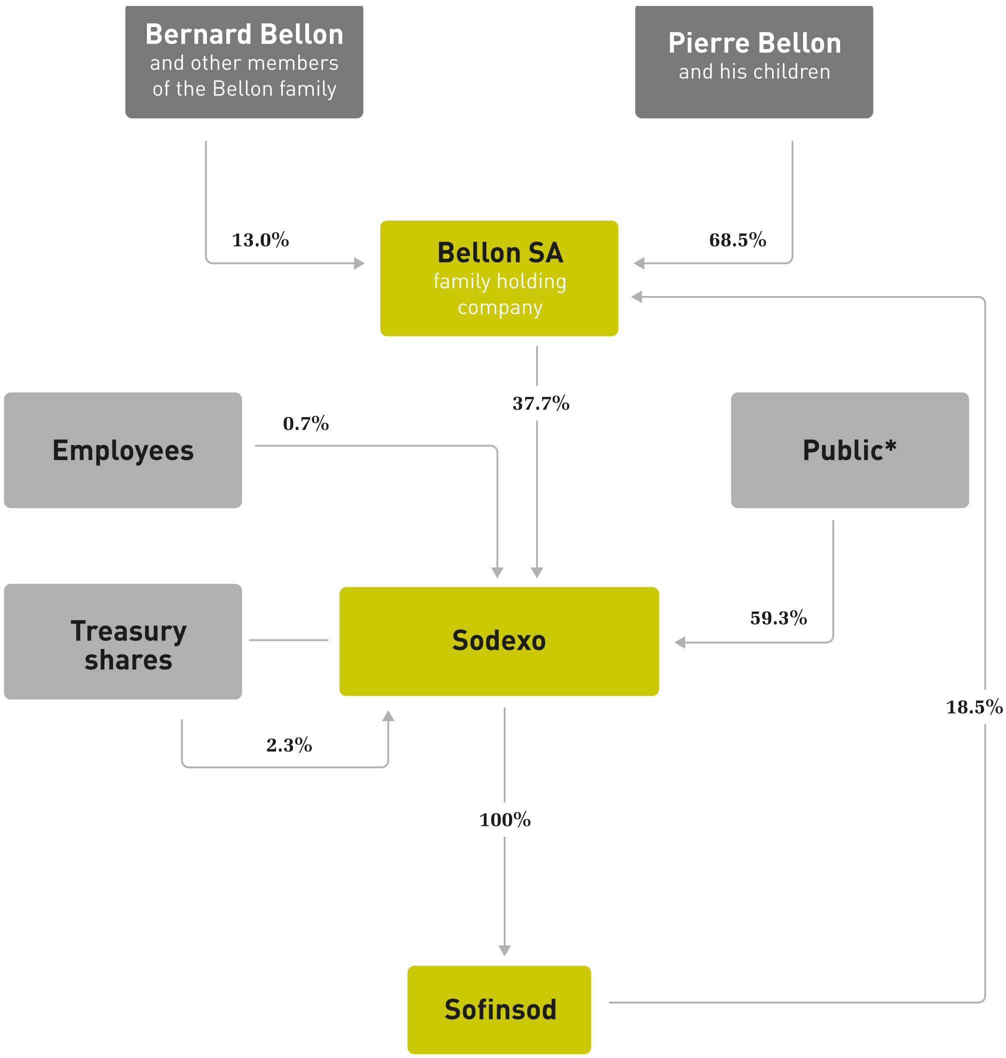
* *The Company's bylaws confer double voting rights on registered shares held by the same shareholder for at least four years. Further, pursuant to Article 223-11 of the General Regulation of the Autorité des Marchés Financiers (AMF) the number of voting rights is calculated on the basis of all of the shares with voting rights, including shares for which the voting rights have been suspended temporarily, such as treasury shares.*

The Company is not aware of any shareholder having crossed any legal or statutory ownership level, either higher or lower, during Fiscal 2008.

As of the date of this document, Sodexo is not aware of:

- any other shareholder holding 2.50% or more of the capital or voting rights of Sodexo directly or indirectly, individually, or in concert;
- any shareholders' pact or other agreement which, if implemented, could result in a change of control of Sodexo.

2. CONTROLLING INTERESTS AS OF AUGUST 31, 2008



* *Including Arnhold and S. Bleichroeder Advisers 7.33% and the Caisse des Dépôts et Consignations 3.11%.*

3. STOCK MARKET INFORMATION

Sodexo shares

Sodexo shares are listed on NYSE-Euronext Paris, where they are traded individually under Euroclear code FR 0000121220.

As of August 31, 2008, Sodexo 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)*
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
November	49.85	40.10	44.63	33,988
December	44.69	40.51	42.38	25,127
2008				
January	42.80	33.13	37.20	52,652
February	39.54	34.80	36.75	35,412
March	39.09	33.85	36.65	24,620
April	43.25	35.92	39.58	34,462
May	44.62	41.16	43.04	18,459
June	46.37	41.21	44.39	30,719
July	43.86	37.63	40.62	24,610
August	48.89	41.00	44.82	24,075
September	47.90	38.86	43.92	28,621
October	43.11	31.00	36.37	28,412

* *Monthly average of closing prices.*

04

Consolidated Information

Activity Report Fiscal 2008

At the Board of Directors meeting held on November 6, 2008, Michel Landel, Chief Executive Officer, presented to the Directors the very good performance achieved by the Group in Fiscal 2008.

→ HIGHLIGHTS

Three years ago, Sodexo launched "Ambition 2015," to become the premier global outsourcing expert in Quality of Life services with the objective of doubling its Fiscal 2005 revenues in ten years. Fiscal 2008 brought major advances in implementing the Group's strategy for achieving this ambition.

Robust organic revenue growth

For the second consecutive year, organic growth of 7.7% in Fiscal 2008 was above the average annual target of 7% set by the Group in "Ambition 2015." A highlight was the success of the Rugby World Cup hospitality contract.

Of particular note was the good increase in the share of Facilities Management services in Sodexo's consolidated revenues, which amounted to 21.6% of the Group's consolidated revenues as compared to 18.1% in Fiscal 2007.

The Service Vouchers and Cards activity also contributed to this excellent organic growth performance with an increase of 18.1%.

Exceeding operating profit targets

Operating profits were up 15.3%, at constant currency exchange rates, in particular as a result of:

- strong growth in issue volume in the Service Vouchers and Cards activity;
- improvement in profitability in North America;
- the significant contribution of the Rugby World Cup hospitality contract.

At constant currency exchange rates, this growth outpaced the 12% target set at the beginning of the fiscal year.

Productivity enhancement initiatives at Sodexo's sites (tighter management of food and labor costs) in most geographies enabled the Group to continue to make important investments, in particular, in human resources, in order to sustain its future growth. These programs also helped improve the consolidated operating margin by 0.3 percentage points to 5.1% in Fiscal 2008, versus 4.8% the previous year.

Strong cash generation

Net cash flows from operating activities amounted to 780 million euro. This strong cash generation stems from the rise in operating profit and a further improvement in working capital, demonstrating once again the quality of the Group's financial model.

Sodexo has used this liquidity to invest in a wide array of areas, including modernizing and rebranding the Sodexo name, pursuing a series of human resources initiatives, deploying management tools to enhance operational productivity, making several acquisitions of companies, and undertaking a stock repurchase program.

Rebranding Sodexo

Sodexo unveiled its new identity at the Shareholders' Meeting of January 22, 2008. Sodexho Alliance has changed its name to Sodexo, with a new, more modern and more dynamic visual identity, which is now being deployed at the Group's 30,600 sites worldwide. The brand is thus now a major asset in the Group's global strategy.

Transfer of headquarters

Sodexo SA transferred its headquarters from Montigny-le-Bretonneux to Issy-les-Moulineaux in March 2008.

Investing in Human Resources

Fundamentally Sodexo 2008

The Sodexo Management Institute has provided a one-week training program each year for Sodexo's top 250 interrnational managers since 2006. Sessions in Fiscal 2008 focused on self-awareness, interacting with others, and change management. Each session is attended by around fifty managers and now comes with an electronic development program offering fifty or so continuously available mandatory and optional modules.

Training programs

Sodexo continued to expand its training programs during the year. For instance:

- in the United States, 23,000 employees took *e-learning* classes in Fiscal 2008. This cycle of online programs run by Sodexo University (founded in 2005) lets each employee choose the time, place and pace of his or her training. It comprises mandatory subjects (equal opportunity, ethics in the workplace) plus more than fifty "generic" classes, including Communications, Interpersonal Relations, Client Relations, Finance and Accounting, Management, Personal Development, Project Management, etc.). Complementing these programs are summaries of works on management and additional publications and CDs available online;
- in France, Sodexo has set up an accredited training body to prepare employees for the hotel industry's *Certificat de Qualification Professionnelle* (vocational training certificate). In four years, it has multiplied by five the number of training programs provided for employees, deploying 150 instructors and 800 mentors in the process;
- "Boarding Pass," a 4-day integration seminar for new members of executive committees in the Service Vouchers and Cards activity, was launched in September 2007. Already it has trained 59 employees, instilling in them Sodexo's values, vision and strategy and mobilizing them around their key missions.

Diversity

"Promoting Diversity and Inclusion" is a strategic priority for Sodexo. Pursuing that objective, the second "Global Inclusion Summit" was held in Paris in January 2008. Around 200 senior managers, 55% of them women, from 5 continents, attended the one-day event. The program featured the presentation of a survey of the status of women in large corporations by the economist Sylvia-Ann Hewlett; a roundtable of women in high-level positions at L'Oréal, Procter & Gamble, IBM and Sanofi Aventis; and lastly, an interactive workshop to build awareness of gender issues. Some twenty or so Sodexo clients also attended the event as guests.

International mobility

An "International Mobility" initiative was launched in December 2007 to accelerate the development of international career profiles within Sodexo. An "IM Charter" was created to harmonize practices in each entity and country in order to create a level playing field in terms of conditions for expatriation and to encourage transfers between different activities. An e-letter, Sodex'Change, listing vacant international management posts, has been in place since March 2008. Also, accompanying measures for the expatriate and his or her family have been bolstered. For example, a "sponsor" is now appointed to assist expatriate workers with formalities, helping them secure settling-in assistance, arranging language training classes, as well as helping them find lodging and work for spouses.

More effective management tools for enhancing productivity

During Fiscal 2008, Sodexo deployed its Labor Management System, a human resources management and scheduling system, and a new centralized payroll application called Passport, across all of its North American divisions. These tools are helping site managers to optimize their operational productivity.

In the purchasing area, the Five Star productivity program launched in 2004 initially covered eleven countries, bringing together 85% of Sodexo's total purchasing within a common five-step process (menus, streamlining the number of references, reducing the number of suppliers, reorganizing logistics, and tighter management on site). This proactive approach was extended to three more countries, Spain, Canada and Australia, in the course of the year. It has trimmed purchasing volumes by 1.5% over the past three years.

Acquisitions

Sodexo made a number of acquisitions in Fiscal 2008 in order to strengthen its positions, including:

- in Service Vouchers and Cards:
  - Tir Groupé, the French market leader in Gift Vouchers for businesses and local communities, accepted by 325 national retail chains and 300,000 participating affiliates,
  - the Service Vouchers and Cards business of Grupo VR, one of the largest firms in the sector in Brazil. This has enabled Sodexo to double its size in the world's number one service vouchers market, with annualized issue volume of 2.8 billion euro;
- in concierge services, the acquisition of U.S. market leader Circles.

At the beginning of Fiscal 2009, Sodexo also:

- closed the acquisition of Score Group, the fourth-largest provider of Foodervices in France, on September 30, 2008. The acquisition further strengthened Sodexo's position in a market that still holds considerable growth potential and complements the offer adapted to the needs of each client segment as well as Sodexo's coverage in France; and
- signed an agreement on September 25, 2008 to take control of Zehnacker, a major German Facilities Management services company. Zehnacker supplies technical maintenance and engineering services to business and healthcare establishments. Zehnacker also provides a comparable array of Facilities Management services in Austria, Switzerland and Poland. The acquisition will strengthen Sodexo's ability to provide global integrated service solutions to European clients, in particular to the very attractive German healthcare market.

Stock repurchase program

On April 15, 2008, Sodexo's Board of Directors decided to implement a stock repurchase program as approved by shareholders at the Annual Shareholders' Meeting of January 22, 2008. A "simplified tender offer" (OPAS) was proposed to the market for Sodexo to repurchase from its shareholders up to 12.5 million of its own shares, representing 7.8% of the issued capital, at a price of 42.50 euro per share, coupon attached.

The transaction offered investors an opportunity to profit from Sodexo's high level of cash generation at a substantial premium (approximately 15%) over the share price at the time of the announcement, as validated by an independent expert. In connection with this program Sodexo repurchased around 1.7 million shares for an amount of nearly 71 million euro and cancelled the corresponding shares in June 2008.

In addition, Sodexo subsequently announced its intention to continue to give its shareholders a stake in its earnings growth through continuous share repurchases on the open market, with the intention of canceling the shares repurchased, on financial terms consistent with the interests of both the Company and its shareholders. Sodexo accordingly purchased an additional 805,000 shares for an amount of nearly 32 million euro, at the end of the fiscal year. These were cancelled on September 9, 2008, after fiscal year-end.

1. KEY FIGURES FOR FISCAL 2008

Sodexo's 30,584 sites comprise:

- 17,358 corporate services sites (including leisure, defense and correctional facilities);
- 5,129 schools, colleges and universities;
- 4,003 healthcare sites;
- 2,833 seniors sites;
- 1,261 remote sites.

Sodexo has operations in 80 countries and employed 355,044 people as of the end of Fiscal 2008.

1.1 Consolidated income statement

(in millions of euro)	Fiscal 2008	Fiscal 2007	Change at current exchange rates	Change at constant exchange rates
Revenues	**13,611**	**13,385**	**1.7%**	**8.4%**
Cost of sales	(11,486)	(11,396)		
Gross profit	**2,125**	**1,989**	**6.8%**	**12.6%**
Sales department costs	(194)	(174)		
General and administrative costs	(1,245)	(1,181)		
Other operating income and charges	4	6		
Operating profit	**690**	**640**	**7.8%**	**15.3%**
Net financing costs	(102)	(100)		
Share of profit of associates	11	7		
Profit for the period before tax	**599**	**547**	**9.5%**	**17.7%**
Income tax expense	(202)	(184)		
Profit for the period	**397**	**363**		
Profit attributable to minority interests	21	16		
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**376**	**347**	**8.4%**	**16.4%**
Earnings per share (in euro)	**2.42**	**2.22**	**9.0%**	**17.1%**
Dividend per share (in euro)[1]	**1.27**	**1.15**	**10.4%**	

(1) Proposed to the January 19, 2009 Annual Shareholders Meeting.

The currency impact is calculated by applying the average exchange rates for the previous fiscal year to the current year figures.

In Fiscal 2008, the effect of movements in the exchange rate of the U.S. dollar against the euro was to decrease revenues by 674 million euro, operating profit by 34 million euro and profit attributable to equity holders of the parent by 16 million euro.

The effect of movements in the exchange rate of euro against the pound sterling was to decrease revenue by 170 million euro, operating profit by 9 million euro and profit attributable to equity holders of the parent by 6 million euro.

Finally, the effect of movements in the exchange rate of euro against the Brazilian real was to increase revenue by 20 million euro, operating profit by 2 million euro and profit attributable to equity holders of the parent by 2 million euro.

Overall, activities outside the euro zone accounted for 69% of Fiscal 2008 revenue (36% of this amount was in U.S. dollars) and 83% of operating income (of which 36% was in U.S. dollars).

1.1.1 Changes in scope of consolidation

The principal recent changes in the scope of consolidation were the acquisitions of the Service Vouchers and Cards business of Tir Groupé (gift vouchers) in France and Grupo VR in Brazil, of Circles, a leader in concierge services in the United States, and of Yachts de Paris in France, specializing in upscale leisure and events services on the Seine River in Paris.

1.1.2 Revenues: very robust growth

Sodexo's revenues grew by 226 million euro as compared to the prior year, to 13,611 million euro.

The increase in revenues comprises the following:

- organic growth: +7.7%;
- currency impact: -6.7%;
- changes in scope of consolidation: +0.7%.

Sodexo's key metrics evolved as follows during the year:

- the client retention rate was 93.4%. While in North America the rate was close to Sodexo's 95% target , the Group has reinforced its investments and implemented action plans in order for the United Kingdom and Ireland and Continental Europe to attain this level in the future;
- comparable unit growth was again around 5%;
- the business development rate (i.e. new contract wins) was close to 9%, reflecting the momentum of Sodexo's sales teams.

As a result, Sodexo reported numerous advances in organic growth throughout the Food and Facilities Management Services activities, including:

- 4.2% organic growth in North America after adjusting for the effect on the current year of the inclusion of an additional week in the prior year. The main growth drivers in this region remain Healthcare, Seniors and Education;
- accelerated growth in Continental Europe, with revenue up 7.2%, particularly from Facilities Management services;
- revenue growth in the United Kingdom was up 12.9%, strongly influenced by the Rugby World Cup hospitality contract;
- continued strong activity in the Rest of the World (+13.5%) spurred by double-digit growth in Latin America, the Middle East, Asia, Australia, and in Remote Sites.

Growth in Facilities Management services was confirmed during the year and its share of consolidated revenues increased from 18.1% in Fiscal 2007 to 21.6% in Fiscal 2008. Contributing to this encouraging performance were services provided at the KLM site in the Netherlands and new contracts such as Société Générale in France, Nokia in China, and the Saint Vincent's Catholic Medical Center in New York in the United States.

Finally, the Service Vouchers and Cards activity sustained a very high level of organic growth, with revenue up 18.1%. Including acquisitions, revenue increased by 33% relative to Fiscal 2007 and issue volume exceeded 10 billion euro for the first time, at 10.4 billion euro versus 7.5 billion euro for the previous fiscal year.

1.1.3 Growth in operating profit

Operating profit rose by 7.8% over the prior year to 690 million euro, and by 15.3% at constant currency exchange rates, exceeding the average annual target of 11% set in Ambition 2015.

The operating margin was 5.1% compared with 4.8% for Fiscal 2007. This 0.3 percentage point increase stems from improved margins in North America, the contribution of the Rugby World Cup hospitality contract and rising volumes in Service Vouchers and Cards.

1.2 Analysis of trends in revenues and operating profit by activity

Revenues by activity *(in millions of euro)*	**Fiscal 2008**	**Fiscal 2007**	**Change at current exchange rates**	**Change at constant exchange rates**
Food and Facilities Management Services				
North America	5,107	5,492	(7)%	5%
Continental Europe	4,701	4,388	7.1%	7%
United Kingdom and Ireland	1,504	1,475	2%	12.9%
Rest of the World	1,715	1,591	7.8%	12.4%
TOTAL	**13,027**	**12,946**	**0.6%**	**7.5%**
Service Vouchers and Cards	**596**	**447**	**33.3%**	**35.3%**
Elimination of intragroup revenues	**(12)**	**(8)**		
TOTAL	**13,611**	**13,385**	**1.7%**	**8.4%**

Operating profit by activity *(in millions of euro)*	**Fiscal 2008**	**Fiscal 2007**	**Change at current exchange rates**	**Change at constant exchange rates**
Food and Facilities Management Services				
North America	247	253	(2.4)%	10.7%
Continental Europe	231	214	7.9%	7.5%
United Kingdom and Ireland	78	72	8.3%	19.4%
Rest of the World	33	41	(19.5)%	(12.2)%
TOTAL	**589**	**580**	**1.6%**	**9.0%**
Service Vouchers and Cards	**191**	**135**	**41.5%**	**45.2%**
Corporate expenses	**(78)**	**(67)**	**16.4%**	**16.4%**
Elimination	**(12)**	**(8)**		
TOTAL	**690**	**640**	**7.8%**	**15.3%**

1.2.1 Food and Facilities Management Services

This activity contributed 95.7% of consolidated revenues and 75.6% of consolidated operating profit before corporate expenses.

Revenues totaled 13,027 million euro, an increase in organic growth of 7.3%, notably as a result of the following:

- continued solid progress in Healthcare and Seniors (+7.3%);
- growth in Corporate Services (+8.1%), accentuated by the performance in the Sports and Leisure segment, notably with the success of the Rugby World Cup hospitality contract;
- sustained good performance in Education (+5.5%).

Operating profit in Food and Facilities Management services amounted to 589 million euro, an increase of 1.6% at current currency exchange rates and 9.0% at constant currency exchange rates.

Analysis by region

North America

Revenues in North America were 5.1 billion euro. Although on the surface organic growth was only 4.2%, the previous fiscal year included the effect of a 53rd week of activity, following common industry practice in North America. After adjusting the previous year to a comparable 52-week basis, organic growth in North America was in fact 5.4% for Fiscal 2008.

The effect of the unfavorable trend in the average exchange rate of the U.S. 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 2008.

The performance of the **Corporate Services** segment (+0.8%, or +2.7% after adjusting Fiscal 2007 to a comparable 52-week year) results from:

- the full year impact of major contracts won during the previous year, including USAA, the Houston Zoo, American Family, and Wellpoint, Inc.;
- increased patronage at U.S. Marine Corps military bases;
- good growth in the Sports and Leisure segment, with contract wins at sites such as the Dallas Museum of Art, the Fort Worth Museum of Science and History, and the Phipps Conservatory and Botanical Garden; and
- a reduction in discretionary spending by businesses and consumers in the current economic environment.

Recent business wins include new Facilities Management services contracts with Procter & Gamble (at several industrial sites in the United States), GlaxoSmithKline (in Canada), EMC Corporation, Unilever-Slim Fast, and Evergreen Solar, Inc.

Finally, Sodexo acquired Circles, a leader in concierge services in the United States during Fiscal 2008, bolstering the Group's position in services to improve the Quality of Life. Circles had an excellent year.

Organic growth of 6.9% (or 9.2% after adjusting Fiscal 2007 to a 52-week year) in **Healthcare and Seniors** was mainly driven by:

- sustained excellent client retention;
- strong revenue growth on existing sites as a result of a global offering specifically geared to the needs of clients, patients and visitors, and to increasing revenues from contracts won the previous year (York Central Hospital, Stanford University Medical Center, Moses Cone Health Center, etc.)
- new contracts, including Mount Sinai Medical Center, Asbury Methodist Village, Palmetto Health, Georgetown University Hospital, Hospital of Central Connecticut, New Hanover Regional Medical Center, Bethany Village Retirement Center, and U.S. Army MedCom (10 hospitals).

Education reported organic growth of 3.7%, and continues to benefit from increased student enrollment, higher patronage in cafeterias and from the strong client retention achieved in Fiscal 2007. However, growth in Facilities Management services was more modest than in Fiscal 2007, a year that was marked by extensive reconstruction projects in the wake of Hurricane Katrina in Louisiana. In addition, the application of revenue recognition criteria to certain contracts weighed on the growth rate for Fiscal 2008.

Several major contracts were won in Fiscal 2008, including the University of Puerto Rico, the University of Louisville (Kentucky), the University of California at Berkeley, the University of New Mexico, and the Kansas City School District.

Among the many distinctions received by Sodexo in North America, one of the most significant was the award from the Governor of Rhode Island for innovative "Wellness" programs to safeguard children's health. Sodexo was also distinguished in the area of diversity, featuring in the honor roll as a "Top Company for Diversity" by Black Enterprise magazine. Sodexo was the only Food and Facilities Management company to be honored by Diversity Edge magazine for its achievements in recruitment, retention and promotion of minority employees. In addition, it featured among the Top 10 of "Companies for Asian Americans" as ranked by Asian Enterprise magazine.

Operating profit was 247 million euro, up 10.7% at constant currency exchange rates compared to the prior year, and the operating margin was 4.8%, compared with 4.6% in Fiscal 2007.

This strong growth in operating profit at a time of soaring food prices was attributable to improved profitability in Healthcare and Seniors, increased patronage in Defense, and to productivity gains in Corporate Services and Education following continued deployment of a powerful productivity management system on Sodexo sites.

Highlights of the year included the promotion of George Chavel to Chief Executive Officer, North America.

Significant initiatives during the year included the establishment of a Metropolitan Business Group in certain cities such as Chicago, in order to share best operating practices, and to accelerate business development and revenue growth.

Continental Europe

Revenues in Continental Europe totaled 4.7 billion euro, with organic growth of +7.2%, a net acceleration as compared to the prior year.

Highlights of Fiscal 2008 included strong development on sites and accelerating growth in Facilities Management services, more than twice the rate in Foodservices.

The **Corporate Services** segment had organic growth of 6.1%, accelerating over Fiscal 2007, reflecting:

- the contribution of the KLM contract in the Netherlands (36 different Food and Facilities Management services for the 80 buildings on the Schiphol airport site in the Netherlands);
- the opening of a large number of contracts in Scandinavia, including Telenor in Norway and the Eskjö and Karlskrona barracks in Sweden, as well as with several midsized firms in Spain and Central Europe;
- rapid growth in the Sports and Leisure segment in France (Eiffel Tower, Lido, Bateaux Parisiens, etc.). In this sector, Sodexo consolidated its position as leader on the Seine River in Paris in Fiscal 2008 with a well-structured offering: continued growth in Bateaux Parisiens in the tourism segment; the signing in June 2008 of the "Vogueo" contract with the STIF (Paris regional transit authority) to run an experimental pilot program for river-based public transport between Bercy and Maisons-Alfort on the Seine River; and finally, with the acquisition of Yachts de Paris (also in June 2008), which positions the Group in the area of events planning.

Significant contract wins during the year included Adidas in Germany and Dassault Systèmes in France.

Strong organic growth of 8.1% in **Healthcare and Seniors**, more vigorous than in Fiscal 2007, resulted from:

- strong growth on existing sites;
- robust business development in the prior year through the beginning of Fiscal 2008, especially in France.

Sodexo bolstered its market leadership in France with, for example, the signature of a framework agreement with Vitalia clinics. Sodexo has unified its healthcare and medical institutional segments in response to the increasingly global approach to healthcare administration in the private and public sectors alike. In Belgium and in the Netherlands, Sodexo launched two concepts originated by the Group's U.S. teams: "Patient Experience" and "At Your Service" with a view to improving the quality of its offer.

AZ St Maarten in Belgium, the San Juan de Dios Hospital in Spain, Albert Schweitzer Ziekenhuis in the Netherlands, and the Centre Hospitalier Sud-Francilien (Southern Paris Region Hospital Center) in France were among Sodexo's contract wins during the fiscal year.

The strong acceleration in organic growth in the **Education segment** (+9.9%) stems largely from prior year contract wins, including Dresden Fraichaud in Germany, TU Delft and Avans Hogeschool in the Netherlands, and the contract with the City of Rome schools in Italy, awarded at the beginning of the year. This contract, in which 20,000 meals will be served daily, is expected to source 75% of products locally and from organic producers and to use plates, cups, tablecloths and utensils made from recycled materials. Demand for nutritional offerings, as well as for certified and organic products, is strong all over Europe. In response to this demand, Sodexo has expanded its range of offerings in these areas as well as in the area of Fair Trade.

New clients signed in Fiscal 2008 include UT Twente in the Netherlands, the schools in the 11th district of Budapest in Hungary, and in France, schools for the towns of Noisiel, Meudon, Clichy, and Sète, and the first group of contracts for the lower secondary schools for the Hauts-de-Seine department.

For the second consecutive year, Poland's Warsaw Business Journal rated Sodexo "#1 Food and Facilities Management Services Company." Also in Poland, the "Friends of Children" non-profit organization awarded Sodexo the association's medal for its STOP Hunger program and for the "You Are Not Alone" counseling program for teenagers. In Germany, Catering Magazine named Sodexo "Caterer of the Year," awarding it its special "Business Performance prize." In Hungary, the Pápai Páriz national association for education and health distinguished Sodexo for its healthcare and nutrition campaigns.

Sodexo continued its partnership with the non-profit "Les Restos du Coeur," as part of its global STOP Hunger program. Since 2004, over 300,000 hot meals have been distributed, more than 2,000 volunteers have been trained, and work has been found for more than 60 people.

Sodexo teams in Belgium and the Netherlands worked on the deployment of the international brands and concepts, "Aspretto" (hot beverages), "Natural!" and "Be" on Sodexo sites.

Sodexo continued to invest in training programs for its employees leading to recognized qualifications, upholding its reputation as model employer. Nearly 250 employees gained a "Certificate of professional qualification" in France in Fiscal 2008, compared with 118 the previous year.

Finally, concerning the environment, Sodexo's experience at World Youth Day with the Pope in Loreto, Italy, is noteworthy: in September 2007, Sodexo served 142,800 meals and 63,600 breakfasts while at the same time organizing the collection and management of waste products and distributing an information booklet to participants. Around 40 Sodexo staff and 100 volunteers contributed to the success of this event.

Operating profit in Continental Europe was 231 million euro, an increase of 7.5% at constant currency exchange rates, a slightly higher rate of increase than revenue. The operating margin of 4.9% reflects:

- good control of food cost inflation in most countries, with the exceptions of Italy and Spain, where the public sector represents a larger proportion of Sodexo's client portfolio;
- improving purchasing productivity as a result of a number of action plans implemented under the Five Star program; and
- better profitability in the Sports and Leisure segment in France.

Two companies were acquired in Fiscal 2008 or at the start of the following fiscal year, extending Sodexo's offering in a number of markets, namely:

- Yachts de Paris in France, specializing in high-end tourism and special events on the Seine River, with a fleet of eight boats and a prestigious gourmet service;
- Score Group, number four in Foodservices in France, with an offering and a market position which will enable Sodexo to consolidate its leadership in Foodservices in France. Score Group's client list includes the Institut Pasteur, Thalès, Intermarché, Sanofi Aventis, INSEAD and the Dolcéa retirement homes group.

United Kingdom and Ireland

Revenues in the United Kingdom and Ireland were 1.5 billion euro, with an organic growth of 12.9%. The main factor behind this exceptional performance was the contribution made by the hospitality contract for the Rugby World Cup, which took place in September and October 2007 and represented revenues of 140 million euro.

This contract, which included the sale of hospitality packages to businesses and travel agencies, and event catering services at a number of stadiums, was also the main driver of the 15.6% organic growth registered in the **Corporate Services** segment. Sodexo contributed to bringing to the International Rugby Board (IRB) a new standard for quality in hospitality management of a large sporting event. The IRB has awarded Sodexo, together with its partner, the Mike Burton Group, the hospitality contract for the next Rugby World Cup, in 2011 in New Zealand.

At the same time, Food and Facilities Management services revenues in Corporate Services remained stable, while in Defense revenues benefited from the ramp-up of the Sovereign Base military contract in Cyprus. Revenues in Correctional Services also registered solid growth.

Sodexo won several Facilities Management services contracts in Fiscal 2008, notably including AstraZeneca, GlaxoSmithKline, and Royal Air Force Lyneham.

The 6.3% organic growth in **Healthcare and Seniors** stemmed from satisfactory revenue growth at a number of sites, in particular North Staffordshire, Stoke Mandeville, and the ramp-up of contracts opened in Fiscal 2007 and 2008, such as Hillingdon and Mount Vernon.

In **Education**, Sodexo registered 3.3% organic growth, signaling a resumption of growth in this segment for the first time in four years. This improved performance reflects recent contract wins at universities and the success of Foodservices offerings contributing to the drive to improve the nutritional balance of meals served in schools. Recent contract wins included the London School of Pharmacy, and East Durham & Houghall College. Finally, it is interesting to note that Sodexo is sponsoring Tom Daley, the 14 year old British diver who distinguished himself at the Beijing Olympic Games, in connection with his promotion of healthy eating habits and nutritional offerings for schools.

Sodexo garnered numerous accolades in the UK in Fiscal 2008. Sodexo Laboratory Instruments won the Premises and *Facilities Management Expert Services Award 2007* for the quality of its working relationship with GlaxoSmithKline Research and Development. The British Safety Council singled out Sodexo for a ninth *International Safety Award*, and the British Hospitality Association named it for its *Group Environmental Award* in recognition of its commitment to safeguarding the environment. Also in Fiscal 2008 Sodexo was picked as official partner for the national *Year of Food and Farming* campaign to build children's awareness of the importance of a balanced diet and the benefits of buying local produce.

Operating profit was 78 million euro and the operating margin was 5.2%, compared with 4.9% in Fiscal 2007, reflecting:

- ongoing initiatives to boost profitability at sites;
- tight control on overheads;
- and, of course, the important contribution of the Rugby World Cup hospitality contract.

Rest of the World

Revenues in the Rest of the World were 1.7 billion euro. The 13.5% organic growth reflects double-digit organic growth in Latin America, the Middle East, Asia and Australia and especially in Remote Sites. Continued increasing demand for energy and other natural resources, high commodity prices, as well as multiple large civil engineering projects contributed to this momentum.

Sodexo's business wins helped boost revenues at existing sites, particularly in the Middle East and Africa. In Qatar, for instance, the Veolia-Saipen-Al Jaber consortium awarded the Group a Facilities Management contract to feed 2,250 people in one of the world's largest liquefied natural gas production facilities.

In Latin America, Sodexo benefited greatly from the mining industry boom, registering significant growth in Peru, Colombia, Brazil and Chile.

Sodexo achieved a worldwide framework agreement with Seadrill, as well as new contracts with BHP Billiton Olympic Dam Village and AXA in Australia, Schlumberger Tyumen in Eastern Russia, BHP Billiton Escondida and Antofagasta Minerals (Pelambres, Esperanza) in Chile, and Bumrungrad Hospital Bangkok in Thailand.

Finally, Sodexo continued its rapid growth in China and India, both in Foodservices and in Facilities Management. Major contracts won included HSBC Tseung Kwan O, and SVA-Fujifilm Optoelectronic Materials Co. Ltd in China and Nokia, Tata Consultancy Services, and Unilever in India.

Among the many distinctions won by Sodexo in Fiscal 2008, it was voted Best Company, 2007 by the Asociacion Civil Empresa Peruana del Ano in Peru. In Australia, Rio Tinto named Sodexo for its *Safety Award* and in Madagascar recognized it for having crossed the threshold of 2,000,000 hours worked without accident. Sodexo was also honored in Australia for its *Equal Opportunity for Women in the Workplace* report and for the 9th consecutive year received the *British Safety Council Award for Safety*, in Scotland. In Brazil, Sodexo received the *Top Hospitalar 2007* award *(Outsourcing Company category)*, the nation's highest distinction in the hospital sector, for the third consecutive year.

Operating profit was 33 million euro and the operating margin was 1.9%. Profitability improved in India, the Middle East and Africa, but the decline in operating margin relative to the prior year was due to:

- particularly high inflation rates in some countries, notably in Latin America; and
- significant mobilization costs associated with the start-up of several mining contracts in Chile and Australia.

1.2.2 Service Vouchers and Cards

Revenues for Fiscal 2008 totaled 596 million euro.

Sodexo's issue volume (face value multiplied by the number of vouchers and cards issued) surpassed the 10 billion euro mark in Fiscal 2008, rising to 10.4 billion euro, as a result of acquisitions and major contract wins, including:

- the contribution since January 2008 of the five-year contract signed with Belgium's ONEM (Bureau of Labor) for its innovative Vouchers for Services program, with an annual issue volume estimated at over 1.2 billion euro;
- the acquisition of Tir Groupé in France (Gift Vouchers), with an annual issue volume of around 300 million euro;
- the acquisition of Grupo VR's Vouchers and Cards business in Brazil (consolidated for six months), representing a full-year issue volume of approximately 1.4 billion euro.

The strong organic growth of 18.1% reflected:

- continued vigorous demand for traditional services (Restaurant Pass and Food Pass) not only in Latin America but also in Europe, an increase in the number of beneficiaries and in the face value of vouchers issued in many geographies, and new client wins; and
- the development of innovative offerings in the areas of Motivation and Assistance, especially in Europe. For example, in December 2007, Sodexo extended the range of services provided to the UK Ministry of Defence with *Childcare Pass*, thus illustrating the commercial synergies between the Food and Facilities Management Services and Service Vouchers and Cards activities.

Other business successes in Fiscal 2008 included the Brazilian State Secretariat for Education, Junaeb in Chile, Shanghai Huizhong Automotive in China, AGIRC-ARRCO in France, and in India, Hindustan Aeronautics and Electronic Corporation of India.

Operating profit rose 45.2% to 191 million euro at constant currency exchange rates. The operating margin of 32.0% (1.8% of issue volume) compares with 30.2% for Fiscal 2007. This excellent performance stemmed primarily from the operational leverage on processing costs driven by higher issue volumes. Acquisitions (Tir Groupé over 11 months, and VR over six months) also made a modest contribution to the growth in operating profit. Figures for the prior year were unfavorably affected by the settlement of litigation in Brazil.

1.2.3 Corporate expenses

Corporate expenses were 78 million euro, an increase of 11 million euro from the prior year. The main contributors to the increase were new investments to leverage Sodexo's economies of scale and pool certain expenses. Other factors included:

- investment in the Sodexo brand;
- transfer of the corporate headquarters from Montigny le Bretonneux to Issy-les-Moulineaux; and
- the launch of an international employee stock purchase plan (ESPP) for employees in 25 countries.

It should be noted that Corporate expenses are just one component of total overhead expenses of 1,439 million euro, and that the purpose of pooling these costs is to also reduce these expenses at the level of the business units.

1.3 Net financing costs

Net financing costs were 102 million euro, 2% more than the Fiscal 2007 figure of 100 million euro. The change reflects two series of offsetting factors, namely:

- an improvement in financing costs as a result of the Group's strong cash generation; and
- the cost of financing acquisitions for Fiscal 2008, especially VR in Brazil, Circles in the United States and Tir Groupé in France, adding approximately 13 million euro to interest expense.

Interest cover, or the ratio of operating profit to net interest expense, was 6.8, versus 6.4 in Fiscal 2007.

1.4 Income tax expense

Income tax expense totaled 202 million euro, with an effective tax rate of 34.4% (versus 34.1% in Fiscal 2007). This relative stability in the effective tax rate largely results from faster earnings growth in lower-tax countries.

1.5 Steep rise in profit attributable to equity holders of the parent

Profit attributable to equity holders of the parent increased by 8.4% to 376 million euro, or 16.4% at constant currency exchange rates.

This significant increase was primarily attributable to:

- the strong growth in operating profit; and
- the relative stability of both financing costs and the effective tax rate.

1.6 Growth in earnings per share

Earnings per share for Fiscal 2008 were 2.42 euro, an increase of 9% compared with Fiscal 2007 earnings per share of 2.22 euro.

1.7 Proposal to increase the dividend

Finally, at the Annual Shareholders Meeting on January 19, 2009, the Board of Directors will propose to shareholders the distribution of a dividend of 1.27 euro per share, an increase of 10% as compared to the prior year. This proposal is justified by the Group's excellent results and reflects the Board's strong confidence in the Group's ability to continue to pursue sustained profitable growth and its willingness to share the benefits of this growth with shareholders. The dividend distribution ratio (dividends as a percentage of net income) is 53%.

2. FINANCIAL POSITION AS OF AUGUST 31, 2008

Presented below are the key components of the consolidated cash flow statement.

	Year ended August 31	
	2008	**2007**
Net cash provided by operating activities	780	753
Net cash used in investing activities	(847)	(221)
Net cash used in financing activities	265	(144)
Change in net cash and cash equivalents	198	388

Net cash provided by operating activities totaled 780 million euro in Fiscal 2008, compared with 753 million euro in Fiscal 2007. This 27 million euro year-on-year increase is attributable to:

- the 50 million euro increase in operating profit,
- newly favorable working capital movements totaling 157 million euro, due primarily to the significant growth in the Service Vouchers and Cards activity, especially as a result of the signing of the Service Vouchers contract with Belgium's ONEM (Bureau of Labor). This increase largely offset the following:
  - the payments of royalties and fees related to the Rugby World Cup hospitality contract, and
  - a 47 million euro exceptional contribution to the UK retirement plan.

Net cash provided by operating activities was used to finance:

- net capital expenditures and client investments of 219 million euro (1.7% of revenues);
- acquisitions (net of divestments and of cash held by acquired companies) of 612 million euro. The principal acquisitions were 100% of the Gift Vouchers business of Tir Groupé in France, 100% of Grupo VR's Service Vouchers and Cards business in Brazil, and 100% of Circles, the leading provider of concierge services in the United States.

Net cash used in financing activities comprised the dividend payout of 196 million euro and repurchases of Sodexo shares for the purpose of canceling them. Sodexo purchased 1,667,131 shares for 71 million euro in June 2008, under a simplified public tender offer (OPAS) launched on May 16, 2008, for a price of 42.50 euro per share representing approximately 8% of the company's issued capital. From mid-June through mid-July 2008, the company purchased 804,887 of its shares on the open market at an average price of 39.20 euro, for a total of around 31.6 million euro. Share repurchases totaled 105 million euro in Fiscal 2008.

As of August 31, 2008, borrowings totaled 2,516 million euro, mainly comprising three bond issues amounting to 1,816 million euro. 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 1,563 million euro. Cash investments in instruments with maturities of over three months and restricted cash from the Service Vouchers and Cards activity totaled 179 million euro, while earmarked funds for the Service Vouchers and Cards activity totaled 304 million euro.

The operating cash position (which includes Service Vouchers and Cards cash investments and restricted cash) was 2,046 million euro, including 1,183 million euro for Service Vouchers and Cards.

Overall, net debt (borrowings, net of the operating cash position) as of August 31, 2008 was 465 million euro, representing only 21% of Group consolidated equity, as compared to 5% as of August 31, 2007 demonstrating once again the Group's excellent financial model and its solid financial ratios.

As of the balance sheet date, 91% of borrowings were at fixed rates, and the average interest rate was 5.6%. Sodexo also has unused credit facilities of 480 million euro.

As of August 31, 2008, the Group had off balance sheet commitments of 721 million euro (see note 4.25 to the consolidated financial statements), or 34% of shareholders' equity attributable to equity holders of the parent.

Events subsequent to August 31, 2008

In late September 2008 Sodexo finalized a United States Private Placement of USD 500 million for maturities of 5 to 10 years, carrying an average interest rate of approximately 6%.

Sodexo will be financing the acquisitions announced, including Score Group in Foodservices in France, on September 30, 2008, and of Zehnacker in Germany (now in the process of closing) in Facilities Management services, for a consideration close to 390 million euro, out of cash and its available credit facility.

Adjusting for these transactions, pro forma debt (i.e. as of August 31, 2008 but including subsequent acquisitions) net of operating cash, is 860 million euro, representing 40% of Group consolidated equity.

3. OUTLOOK

At the November 6, 2008 meeting of the Board of Directors, Michel Landel, the Chief Executive Officer of Sodexo, presented the outlook for Fiscal 2009, and confirmed the mobilization of Sodexo teams around the strategic priorities defined in Ambition 2015. This strategic roadmap aims for the doubling of Group revenues between Fiscal 2005 and Fiscal 2015 and average annual revenue growth of 7%.

Mr. Landel reminded the Board of Directors that the Rugby World Cup hospitality contract in September and October 2007 provided a one-time contribution of 140 million euro in revenues and therefore will have a mechanically negative effect on the comparisons of future revenue growth to that for the current fiscal year.

While the Service Vouchers and Cards activity continues to grow issue volumes at a pace greater than 10%, activity levels in Foodservices and Facilities Management services in North America and Europe already show some slowing down as a result of tightening of spending by clients and consumers. Even though Sodexo's portfolio of activity protects the Group in the context of a worldwide economic downturn, it is necessary to be prudent with respect to the evolution of current year revenues.

The banking and financial crises have led to a severe economic downturn which is likely to continue into 2009 and 2010 in the majority of countries in which Sodexo operates; some will be in recession, others will register lower growth.

In this uncertain climate, the Group Executive Committee has taken stringent measures to limit growth in overheads and to freeze hiring of staff who do not work on operating sites, guided by two principles:

- not to reduce expenditures designed to support development; and
- to review all other costs in terms of their:
  - contribution to providing added value for clients, and
  - increasing the Group's earnings.

This savings plan amounting to 50 million euro should allow general and administrative expense to remain stable in Fiscal 2009 as compared to Fiscal 2008.

As of today, Sodexo's objective for Fiscal 2009 is to grow revenue organically within the range of 2% to 5%, with additional revenue growth of around 2% from recent acquisitions (VR, Score Group and Zehnacker). The objective for total consolidated revenue growth for Fiscal 2009, at constant currency exchange rates, is between 4% and 7%.

Sodexo has also set an objective for operating profit of between 730 million and 760 million euro at constant currency exchange rates.

A continuation of the U.S. dollar to euro exchange rates at the current level of around USD 1.30 = 1 euro for the remainder of Fiscal 2009 would clearly have a favorable impact on this performance.

Finally, Michel Landel said:

"Our confidence in the future relies on five objective factors:

- *First, our various markets have significant development potential which we estimate at 735 billion euro;*
- *Second, two-thirds of our revenues are achieved in segments that are less exposed to economic downturns, that have a high growth potential and where we are the global leader: Healthcare, Seniors, Education, and Defense;*
- *Third, in a context of economic difficulties facing corporations and institutions, outsourcing of services can provide an opportunity for them to reduce their costs as well as presenting real development opportunities for Sodexo;*
- *Fourth, we continually review our operating methods and the efficiency of our organization;*
- *Finally, Sodexo's business model, with activities that are people-intensive but not capital intensive has long proven its effectiveness, providing significant cash generation and allowing the maintenance of robust financial ratios.*

For all of these reasons, I remain very confident in our ability to attain our Ambition 2015 and to establish ourselves as the global leader in Quality of Life services.

I would like to thank our clients for their loyalty, our shareholders for their continued support and the 355,000 employees of the Group for the progress achieved during Fiscal 2008, through their performance to the highest standards in delivering our Quality of Life services. Each and every one of them contributes to 'Making each day a better day'."

Sodexo Group Consolidated Financial Statements as of August 31, 2008

1. CONSOLIDATED INCOME STATEMENT

(in millions of euro)	Notes	Fiscal 2008	Fiscal 2007
Revenues	**2.22. and 3.**	**13,611**	**13,385**
Cost of sales	4.1.	(11,486)	(11,396)
Gross profit		**2,125**	**1,989**
Sales department costs	4.1.	(194)	(174)
General and administrative costs	4.1.	(1,245)	(1,181)
Other operating income	4.1.	17	24
Other operating charges	4.1.	(13)	(18)
Operating profit	**3.**	**690**	**640**
Interest income	4.2.	71	78
Financing costs	4.2.	(173)	(178)
Share of profit of associates	3. and 4.9.	11	7
Profit for the period before tax		**599**	**547**
Income tax expense	4.3.	(202)	(184)
Profit before tax from discontinued operations			-
Profit for the year		**397**	**363**
Minority interest		21	16
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**376**	**347**
Earnings per share (in euro)	**2.23. and 4.4.**	**2.42**	**2.22**
Diluted earnings per share (in euro)	**2.23. and 4.4.**	**2.40**	**2.19**

2. CONSOLIDATED BALANCE SHEET

ASSETS

(in millions of euro)	Notes	August 31, 2008	August 31, 2007
Non-current assets			
Property, plant and equipment	2.6., 2.7., 2.8.and 4.5.	465	440
Goodwill	2.4., 2.8. and 4.6.	3,793	3,515
Other intangible assets	2.5., 2.8. and 4.7.	288	122
Client investments	2.9 and 4.8.	162	149
Associates	2.3.2. and 4.9.	40	37
Financial assets	2.12. and 4.11.	100	88
Other non-current assets	4.13.	13	13
Deferred tax assets	2.20. and 4.21.	86	136
TOTAL NON-CURRENT ASSETS		**4,947**	**4,500**
Current assets			
Financial assets	2.12. and 4.11.	8	11
Derivative financial instruments	2.12. and 4.17.	7	0
Inventories	2.10. and 4.12.	202	185
Income tax		54	48
Trade and other receivables	2.11. and 4.13.	2,615	2,089
Restricted cash and financial assets related to the Service Vouchers and Cards activity	2.12. and 4.11.	483	454
Cash and cash equivalents	2.13. and 4.14.	1,594	1,410
TOTAL CURRENT ASSETS		**4,963**	**4,197**
TOTAL ASSETS		**9,910**	**8,697**

LIABILITIES AND EQUITY

(in millions of euro)	Notes	August 31, 2008	August 31, 2007
Shareholders' equity			
Common stock		629	636
Additional paid in capital		1,122	1,186
Retained earnings		652	633
Consolidated reserves		(258)	(178)
Equity attributable to equity holders of the parent		**2,145**	**2,277**
Equity attributable to minority interests		**26**	**23**
TOTAL SHAREHOLDERS' EQUITY	**2.15., 2.19. and 4.15.**	**2,171**	**2,300**
Non-current liabilities			
Borrowings	2.12., 2.14. and 4.16.	1,163	1,839
Employee benefits	2.17. and 4.18.	192	232
Other liabilities	4.20.	85	79
Provisions	2.16. and 4.19.	53	53
Deferred tax liabilities	2.20. and 4.21.	45	35
TOTAL NON-CURRENT LIABILITIES		**1,538**	**2,238**
Current liabilities			
Bank overdrafts		31	33
Borrowings	2.12, 2.14. and 4.16.	1,353	111
Derivative financial instruments	2.12. and 4.17.	2	1
Income tax		61	57
Provisions	2.16. and 4.19.	36	49
Trade and other payables	2.12. and 4.20.	2,631	2,618
Vouchers payable	2.18.	2,087	1,290
TOTAL CURRENT LIABILITIES		**6,201**	**4,159**
TOTAL LIABILITIES AND EQUITY		**9,910**	**8,697**

3. CONSOLIDATED CASH FLOW STATEMENT

For a detailed analysis of the consolidated cash flow statement, refer to note 4.22.

(in millions of euro)	Notes	Fiscal 2008	Fiscal 2007
Operating activities			
Operating profit		**690**	**640**
Elimination of non-cash and and non-operating items			
Depreciation and amortization		204	186
Provisions		(17)	(1)
Losses/(gains) on disposal and other		(1)	3
Dividends received from associates		4	4
Change in working capital from operating activities		**157**	**188**
Change in inventories		(22)	(21)
Change in accounts receivable		(468)	(210)
Change in trade and other payables		45	284
Change in vouchers payable		630	161
Change in financial assets related to the Service Vouchers and Cards activity		(28)	(26)
Interest paid		(124)	(113)
Interest received		37	30
Income tax paid		(170)	(184)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**780**	**753**
Investing activities			
Acquisitions of property, plant & equipment and intangible assets	3.	(228)	(229)
Disposals of property, plant & equipment and intangible assets		31	32
Change in client investments	3. and 4.8.	(22)	(11)
Change in financial assets		(16)	2
Effect of acquisitions of subsidiaries		(615)	(18)
Effect of dispositions of subsidiaries		3	3
NET CASH USED IN INVESTING ACTIVITIES		**(847)**	**(221)**
Financing activities			
Dividends paid to parent company shareholders	4.15.	(179)	(149)
Dividends paid to minority shareholders of consolidated companies	4.15.	(17)	(10)
Change in treasury shares		(32)	(61)
Reduction of common stock and additional paid in capital		(73)	
Proceeds from borrowings	4.22.	588	524
Repayment of borrowings	4.22.	(22)	(448)
NET CASH USED IN FINANCING ACTIVITIES		**265**	**(144)**
CHANGE IN NET CASH AND CASH EQUIVALENTS		**198**	**388**
Net effect of exchange rates and other effects on cash		(12)	(17)
Net cash and cash equivalents at beginning of period		1,377	1,006
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**4.14.**	**1,563**	**1,377**

4. STATEMENT OF RECOGNIZED INCOME AND EXPENSE

(in millions of euro)	Notes	Fiscal 2008	Fiscal 2007
Financial instruments	4.15.	(7)	5
Change in cumulative translation adjustment	4.15.	(219)	(110)
Actuarial gains/(losses) on employee benefits	4.18.	(15)	74
Profit/(loss) recognized directly in equity		(241)	(31)
Profit for the period		397	363
TOTAL RECOGNIZED PROFIT/(LOSS) FOR THE PERIOD		**156**	**332**
Attributable to:			
Equity holders of the parent		136	317
Minority interests		20	15

Notes to the Consolidated Financial Statements

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Sodexo SA is a société anonyme (a form of limited liability company) domiciled in France, with its headquarters located in Issy-les-Moulineaux.

The consolidated financial statements of the Sodexo Group were approved by the Board of Directors on November 6, 2008 and will be submitted to the Annual Shareholder' Meeting on January 19, 2009.

1. SIGNIFICANT EVENTS

The General Meeting of Shareholders on January 22, 2008 approved the change of name to Sodexo.

On October 2, 2007, Sodexo acquired 100% of the Gift Vouchers and Cards business of Tir Groupé, leading issuer in France of gift vouchers to businesses and local communities.

On October 31, 2007, Sodexo acquired 100% of Circles, a leader in concierge services in the United States.

On March 3, 2008, Sodexo closed the acquisition of the Service Vouchers and Cards business of VR Group, the third largest issuer in Brazil. Sodexo is now the leading provider of Service Vouchers and Cards in Brazil, the world's largest market for this activity.

On March 24, 2008, Sodexo SA transferred its headquarters to Issy-les-Moulineaux.

On June 16, 2008, Sodexo acquired 90% of the "Yachts de Paris" group, reinforcing its presence in the heart of the French capital and completing its high end offering in the Leisure sector.

On June 19, 2008, the share capital of Sodexo SA was reduced as a result of the cancellation of 1,667,131 shares purchased under the share repurchase program authorized by the Combined General Meeting of Shareholders of January 22, 2008. The share capital as of August 31, 2008 was 629,437,128 euro, and is divided into 157,359,282 shares.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

2.1.1 Basis of preparation of financial information for Fiscal 2008

In application of European Regulation 1606/2002 of July 19, 2002, the consolidated financial statements of the Sodexo 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 Fiscal 2007 period presented has been prepared using the same principles.

The consolidated financial statements for Fiscal 2006 filed with the Autorité des Marchés Financiers (AMF) under the filing no.D.06-1215, are incorporated herein by reference.

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 Sodexo 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 re-measuring 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 during the period directly in equity.

Finally, the Group has assessed the impact of IFRIC 4 (on the Consolidated Financial Statements since its required application date) but has not made any adjustment in the absence of any significant investment.

2.1.2 New applicable accounting standards and interpretations

The Group is required to apply IFRS 7 "Financial Instruments: disclosures" and the amended standard IAS I "Presentation of Financial Statements" with effect for Fiscal 2008. These standards apply exclusively to disclosures regarding financial instruments and the capital of the Group but have no impact on the classification or measurement of transactions.

The following interpretations, whose application is mandatory effective for Fiscal 2008, have had no impact on the Group financial statements as of August 31, 2008:

- IFRIC 10 "Interim Financial Reporting and Impairment", which prohibits the subsequent reversal of an impairment loss recognized in a company's interim financial statements for goodwill, an equity instrument or recognized financial asset carried at cost;
- IFRIC 11 "Group and Treasury Share Transactions", also applicable with effect from Fiscal 2008, which provides guidance for the application of IFRS 2 to share-based payment in certain circumstances.

The Group did not utilize the options permitted by the amendments to IAS 39, "Financial Instruments: Recognition and Measurement," and IFRS 7, "Financial Instruments: Disclosures," published by the IASB on October 13, 2008 and applicable effective July 1, 2008, to reclassify certain financial instruments out of the fair-value-through-profit-or-loss category and/or out of the available-for-sale category.

2.1.3 Accounting standards and interpretations issued but not yet applicable

Sodexo has decided not to early adopt the following standards, amendments to standards and interpretations not required to be applied for Fiscal 2008:

- IFRS 8 – "Operating Segments";
- IFRIC 12 – "Service Concession Arrangements";
- IFRIC 13 – "Customer Loyalty Programs";
- IFRIC 14 – "IAS 19 (Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction)";
- IAS 23 revised – "Borrowing Costs";
- IAS 1 revised – "Presentation of Financial Statements";
- IFRS 3 revised – "Business Combinations";
- IAS 27 revised – "Consolidated and Separate Financial Statements-Vesting Conditions and Cancellation";
- IFRS 2 revised – "Share-Based Payment";
- IAS 32 and IAS 1 revised – "Puttable Instruments and Obligations Arising on Liquidation";
- IFRS improvements;
- IFRS 1 revised – "First-Time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate";
- IFRIC 15 "Agreements for the Construction of Real Estate";

- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation".

Of the above standards and interpretations, the following are considered to potentially have an impact on the Group:

- IFRS 8 "Operating Segments," applicable to the Group effective for Fiscal 2010, which requires the disclosure of segment information based on internal management information used by operational management to measure the performance of each segment for purposes of allocation of resources;
- IFRIC 12 "Service Concession Arrangements." applicable for Fiscal 2009, which provides guidance for the recognition of concession contracts operated within the framework of a public service where the grantor is deemed to exercise control over the assets operated and the services provided;
- IAS 1 revised - "Presentation of Financial Statements," applicable for Fiscal 2010, which concludes the first phase of IASB's comprehensive revision of the presentation of the financial statements;
- IFRS 3 revised – "Business Combinations" and IAS 27 revised – "Consolidated Financial Statements and Accounting for Investments in Subsidiaries," applicable to the Group effective for Fiscal 2010, will prospectively modify the accounting for business combinations after the adoption date.

2.2 Use of estimates

The preparation of financial statements in accordance with IFRS requires the management of Sodexo 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 (notes 4.10 and 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 Sodexo SA. 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 Sodexo SA 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.

Sodexo 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.

Sodexo 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 6.

Each project company is assessed to determine whether Sodexo 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 Sodexo 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 Sodexo 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 "Cumulative 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, 2008, no country in which Sodexo is operating met the criteria for having a hyperinflationary economy.

2.3.4 Transactions with minority interests

Sodexo has a policy of conducting transactions with minority shareholders 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 Sodexo 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 Sodexo 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 Sodexo, 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 and other intangible assets considered to have an indefinite useful life are tested for impairment whenever there is an indication of impairment, and at least annually, in the last quarter of the fiscal year. The results of the impairment tests conducted are then confirmed 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, other intangible assets, 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 only be reversed if there is an indication that the impairment loss is lower or no longer exists. The amount reversed is based on new estimates of the 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, Sodexo 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 Sodexo 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 financial instruments

Sodexo’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.

Sodexo 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, Sodexo 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, Sodexo 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 Sodexo SA treasury shares

Sodexo SA 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 recognized 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

Sodexo 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.

Sodexo 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 Sodexo operates (such as inflation rate, rate of return on plan assets and discount rate).

Actuarial gains and losses arising at each balance sheet date are therefore recognized in equity, net of deferred taxes, as permitted by the IAS 19 Revised. Actuarial gains and losses do not affect 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 Sodexo. Where the calculation of the net obligation results in an asset for Sodexo, 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.

Sodexo 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 Sodexo but not yet reimbursed to affiliates.

2.19 Share-based payment

Some Group employees receive compensation in the form of share-based payment, for which payment is made in equity instruments.

The services compensated by these plans are recognized as an expense, with the offset 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.

On an annual basis, Sodexo reassesses the number of potentially exercisable options. The impact of any change in estimates is recognized in the income statement, with the offset 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", Sodexo 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 Sodexo 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 Sodexo 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 Sodexo 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

Sodexo 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 Sodexo's treasury management strategy.

3. SEGMENT INFORMATION

As of August 31, 2008, Sodexo 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 Sodexo'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

Fiscal 2008 *(in millions of euro)*	Food and Facilities Management Services (FFMS) FFMS North America	FFMS Continental Europe	FFMS United Kingdom and Ireland	FFMS Rest of the world	FFMS Total	Service Vouchers and Cards	Holding Companies	Eliminations	Total
Revenues (third-party)	5,107	4,701	1,504	1,715	13,027	584			13,611
Inter-segment sales (Group)						12		(12)	0
TOTAL	**5,107**	**4,701**	**1,504**	**1,715**	**13,027**	**596**		**(12)**	**13,611**
Segment operating profit	247	231	78	33	589	191	(78)	(12)	690
Share of profit of associates	1	0	3	7	11	0	0	0	11
Net financing costs									(102)
Income tax expense									(202)
Minority interests									21
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									**376**
Depreciation/ amortization of segment assets	42	71	48	21	182	18	4	0	204
Other non-cash items	4	2	1	1	8	1	4	0	13
Impairment losses recognized	0	0	0	0	0	0	0	0	0
Impairment losses reversed	0	0	0	0	0	0	0	0	0

Fiscal 2007 *(in millions of euro)*	**Food and Facilities Management Services (FFMS)** FFMS North America	FFMS Continental Europe	FFMS United Kingdom and Ireland	FFMS Rest of the world	FFMS Total	Service Vouchers and Cards	Holding Companies	Elimination	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
TOTAL	**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

3.1.2 Balance sheet information

As of August 31, 2008 *(in millions of euro)*	Food and Facilities Management Services (FFMS) FFMS North America	FFMS Continental Europe	FFMS United Kingdom and Ireland	FFMS Rest of the world	FFMS Total	Service Vouchers and Cards	Holding Companies	Eliminations	Total
Segment assets	2,947	2,045	921	658	6,571	2,421	762	(622)	9,132
Associates	7	1	8	23	39	1	0	0	40
Financial assets (including derivatives)									598
Income tax assets									140
TOTAL ASSETS									**9,910**
Segment liabilities	1,085	1,241	349	422	3,097	2,592	47	(622)	5,114
Financial liabilities									2,518
Income tax liabilities									107
Shareholders' equity									2,171
TOTAL LIABILITIES AND EQUITY									**9,910**
Capital expenditures during the period*	61	92	45	22	220	19	11		250

* *Including the change in client investments.*

As of August 31, 2007 *(in millions of euro)*	Food and Facilities Management Services (FFMS) FFMS North America	FFMS Continental Europe	FFMS United Kingdom and Ireland	FFMS Rest of the world	FFMS Total	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 expenditures during the period*	62	93	46	21	222	16	3	(1)	240

* *Including the change in client investments.*

3.2 By geographic segment

Segment information is reported for each of the principal geographic regions in which Sodexo operates, and includes all activities within that geographic region.

August 31, 2008 *(in millions of euro)*	**North America**	**Continental Europe**	**United Kingdom and Ireland**	**Rest of the world**	**Holding companies**	**Elimination**	**Total**
Revenues (third-party)	5,108	4,985	1,514	2,016	0	(12)	13,611
Segment assets	2,947	3,198	955	1,892	762	(622)	9,132
Capital expenditures during the period*	61	100	46	32	11	0	250

August 31, 2007 *(in millions of euro)*	**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 expenditures during the period*	62	100	47	29	3	(1)	240

* *Including the change in client investments.*

4. INFORMATION ON THE FINANCIAL STATEMENTS AS OF AUGUST 31, 2008

4.1 Operating expenses by nature

(in millions of euro)	**Fiscal 2008**	**Fiscal 2007**
Depreciation, amortization and impairment losses	(201)	(176)
Employee costs		
• Wages and salaries	(4,781)	(4,854)
• Other employee costs[1]	(1,482)	(1,453)
Purchases of consumables and change in inventory	(4,412)	(4,334)
Other operating expenses[2]	(2,045)	(1,928)
TOTAL	**(12,921)**	**(12,745)**

(1) *Primarily payroll taxes, but also including costs associated with defined-benefit plans (Note 4.18), defined contribution plans (224 million euro), 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 travel expenses.*

By function	**Fiscal 2008**	**Fiscal 2007**
Cost of sales	(11,486)	(11,396)
Sales department costs	(194)	(174)
General and administrative costs	(1,245)	(1,181)
Other operating income and charges	4	6
TOTAL	**(12,921)**	**(12,745)**

4.2 Financial income and expense

(in millions of euro)	Fiscal 2008	Fiscal 2007
Interest expense, net of interest income	(94)	(89)
Net foreign exchange (losses)/gains	0	0
Net impairment (losses)/reversals	(1)	1
Expected return on defined-benefit plan assets	34	29
Interest cost on defined-benefit plan obligation	(32)	(32)
Change in fair value of derivative instruments	2	(2)
Other	(11)	(7)
NET FINANCING COSTS	**(102)**	**(100)**

4.3 Income tax expense

INCOME TAX RATE RECONCILIATION

(in millions of euro)	Fiscal 2008	Fiscal 2007
Profit for the period before tax	599	547
Share of profit of associates	11	7
Accounting profit before tax	**588**	**540**
Tax rate applicable to Sodexo	34,43%	34.43%
Theoretical income tax expense	**(202)**	**(186)**
Effect of jurisdictional tax rate differences	25	17
Permanently non-deductible expenses or non-taxable income	(12)	(9)
Other tax repayments / (charges), net	1	2
Tax loss carry-forwards used or recognized during the period but not recognized as a deferred tax asset in prior periods	2	2
Tax loss carry-forwards arising during the period but not recognized as a deferred tax asset	(6)	(5)
Actual income tax expense	**(192)**	**(179)**
Withholding taxes	(10)	(5)
TOTAL INCOME TAX EXPENSE	**(202)**	**(184)**

(in millions of euro)	Fiscal 2008	Fiscal 2007
Current income taxes	(172)	(145)
Adjustments to current income tax payable in respect of prior periods	4	1
Provision for tax exposures	0	4
Tax credits, tax losses and temporary difference carry-forwards utilized	10	(13)
Sub-total: current income taxes	**(158)**	**(153)**
Deferred taxes on temporary differences arising or reversing during the period	(31)	(20)
Deferred taxes on changes in tax rates or liability for taxes at new rates	(2)	(5)
Tax credits, tax losses and temporary difference carry-forwards utilized	(1)	(1)
Sub-total: deferred taxes	**(34)**	**(26)**
ACTUAL INCOME TAX EXPENSE	**(192)**	**(179)**

Deferred tax assets generated by companies reporting a tax loss in current or prior periods amounted to 1 million euro.

An accrual of 7.6 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 increased from 34.15% for Fiscal 2007 to 34.39% for Fiscal 2008.

4.4 Earnings per share

The number of ordinary shares outstanding used in calculating basic and diluted earnings per share is shown below:

	Fiscal 2008	Fiscal 2007
Basic weighted average number of shares	155,489,727	156,113,136
Average dilutive effect of stock options[1]	1,158,494	2,078,347
Average dilutive effect of shares to be issued in connection with the Employee Savings Plan[2]	18,410	
Diluted weighted average number of shares	156,666,631	158,191,483

(1) The dilutive effect declined from the prior year, primarily as a result of the decrease in Sodexo's average share price during the current year as compared to average for the prior year.
(2) See note 4.23.2 for the description of the Employee Share Purchase Plan which resulted in the issuance of Sodexo SA shares on September 18, 2008.

The table below shows the calculation of basic and diluted earnings per share:

	Fiscal 2008	Fiscal 2007
Profit for the period attributable to equity holders of the parent	376	347
Basic weighted average number of shares	155,489,727	156,113,136
Basic earnings per share	**2.42**	**2.22**
Diluted weighted average number of shares	156,666,631	158,191,483
Diluted earnings per share	**2.40**	**2.19**

Four stock-option plans did not have a dilutive impact during Fiscal 2008 but may do so in the future, depending upon changes in the Sodexo 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, 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 recognized 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**
Increases during the period	7	119	56	182
Decreases during the period	(2)	(15)	(4)	(21)
Assets classified as held for sale				0
Newly consolidated companies	0	23	2	25
Newly deconsolidated companies	(3)	(1)	0	(4)
Depreciation expense	(7)	(114)	(19)	(140)
Impairment losses recognized in profit or loss	0	0	0	0
Impairment losses reversed in profit or loss	0	0	0	0
Translation adjustment	(2)	(12)	(3)	(17)
Other	1	15	(16)	0
Carrying amount - August 31, 2008	**65**	**322**	**78**	**465**

(in millions of euro)	August 31, 2008	August 31, 2007
Cost	1,243	1,207
Accumulated depreciation and impairment	(778)	(767)
Carrying amount	**465**	**440**

Expenditures of 35 million euro were capitalized as construction in progress during Fiscal 2008, compared with 22 million euro in Fiscal 2007.

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

Sodexo 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, and office equipment; the terms are negotiated locally.

(in millions of euro)	Buildings	Plant and equipment	Construction in progress and other	Total
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 recognized 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**
Increases during the period	4	9	0	13
Decreases during the period	0	0	0	0
Assets classified as held for sale				0
Newly consolidated companies	0	10	0	10
Newly deconsolidated companies	(3)	(1)	0	(4)
Depreciation expense	(3)	(8)	(3)	(14)
Impairment losses recognized in profit or loss	0	0	0	0
Impairment losses reversed in profit or loss	0	0	0	0
Translation adjustment	0	0	0	0
Other	0	(2)	1	(1)
Carrying amount - August 31, 2008	**18**	**36**	**8**	**62**

(in millions of euro)	**August 31, 2008**	**August 31, 2007**
Cost	178	191
Accumulated depreciation and impairment	(116)	(133)
Carrying amount	**62**	**58**

MATURITY OF DISCOUNTED AND UNDISCOUNTED MINIMUM FINANCE LEASE PAYMENTS AS OF AUGUST 31, 2008

(in millions of euro)	**Undiscounted obligation**	**Discounted obligation**
Less than 1 year	20	16
1 to 5 years	37	32
More than 5 years	13	12
TOTAL MINIMUM LEASE PAYMENTS	**70**	**60**

4.6 Goodwill

(in millions of euro)		**August 31, 2007**	**Additions during the period**	**Dispositions during the period**	**Translation adjustment**	**Other**	**August 31, 2008**
FFMS North America	Gross	2,022	41		(147)		1,916
	Impairment	0					
FFMS United Kingdom and Ireland	Gross	680			(106)		574
	Impairment	0					
FFMS Continental Europe	Gross	598	33	(11)	(1)		619
	Impairment	(4)		4			
FFMS Rest of the world	Gross	100	3	(1)	(2)		100
	Impairment	0					
Service Vouchers and Cards	Gross	119	445		20		584
	Impairment	(2)					(2)
Holdings	Gross	2					2
	Impairment	0					
TOTAL	**GROSS**	**3,521**	**522**	**(12)**	**(236)**		**3,795**
	IMPAIRMENT	(6)		4			**(2)**

FFMS: Food and Facilities Management Services.

The most significant new goodwill items in Fiscal 2008 were recognized on the acquisition of VR in Brazil (313.3 million euro), Tir Groupé and Yachts de Paris in France (respectively 125.1 million euro and 33 million euro), and Circles in the United States (40.8 million euro).

(in millions of euro)		August 31, 2006	Additions during the period	Dispositions 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.

4.7 Intangible assets

The tables below show movements in intangible assets during Fiscal 2008 and Fiscal 2007.

(in millions of euro)	Licences and software	Other intangible assets	Total
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 recognized 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)	Licences and software	Other intangible assets	Total
Increases during the period	28	30	58
Internally-generated assets	6	0	6
Decreases during the period	(3)	0	(3)
Assets classified as held for sale			0
Newly consolidated companies	3	171	174
Newly deconsolidated companies	0	0	0
Amortization expense	(23)	(41)	(64)
Impairment losses recognized in profit or loss	0	0	0
Impairment losses reversed in profit or loss	0	0	0
Translation adjustment	(2)	(2)	(4)
Other	0	(1)	(1)
Carrying amount - August 31, 2008	**66**	**222**	**288**

(in millions of euro)	August 31, 2008	August 31, 2007
Cost	476	298
Accumulated amortization and impairment	(188)	(176)
Carrying amount	**288**	**122**

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, except for the amortization of client relationship and brand intangible assets, which is recognized in "Other operating expenses."

4.8 Client investments

(in millions of euro)	Fiscal 2008	Fiscal 2007
Carrying amount - September 1	149	146
Increases during the period	52	41
Decreases during the period	(30)	(30)
Translation adjustment	(11)	(8)
Other	2	0
Carrying amount - August 31	**162**	**149**

4.9 Investments in associates

Changes in the Group's share of the net assets of its associates during Fiscal 2008 and Fiscal 2007 are shown below:

(in millions of euro)	August 31, 2007	Profit/(loss) for the period	Dividend paid for the period	Changes in scope of consolidation	Translation adjustment and other items	August 31, 2008
Doyon Universal Services[1]	14.1	1	(0.7)		(1.0)	13.4
BAS	6.0	2.9	(0.5)		(0.6)	7.8
NANA	7.7	1.3	(1.5)		(0.6)	6.9
RMPA Holdings Ltd	3.3	0.3				3.6
South Manchester Healthcare (Holdings) Ltd	1.8	0.8	(0.5)		(0.6)	1.5
Addiewell Prison (Holdings) Ltd[2]	0.9				(0.9)	
Peterborough Prison Management Holdings Ltd[2]	0.9				(0.9)	
Catalyst Healthcare (Manchester) Holdings Ltd	0.9	0.8			(0.1)	1.6
Mercia Healthcare (Holdings) Ltd	0.6	0.4			(0.1)	0.9
SERCO Sodexo Defence Services[3]		2.4			(0.7)	1.7
Sigma[4]		0.1		1.1		1.2
Viabel[4]				0.5		0.5
Autres	1.0	0.7	(0.2)		(0.6)	0.9
TOTAL	**37.2**	**10.7**	**(3.4)**	**1.6**	**(6.1)**	**40**

(1) Includes goodwill of €5.8 million as of August 31, 2008.
(2) Companies covered by a provision for negative net assets as of August 31, 2008.
(3) Companies covered by a provision for negative net assets as of August 31, 2007.
(4) New investments during the year.

(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(2)	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
Autres	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.

Sodexo'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, 2007	Profit/(loss) for the period	Dividend paid for the period	Changes in scope of consolidation	Translation adjustment and other items	August 31, 2008
SERCO Sodexo Defence Services[2]	(2.0)				2.0	
Agecroft Prison Management Ltd	(3.0)				0.4	(2.6)
Catalyst Healthcare (Roehampton) Holdings Ltd	(2.1)	0.6	(0.4)		(2.1)	(4)
Ashford Prison Services Holdings Ltd	(0.1)	0.1			(0.7)	(0.7)
HpC King's College Hospital (Holdings) Ltd	(2.6)	(0.5)			0.4	(2.7)
Enterprise Healthcare Holdings Ltd	(0.5)				(0.5)	(1)
Addiewell Prison (Holdings) Ltd[1]					(0.5)	(0.5)
Peterborough Prison Management Holdings Ltd[1]		0.2			(0.3)	(0.1)
Other	(0.1)	(0.4)			0.2	(0.3)
Provision for negative net assets	**(10.4)**	**0**	**(0.4)**		**(1.1)**	**(11.9)**

(1) Companies with positive net assets as of August 31, 2007.
(2) Companies with positive net assets as of August 31, 2008.

(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
SERCO Sodexo 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.

The table below gives key financial data for Sodexo's principal associates *(in millions of euro, based on financial statements adjusted for the purposes of consolidation by Sodexo; figures are for the associate as a whole, rather than Sodexo's percentage interest)*:

(in millions of euro)	Country of operations	% interest	Assets	Liabilities	Equity	Revenue	Profit/ (loss) for the period
RMPA Holdings Ltd*	UK	14%	877	851	26	109	2
Catalyst Healthcare (Manchester) Holdings Ltd*	UK	25%	597	591	6	161	3
Healthcare Support (North Staffs) Holdings Ltd*	UK	25%	431	430	1	64	1
Catalyst Healthcare (Romford) Holdings Ltd*	UK	25%	343	343	0	43	0
BAS (Chile)*	Chile	33.33%	275	251	24	26	8
HpC King's College Hospital (Holdings) Ltd*	UK	25%	124	134	(10)	14	(2)
Peterborough Prison Management Holdings Ltd*	UK	33.33%	115	115		31	1
South Manchester Healthcare (Holdings) Ltd*	UK	25%	111	105	6	25	3
Catalyst Healthcare (Roehampton) Holdings Ltd*	UK	25%	111	127	(16)	14	2
Mercia Healthcare (Holdings) Ltd*	UK	25%	104	100	4	9	2
Addiewell Prison (Holdings) Ltd*	UK	33.33%	116	118	(2)	0	0
Ashford Prison Services Holdings Ltd*	UK	33.33%	83	85	(2)	23	0
Enterprise Healthcare Holdings Ltd*	UK	10%	62	73	(11)	18	0
Agecroft Prison Management Ltd*	UK	50%	61	66	(5)	27	0
Pinnacle Schools (Fife) Holdings Ltd*	UK	10%	58	57	1	8	1
Enterprise Education Holdings Conwy Ltd*	UK	10%	51	50	1	2	0
NANA (Sodexo, Inc.)	USA	43.6%	47	25	22	121	5
Enterprise Civic Buildings (Holdings) Ltd*	UK	10%	31	31	0	1	(2)
Doyon Universal services JV	USA	49.9%	24	2	22	51	2
Serco Defence Services PTY	Australia	50%	29	26	3	116	5

* *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 2007 and Fiscal 2008

(in millions of euro)	August 31, 2007	Recognized	Reversed	Dispositions and other	August 31, 2008
Goodwill	6			(4)	2
Intangible assets	0				
Property, plant and equipment	1	1			2
Asset impairment	**7**	**1**		**(4)**	**4**

(in millions of euro)	August 31, 2006	Recognized	Reversed	Dispositions and 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**

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, 2008 using the methods described in note 2.8.2.

The main assumptions used were:

	FFMS France	FFMS North America	FFMS United Kingdom	FFMS Brazil
Discount rate	8,5%	8,5%	8,5%	10.5%
Long-term growth rate	2.2%	2.7%	3.6%	3,5%

For other countries and the Service Vouchers and Cards activity, the discount rate applied to future cash flows was 8.5% (increased by up to 60% 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 2.2% (with an increase for subsidiaries in developing countries).

Sensitivity analysis

Sodexo 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, 2008**	**August 31, 2007**
Available-for-sale financial assets		
Investments in non-consolidated companies		
Cost	37	39
Impairment	(1)	(1)
Carrying amount	**36**	**38**
Other investment securities		
Cost		0
Impairment		0
Carrying amount		**0**
Loans and receivables		
Receivables from investees		
Cost	41	34
Impairment	(1)	(1)
Carrying amount	**40**	**33**
Loans and deposits		
Cost	21	14
Impairment		0
Carrying amount	**21**	**14**
Financial assets at fair value through profit and loss		
Other financial assets at fair value	**3**	**3**
TOTAL NON-CURRENT FINANCIAL ASSETS	**100**	**88**
Cost	102	90
Impairment	(2)	(2)
Carrying amount	**100**	**88**

Principal non-consolidated equity investments

The Group holds an 18.50% interest in Bellon SA, the parent company of Sodexo SA, 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 1.6 million euro. This investment is measured at its quoted stock market price.

Current *(in millions of euro)*	**August 31, 2008**	**August 31, 2007**
Available-for-sale financial assets		
Marketable securities with a maturity greater than 3 months		
Cost	0	0
Impairment	0	0
Carrying amount	**0**	**0**
Restricted cash and other financial assets: Service Vouchers and Cards activity		
Cost	483	454
Impairment	0	0
Carrying amount	**483**	**454**
Loans and receivables		
Loans and deposits		
Cost	9	13
Impairment	(1)	(2)
Carrying amount	**8**	**11**
TOTAL CURRENT FINANCIAL ASSETS	**491**	**465**
Cost	492	467
Impairment	(1)	(2)
Carrying amount	**491**	**465**

Restricted cash, included in "Restricted cash and financial assets related to the Service Vouchers and Cards activity," amounts to 304 million euro. The main components of this figure are funds set aside to comply with regulations governing the issuance of service vouchers in France (209 million euro) and Romania (55 million euro); guarantee funds for affiliates in Mexico (7 million euro); and contractual guarantees given to public-sector clients in Venezuela (12 million euro).

Gains and losses recognized directly in equity on available-for-sale financial assets during the year 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 2008 were immaterial.

Movement in current and non-current financial assets

(Carrying value)	**August 31, 2007**	**Increase/ (decrease) during the period**	**Impairment**	**Change in scope of consolidation**	**Translation adjustment and other items**	**August 31, 2008**
Available-for-sale assets	492	28			(1)	519
Loans and receivables	58	16	1		(6)	69
Financial assets at fair value through profit and loss	3					3
TOTAL	**553**	**44**	**1**		**(7)**	**591**

4.12 Inventories

(in millions of euro)	August 31, 2007	Increase/ (decrease) during the period	Change in scope of consolidation	Translation adjustment and other items	August 31, 2008
Cost	186	22	3	(7)	204
Impairment	(1)			(1)	(2)
Carrying amount	**185**	**22**	**3**	**(8)**	**202**

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, 2008	Impairment as of August 31, 2008	Carrying amount as of August 31, 2008
Net plan assets*	2		2
Other non-current assets	11		11
Total other non-current assets	**13**		**13**
Advances to suppliers	9		9
Trade receivables	2,346	(67)	2,279
Other operating receivables	243	(2)	241
Prepaid expenses	81		81
Non-operating receivables	4		4
Assets held for sale	1		1
TOTAL TRADE AND OTHER RECEIVABLES	**2,684**	**(69)**	**2,615**

* *For details of net plan assets, see note 4.18 "Long-term employee benefits".*

As of August 31, 2008, the maturities of trade receivables were as follows (in millions of euro):

- less than 30 days: 1,799;
- greater than 30 days and less than 3 months: 301;
- greater than 3 months and less than 6 months: 43;
- greater than 6 months and less than one year: 117;
- greater than one year: 19;
- total trade receivables: 2,279.

(in millions of euro)	Gross value as of August 31, 2007	Impairment as of August 31, 2007	Carrying amount as of August 31, 2007
Net plan assets*	2		2
Other non-current assets	11		11
Total other non-current assets	**13**		**13**
Advances to suppliers	6		6
Trade receivables	1,841	(66)	1,775
Other operating receivables	165	(5)	160
Prepaid expenses	145		145
Non-operating receivables	1		1
Assets held for sale	2		2
TOTAL TRADE AND OTHER RECEIVABLES	**2,160**	**(71)**	**2,089**

* *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, 2008	August 31, 2007
Marketable securities	758	705
Cash	836	705
Sub-total: cash and cash equivalents	**1,594**	**1,410**
Bank overdrafts	(31)	(33)
NET CASH AND CASH EQUIVALENTS	**1,563**	**1,377**

Marketable securities, totaling 758 million euro, comprised:

(in millions of euro)	August 31, 2008	August 31, 2007
Short-term notes	150	139
Term deposits	271	377
Listed bonds	59	27
Mutual funds and other	278	162
Total marketable securities	**758**	**705**

Mutual funds represent cash investments, primarily invested in the euro zone.

4.15 Statement of changes in shareholders' equity

Sodexo takes a long term view in managing its shareholdings, with the objective of ensuring the Group's liquidity, optimizing its financial structure and allowing shareholders to benefit from its strong cash flows.

Contributing to decisions made may be earnings per share objectives or balance sheet equilibrium in order to meet the net debt criteria defined by Group management and communicated to the marketplace, notably a debt to equity ratio of around 75%. Net

	Shares outstanding				
	Quantity	Common stock	Additional paid in capital	Cumulative translation adjustment	Consolidated reserves
Shareholders' equity as of August 31, 2006	**159,026,413**	**636**	**1,186**	**(81)**	**(170)**
Common stock issued					
Dividends paid (excluding treasury shares)					
Sodexo SA profit for prior period					(114)
Profit for current period					347
Changes in scope of consolidation					
Net sale/(purchase) of treasury shares					
Share-based payment cost					
Tax on share-based payment cost					
Change in cumulative translation adjustment and other movements				(109)	
Items recognized directly in equity					
Shareholders' equity as of August 31, 2007*	**159,026,413**	**636**	**1 186**	**(190)**	**63**
Reduction in capital	(1,667,131)	(7)	(64)		(2)
Dividends paid (excluding treasury shares)					
Sodexo SA profit for prior period					(136)
Profit for current period					376
Changes in scope of consolidation					
Net sale/(purchase) of treasury shares					
Share-based payment cost					
Tax on share-based payment cost					
Change in cumulative translation adjustment and other movements				(218)	
Items recognized directly in equity					
Shareholders' equity as of August 31, 2008	**157,359,282**	**629**	**1,122**	**(408)**	**301**

financial debt is defined as the difference between financial debt and total cash, which is further defined as cash, financial assets of the Service Vouchers and Cards activity less bank overdrafts.

	Treasury shares						
Retained earnings	**Quantity**	**Reserve**	**Share-based payment cost**	**Other reserves**	**Equity holders of the parent**	**Minority interests**	**Total**
668	**(3,085,785)**	**(115)**	**29**	**(24)**	**2,129**	**17**	**2,146**
					0		0
(149)					(149)	(10)	(159)
114					0		0
					347	16	363
					0	1	1
	(3,828)	(49)			(49)		(49)
			13		13		13
			16		16		16
					(109)	(1)	(110)
				79	79		79
633	**(3,089,613)**	**(164)**	**58**	**55**	**2,277**	**23**	**2,300**
	1,667,131				(73)		(73)
(179)					(179)	(17)	(196)
136							
					376	21	397
	(2,215,724)	(33)			(33)		(33)
			14		14		14
					(218)	(1)	(219)
				(19)	(19)		(19)
590	**(3,638,206)**	**(197)**	**72**	**36**	**2,145**	**26**	**2,171**

- The Group holds 3,638,206 Sodexo shares with a carrying amount of 173.7 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. A portion of these shares (804,887 shares) is to be used by Sodexo SA to reduce its capital on September 8, 2008.
- During the period, the Group acquired Sodexo shares with a value of 167 million euro (including 71 million euro of shares cancelled through a capital reduction), and delivered Sodexo shares with a value of 64 million euro, on the exercise of stock options by employees and under the liquidity contract.
- On July 11, 2008, the Group terminated the liquidity contract with Oddo Corporate Finance, in effect since July 1, 2006. As of the date of termination of the contract, 383,000 Sodexo SA shares were were held in the account managed by Oddo.

The par value of Sodexo SA shares is 4 euro.

The total dividend payout during the year was 179 million euro, representing a dividend of 1.15 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 (not included in the statement of recognized income and expense for the period)**	**Total other reserves**
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**
Items recognized directly in equity	(9)	(20)	3	(26)
Tax on items recognized directly in equity	2	5		7
Shareholders' equity as of August 31, 2008	**(3)**	**35**	**3**	**36**

4.16 Borrowings

(in millions of euro)	August 31, 2008 Current	August 31, 2008 Non-current	August 31, 2007 Current	August 31, 2007 Non-current
Bond issues				
Euro	1,317	499	39	1,775
Bank borrowings*				
U.S. dollar	1	456	37	1
Brazilian real	7	132		
Euro	5	16	8	12
Other currencies	5		2	0
	18	604	**47**	**13**
Finance lease obligations				
U.S. dollar				
Brazilian real	3	3		
Euro	13	38	15	34
Other currencies	1	2	3	6
	17	43	**18**	**40**
Other borrowings				
Euro	1	16	7	9
Other currencies		1	0	2
	1	17	**7**	**11**
TOTAL	**1,353**	**1,163**	**111**	**1,839**

* *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, 2007	Increases	Repayments	Discounting effect	Translation adjustment	August 31, 2008
1999 bond issue - €300 million						
Principal	287					287
Debt issuance costs	(1)			1		
Accrued interest	6					6
TOTAL	**292**			**1**		**293**
Effective rate	*4.794%*					*4.794%*
2002 bond issue - €1 billion						
Principal	990					990
Debt issuance costs	(3)			2		(1)
Accrued interest	26					26
TOTAL	**1,013**			**2**		**1,015**
Effective rate	*6.037%*					*6.037%*
2007 bond issue - €500 million						
Principal	500					500
Debt issuance costs	(1)					(1)
Accrued interest	10					9
TOTAL	**509**					**508**
Effective rate	*4.551%*					*4.551%*
TOTAL	**1,814**					**1,816**

300 million euro bond issue

On March 16, 1999, Sodexo issued bonds for 300 million euro.

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, Sodexo redeemed bonds from this issue with a total principal value of 12.7 million euro.

1,000 million euro bond issue

On March 25, 2002, Sodexo issued bonds for 1 billion 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, Sodexo redeemed bonds from this issue for a total principal value of 9.7 million euro.

500 million euro bond issue

On March 30, 2007, Sodexo 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 from financial institutions

April 2005 multi-currency revolving credit facility

On April 29, 2005, Sodexo and Sodexo, 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 was initially set at April 29, 2010, but may be extended at the request of Sodexo (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 deferral of the facility to April 29, 2011. On April 18, 2007, Sodexo obtained a further deferral of the facility from the lenders, to April 26, 2012.

As of August 31, 2008, the following funds had been drawn on this facility:

- 550 million dollars (373 million euro) used by Sodexo, Inc.;
- 120 million dollars (81 million euro) used by Sodexo SA.

The funds drawn are subject to floating rate interest indexed on LIBOR and payable monthly. In compliance with Group policy, Sodexo, Inc and Sodexo SA have arranged interest swaps to convert the floating interest rate to a fixed rate on 370 million dollars (251 million euro) of the funds drawn as of August 31, 2008.

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. The early redemption clauses on the syndicated loan are normal business clauses. There is no significant risk that they will be exercised.

Borrowings in Brazilian real

In order to finance its acquisition of the VR Group in Brazil, Sodexo SA has contracted two fixed rate loans in Brazilian real for an amount of 318 million real (132 million euro), to be reimbursed over five years, with maturity in April 2013.

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, 2008, 91% of Sodexo's borrowings were at fixed rate. The average rate of interest as of the same date was 5.6%.

Maturity of borrowings

August 31, 2008	Less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues	1,317		499	1,816
Bank borrowings*	18	599	5	622
Finance lease obligations	16	32	12	60
Other borrowings	2	16		18
TOTAL	**1,353**	**647**	**516**	**2,516**

* *Excluding the impact of the swaps described in note 4.17.*

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.*

4.17 Financial instruments

VALUATION OF FINANCIAL INSTRUMENTS USED FOR HEDGING PURPOSES AS OF AUGUST 31, 2008

(in millions of euro)	August 31, 2008	August 31, 2007
Derivative financial instruments – asset position	**7**	**0**
Of which currency instruments used to hedge intra-group loans in foreign currencies	*3*	*0*
Of which interest-rate instruments used to hedge external floating-rate loans	*4*	
Derivative financial instruments – liability position	**2**	**1**
Of which currency instruments used to hedge intra-group loans in foreign currencies	*1*	*1*
Of which interest-rate instruments used to hedge external floating-rate loans	*1*	
Net derivative financial instruments	**5**	**(1)**

4.17.1 Financial instruments used to hedge intra-group loans in foreign currencies

August 31, 2008 *(equivalent value in millions of euro)*	Note	Borrowings in EUR	Borrowings in USD	Borrowings in GBP	Borrowings in other currencies	Total
UK borrowing (GBP 93 million)	**(1)**					
Due to the bank GBP 93 million				115		115
Due from the bank EUR 116 million		(116)				(116)
Fair value adjustment						
Sodexo Skandinavian Holding AB borrowing (SEK 100 million)	**(2)**					
Due to the bank SEK 100 million					11	11
Due from the bank EUR 11 million		(11)				(11)
Fair value adjustment						
Sodexo Pass Do Brazil borrowing (BRL 148 million)	**(4)**					
Due to the bank BRL 148 million			61			61
Due from the bank EUR 403 million		(25)			(36)	(61)
Fair value adjustment						
Borrowings by other subsidiaries (aggregate)		**10**			**(11)**	**(1)**
TOTAL FINANCIAL INSTRUMENTS						**(2)**

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
Sodexo 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
Sodexo, 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**

1) A currency swap (GBP93 million for 116 million euro) has been contracted to hedge an intra-group loan of GBP93 million to Sodexo Holding Ltd. This swap will expire in February 2009.

2) A currency swap (SEK100 million for 11 million euro) have been contracted to hedge in full an intra-group loan of the same amount to Sodexo Scandinavian Holding AB. This swap will expire in August 2009.

3) The currency swap (550 million dollars for 403 million euro) outstanding at August 31, 2007 and intended to hedge the intra-group loan for the amount granted by Sodexo SA to Sodexo, Inc. was unwound during Fiscal 2008.

4) Several currency swaps (148 million real for 60 million euro) have been contracted from March 2008 onward to hedge intragroup loans to Sodexo Pass Do Brzil. These swaps will expire respectively in February 2009 (63 million real) and January 2103 (85 million real).

4.17.2 Derivative financial instruments contracted on external variable rate debt

August 31, 2008 *(in millions of euro)*	Variable rate debt	Fixed rate debt at 4.23%	Fixed rate debt at 3.16%	Total
Sodexo SA borrowings (70 million USD)				
Due to the bank - 70 M USD at fixed rate of 4.23%		47		47
Due from the bank - 70 M USD at variable rate	(47)			(47)
Fair value adjustment				1
Emprunt Sodexo Inc (300 million USD)				
Due to the bank - 300 M USD at fixed rate of 3.16%			204	204
Due from the bank at variable rate	(204)			(204)
Fair value adjustment				(4)
TOTAL	**(251)**	**47**	**204**	**(3)**

In order to hedge its exposure to variations in the LIBOR rate applied to reimbursements on the multi-currency confirmed line of credit (see note 4.16), the Group has contracted a series of swaps to fix the interest rate on a portion of its outstanding borrowings. These swaps mature in February 2012.

4.17.3 Fair value of financial instruments

August 31, 2008 *(in millions of euro)*	**Note**	**Carrying amount**	**Fair value***	**Difference**
Financial assets				**0**
Investments in non-consolidated companies		36	36	0
Receivables from investees		40	40	0
Other investment securities		0	0	0
Loans and deposits		21	21	0
Other non-current financial assets		3	3	0
Total non-current financial assets	**4.11**	**100**	**100**	**0**
Associates	**4.9**	**40**	**40**	**0**
Derivative instruments	**4.17**	**7**	**7**	
Loans and other current financial assets	**4.11**	**8**	**8**	**0**
Financial assets: Service Vouchers and Cards activity	**4.11**	**483**	**483**	**0**
Marketable securities	**4.14**	**758**	**758**	**0**
TOTAL FINANCIAL ASSETS		**1,396**	**1,396**	**0**
Financial liabilities				
Bond issues	**4.16**			
2007 €500 million bond issue		508	483	(25)
2002 €1 billion bond issue		1,015	1,018	3
1999 €300 million bond issue		293	292	(1)
Sub-total		**1,816**	**1,793**	**(23)**
Bank borrowings	**4.16**	**622**	**622**	**0**
Derivative instruments	**4.17**	**2**	**2**	**0**
Bank overdrafts		**31**	**31**	**0**
Other borrowings		**78**	**78**	**0**
TOTAL FINANCIAL LIABILITIES		**2,549**	**2,526**	**(23)**

* *The method used to determine fair value is described in note 2.12.1.*

August 31, 2007 *(in millions of euro)*	**Note**	**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	**4.11**	**88**	**88**	**0**
Associates	**4.9**	**37**	**37**	**0**
Derivative instruments	**4.17**	**0**	**0**	**0**
Loans and other current financial assets	**4.11**	**11**	**11**	**0**
Financial assets: Service Vouchers and Cards activity	**4.11**	**454**	**454**	**0**
Marketable securities	**4.14**	**705**	**705**	**0**
TOTAL FINANCIAL ASSETS		**1,295**	**1,295**	**0**
Financial liabilities				
Bond issues	**4.16**			
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	**4.16**	**60**	**60**	**0**
Derivative instruments	**4.17**	**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, 2008	August 31, 2007
Net plan assets*	**(2)**	**(2)**
Defined-benefit plans	92	134
Other long-term employee benefits	100	98
Employee benefits	**192**	**232**

* *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 Sodexo Group are expensed in the period to which they relate.

Defined-benefit plans

The characteristics of Sodexo'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, Sodexo's obligation relates to a complementary retirement plan, and is subject to coverage 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.

Sodexo 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.

Sodexo 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, 2008	August 31, 2007
Net plan assets*	(2)	(2)
Defined-benefit plans**	92	134

* *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, 2008	August 31, 2007
Present value of funded obligations	483	551
Fair value of plan assets	(520)	(509)
Present value of partially funded obligations	**(37)**	**42**
Present value of unfunded obligations	85	91
Unrecognized past service cost	1	(1)
Other unrecognized amounts	41	0
Net obligation in the balance sheet	**90**	**132**

As described in note 2.17.2., Sodexo 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 net of tax in shareholders equity.

Actuarial gains and losses reported in the statement of changes in shareholders' equity as of August 31, 2007 represented a net actuarial gain of 68 million euro. Cumulative actuarial gains and losses recognized in equity as of August 31, 2008 represented a net actuarial gain of 93 million euro.

In the United Kingdom, payments totaled 58 million euro in Fiscal 2008, of which 47 million euro were exceptional contributions. The surplus arising from these contributions was offset by the increase in liabilities against shareholders' equity.

Defined benefit plan assets comprise:

(in millions of euro)	August 31, 2008	August 31, 2007
Equities	168	218
Government bonds	37	237
Corporate bonds	3	36
Insurance policies	269	5
Real estate	36	11
Cash	8	2
TOTAL	**520**	**509**

The amount reported in the income statement for defined-benefit plans comprises:

(in millions of euro)	Fiscal 2008	Fiscal 2007
Current service cost	22	38
Interest cost	32	32
Expected return on plan assets	(34)	(29)
Curtailments and settlements	(1)	(2)
Amortization of unrecognized past service cost & other	0	0
Net expense	**20**	**39**

This net expense is recorded on the following lines:

- 15 million euro (25 million euro in Fiscal 2007) in cost of sales;
- 1 million euro (1 million euro in Fiscal 2007) in sales department costs;
- 7 million euro (10 million euro in Fiscal 2007) 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 the Group's adoption of IFRS are shown below:

	Fiscal 2008	Fiscal 2007	Fiscal 2006
Obligation as of September 1	**642**	**694**	**610**
Current service cost	22	38	35
Interest cost	32	32	27
Actuarial gains/losses	(29)	(83)	37
Past service cost	(2)	0	1
Effect of curtailments and settlements	(1)	(4)	(2)
Contributions made by plan members	6	6	7
Benefits paid from plan assets	(14)	(15)	(26)
Benefits paid other than from plan assets	(13)	(24)	0
Business combinations	1	1	0
Translation differences	(77)	(4)	5
Other	0	2	0
Obligation as of August 31	**568**	**642**	**694**

Of the 29 million euro of net actuarial gains arising in Fiscal 2008, a gain of 5 million euro resulted from experience adjustments (compared with a loss of 7 million euro from experience adjustments in Fiscal 2007).

Changes in the fair value of plan assets since the Group's adoption of IFRS are shown below:

	Fiscal 2008	Fiscal 2007	Fiscal 2006
Fair value of assets as of September 1	**509**	**434**	**388**
Expected return on assets	34	29	26
Employer's contributions	64	40	40
Actuarial gains/losses	(6)	18	(4)
Effect of curtailments and settlements	0	(2)	(2)
Contributions made by plan members	6	6	7
Benefits paid from plan assets	(14)	(15)	(26)
Business combinations	0	0	0
Translation differences	(73)	(3)	5
Other	0	2	0
Fair value of assets as of August 31	**520**	**509**	**434**

The following assumptions were used for actuarial valuations for the principal countries as of August 31, 2008 and 2007:

As of August 31, 2008	France	The Netherlands	United Kingdom	Italy
Discount rate*	5.75% -6.25%	6.25%	6.50%	6.00%
Salary inflation rate**	2.75%	4.00%	4.30%	N/A
General inflation rate	2.25%	2.25%	3.80%	2.25%
Rate of return on plan assets	5.00%	5.40%	7.00%	N/A
Amount of obligation in balance sheet	22	0	1	41

* *For Fiscal 2008, 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, 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.*

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 2008 was 28 million euro, compared with an expected return of 34 million euro.

Based on estimates derived from reasonable assumptions, Sodexo will pay 16 million euro into defined-benefit plans in Fiscal 2009.

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, 2008	August 31, 2007
Other long-term employee benefits	100	98

The total expense recognized with respect to these benefits in Fiscal 2008 was 15 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, 2007	Charged	Utilized	Released without corresponding charge	Translation adjustment and other items	Changes in scope of consolidation	Discouting impact on long-term provisions	August 31, 2008
Tax and social security exposures	30	9	(8)	(2)				29
Employee claims and litigation	19	7	(7)	(4)		1		16
Contract termination and loss-making contracts	29	6	(7)	(7)	(3)	0	2	20
Client/supplier claims and litigation	6	3	(4)	(2)	1			4
Negative net assets of associates*	10				2			11
Other provisions	8	1	(2)	(1)	2			8
TOTAL	**102**	**26**	**(28)**	**(16)**	**2**	**1**	**2**	**89**

* *Negative net assets of associates (see note 4.9).*

The current/non-current split of provisions is as follows:

	August 31, 2008		August 31, 2007	
(in millions of euro)	Current provisions	Non-current provisions	Current provisions	Non-current provisions
Tax and social security exposures	12	17	17	13
Employee claims and litigation	10	6	14	5
Contract termination and loss-making contracts	9	11	10	19
Client/supplier claims and litigation	2	2	3	3
Negative net assets of associates*	0	12	0	10
Other provisions	3	5	5	3
TOTAL	**36**	**53**	**49**	**53**

* *Negative net assets of associates (see note 4.9).*

4.20 Trade and other payables

(in millions of euro)	August 31, 2008	August 31, 2007
Other non-current liabilities	85	79
TOTAL OTHER NON-CURRENT LIABILITIES	**85**	**79**
Advances from clients	208	349
Trade payables	1,263	1,228
Employee-related liabilities	791	703
Tax liabilities	190	188
Other operating liabilities	78	56
Deferred revenues	52	65
Other non-operating liablities	49	29
TOTAL TRADE AND OTHER PAYABLES	**2,631**	**2,618**

Employee-related liabilities include short-term employee benefit obligations.

4.21 Deferred taxes

(in millions of euro)	August 31, 2008	August 31, 2007*
Deferred tax assets	86	136
Deferred tax liabilities	(45)	(35)
Deferred tax assets (net)	**41**	**101**

* *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 42 million euro, including 7 million euro of tax loss carry-forwards generated by subsidiaries prior to their acquisition.

Deferred taxes comprise:

(in millions of euro)	August 31, 2008	August 31, 2007*
Temporary differences (net)		
• Employee-related liabilities	117	154
• Fair value of financial instruments		1
• Other temporary differences	(84)	(59)
• Tax loss carry-forwards	8	5
Deferred tax assets (net)	**41**	**101**

* *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 significant reduction in the Group's post-employment benefit obligation compared with Fiscal 2007 (37 million euro, see note 4.18.1).

The change in net deferred tax liabilities recognized directly in shareholders' equity as of August 31, 2008 was 7 million euro.

4.22 Cash flow statement

Changes in working capital

(in millions of euro)	August 31, 2007	Increase/ (decrease)	Translation adjustment and other items	Changes in scope of consolidation	August 31, 2008
Other non-current assets	**13**				**13**
Inventories	**185**	**22**	**(8)**	**3**	**202**
Advances to suppliers	6	3			9
Trade receivables, net	1,775	442	(53)	115	2,279
Other operating receivables	160	77	2	1	240
Prepaid expenses	145	(54)	(11)	1	81
Assets held for sale	2		(1)		1
Operating receivables	**2,088**	**468**	**(63)**	**117**	**2,610**
Restricted cash and financial assets: Service Vouchers and Cards activity	**454**	**28**	**1**		**483**
Change in asset items in working capital	**2,740**	**518**	**(70)**	**120**	**3,308**
Receivables related to investing and financing activities	***1***		***(1)***		***0***
Employee benefits	**232**	**(47)**	**6**		**191**
Other non-current liabilities	**79**	**9**	**(6)**	**2**	**84**
Advances from clients	349	(121)	(20)		208
Trade payables	1,228	78	(51)	8	1,263
Tax and employee-related liabilities	891	115	(29)	5	982
Other operating liabilities	56	21		2	79
Deferred revenues	65	(10)	(4)		51
Operating liabilities	**2,589**	**83**	**(104)**	**15**	**2,583**
Vouchers payable	**1,290**	**630**	**19**	**147**	**2,086**
Change in liability items in working capital	**4,190**	**675**	**(85)**	**164**	**4,944**
Liabilities related to investing and financing activities	***29***	***(125)***	***(5)***	***150***	***49***

(in millions of euro)	August 31, 2006	Increase/ (decrease)	Translation adjustment and other items	Changes in scope of consolidation	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***

Changes in borrowings

(in millions of euro)	August 31, 2007	Increase/ (decrease)	New leases	Accrued interest	Changes in scope of consolidation	Translation adjustment and other items	August 31, 2008
Bond issues	1,814					2	1,816
Bank borrowings	60	533		7	4	18	622
Finance lease obligations	58	(19)	14		6	1	60
Other borrowings	18	(2)				2	18
Derivative instruments	1	54				(59)	(4)
Total borrowings	**1,951**	**566**	**14**	**7**	**10**	**(36)**	**2,512**

(in millions of euro)	August 31, 2006	Increase/ (decrease)	New leases	Accrued interest	Changes in scope of consolidation	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**

4.23 Share-based payment

The Sodexo Board of Directors has granted payment to employees in the form of Sodexo shares under a number of stock option plans.

On June 13, 2008 Sodexo offered its employees the opportunity to become shareholders in the company at a reduced share price through an employee stock purchase plan.

4.23.1 Principal features of stock option plans

Rules governing stock option plans are as follows:

- contractual life of options: 6-7 years;
- options vest in 25% tranches over a four-year period;
- exercise of options is subject to employment by the Group.

For the 2008 plans, 50% of the options granted are subject to the attainment of a certain level of Group net income for Fiscal 2010.

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, which takes into consideration 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 life (years)
January 20, 2004	35.25%	6	3.54%	2.67%	2.00%	5
January 18, 2005	33.57%	6	3.35%	3.18%	1.00%	5
June 16, 2005	32.20%	6	3.33%	4.10%	0.00%	5
September 13, 2005	31.95%	6	3.33%	3.75%	0.00%	5
January 10, 2006	31.64%	6	3.33%	3.03%	1.00%	5
January 17, 2007	29.42%	6	4.18%	2.81%	1.00%	5
January 17, 2007	29.42%	7	4.18%	2.81%	1.00%	5
April 24, 2007	28.23%	6	4.37%	2.79%	0.00%	5
April 24, 2007	28.23%	7	4.37%	2.79%	0.00%	5
September 11, 2007	28.54%	6	4.04%	2.75%	0.00%	5
January 7, 2008	28.85%	7	4.01%	2.75%	2.00%	6
January 7, 2008	28.85%	6	3.95%	2.75%	2.00%	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 expected volatility of 2008 plans is based on a weighted average of the historical volatility of the shares observed over five years and the implicit volatility.

The risk-free interest rate is the rate on Government bonds for a maturity similar to the life of the options.

The assumptions with respect to the exercise behavior of grantees used in determining the fair value of the options are also based on historical data, which may not be indicative of future exercise behavior, and are as follows:

- 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.

Initial charge and movements during Fiscal 2008

The stock option expense recognized in the Fiscal 2008 income statement was 12.1 million euro, compared with 13.1 million euro in Fiscal 2007.

The table below provides the quantity, weighted average exercise price (WAP) and movements of stock options during Fiscal 2008 and Fiscal 2007.

	August 31, 2008		August 31, 2007	
	Number	WAP *(€)*	Number	WAP *(€)*
Outstanding at the beginning of the period	**4,557,919**[(1)]	**34.64**	**5,760,190**[(2)]	**30.96**
Granted during the period	1,675,680[(3)]	42.37	1,366,300	47.97
Forfeited during the period	(149,857)	38.55	(158,560)	34.19
Exercised during the period	(589,726)[(4)]	24.77	(2,282,803)[(5)]	32.69
Expired during the period	(302,780)	46.95	(127,208)	47.00
Outstanding at the end of the period	5,191,236[(6)]	37.40	4,557,919	34.64
Exercisable at the end of the period	**1,911,412**	**29.98**	**1,818,750**	**28.81**

(1) This balance includes 476,484 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 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.
(3) Including the adjustments made in accordance with legal and regulatory requirements relating to the simplified tender offer approved by the Board of Directors on April 15, 2008.
(4) The weighted average share price at the exercise date of options exercised in the period was 41.55 euro.
(5) The weighted average share price at the exercise date of options exercised in the period was 52.3 euro.
(6) This balance includes 107,266 options not recognized 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.

The weighted average residual life of options outstanding as of August 31, 2008 was 3.95 years (August 31, 2007: 3.6 years).

The weighted average fair value of options granted during the period was 7.74 euro (Fiscal 2007: 14.75 euro).

The table below gives the exercise prices and exercise period for options outstanding as of August 31, 2008:

Date of grant	Start date of exercise period	Expiration date of exercise period	Exercise price	Number of options outstanding as of August 31, 2008
January 2003	January 2004	January 2009	23.98 euro	429,062
January 2004	January 2005	January 2010	24.48 euro	365,446
January 2005	January 2006	January 2011	23.08 euro	652,874
June 2005	June 2006	June 2011	26.02 euro	5,004
January 2006	January 2007	January 2012	34.83 euro	794,429
January 2007	January 2008	January 2013	47.82 euro	789,594
January 2007	January 2008	January 2014	47.82 euro	489,600
April 2007	April 2008	April 2013	55.36 euro	1,602
April 2007	April 2008	April 2014	55.36 euro	20,014
September 2007	September 2008	September 2013	47.17 euro	40,028
January 2008	January 2009	January 2015	42.27 euro	609,699
January 2008	January 2009	January 2014	42.27 euro	993,884
TOTAL				**5,191,236**

(1) Including the adjustments made in accordance with legal and regulatory requirements relating to the simplified tender offer decided by the Board of Directors on April 15, 2008.

Plans awarded following the acquisition of Sodexho Marriott Services

The Group committed to delivering 3,044,394 Sodexo SA shares to Sodexo, 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, 2008, 323,147 of these shares were still deliverable.

As of August 31, 2008, all of these remaining options were exercisable until April 2011.

These 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 the year.

	August 31, 2008		August 31, 2007	
	Number	WAP *($)*	Number	WAP *($)*
Outstanding at the beginning of the period	**472,178**	**27.74**	**854,391**	**28.53**
Granted during the period	2,714 (1)	26.89		
Forfeited during the period	(7,268)	31.97	(16,722)	29.93
Exercised during the period	(144,477) (2)	32.79	(365,491) (3)	29.49
Expired during the period				
Outstanding at the end of the period	323,147	25.36	472,178	27.74
Exercisable at the end of the period	**323,147**	**25.36**	**472,178**	**27.74**

(1) Including the adjustments made in accordance with legal and regulatory requirements relating to the simplified tender offer decided by the Board of Directors on April 15, 2008.
(2) The weighted average share price at the exercise date of options exercised in the period was USD 63.52.
(3) The weighted average share price at the exercise date of options exercised in the period was USD 67.77.

The table below gives the exercise price of options outstanding as of August 31, 2008:

Date of grant	Exercise price *($)*(1)	Number of options outstanding as of August 31, 2008
November 6, 1997	29.99	25,004
September 22, 1998	37.78	483
February 8, 1999	31.93	520
November 22, 1999	22.32	170,315
July 19, 2000	23.00	357
December 15, 2000	28.14	119,788
January 5, 2001	27,55	2,969
April 2, 2001	39,68	3,711
TOTAL		**323,147**

(1) Including the adjustments made in accordance with legal and regulatory requirements relating to the simplified tender offer decided by the Board of Directors on April 15, 2008.

4.23.2 Employee Share Purchase Plan (ESPP)

In countries that satisfy the relevant legal and tax requirements, employees were offered a choice between a classic employee stock purchase plan, and a leveraged plan.

Under the classic plan, employees invested in Sodexo shares priced at a 20% discount to the reference price of 41.22 euro. Under the leveraged formula, which was priced at a 15% discount to the reference price, an outside bank topped up the employee's investment such that the total amount invested in Sodexo shares at the discounted price is a multiple of the amount paid by the employee.

In measuring the cost of this ESPP as of August 20, 2008, the grant date, the five-year lock-up period for shares available for subscription by the employee was taken into consideration, as recommended by the *Conseil National de la Comptabilité* (CNC—National Accountancy Board). Under the leveraged plan, the cost of the plan is further increased by the implicit potential gain offered by Sodexo by enabling its employees to benefit from the available to institutional investors (as opposed to retail prices) for derivative instruments.

The plans resulted in the issuance of 577,630 shares. The charge recognized for the period was 1.3 million euro, as compared to a nominal discount of 3.7 million euro. The main assumptions used for the calculation of this charge were a risk-free interest rate of 4.75%, an interest rate on a 5-year open cash facility of 7.45%, resulting in a notion lock-up cost of 13.81%. The opportunity gain offered to employees under the leveraged formula has been measured at 1.92%.

The increase in share capital and additional paid-in capital took place in September 2008 and is therefore not reflected in shareholders' equity at August 31, 2008.

4.24 Business combinations

Acquisitions made during Fiscal 2008

Following is summarized information regarding Fiscal 2008 acquisitions:

Fiscal 2008	Country	Acquisition date	Percentage acquired	Acquisition cost *(in millions of euro)*
Groupe VR	Brazil	March 3, 2008	100%	411.5
Tir Groupé[1]	France	October 2, 2007	100%	150.5
Circles	United States	October 31, 2007	100%	82.3
Other acquisitions				45.0
TOTAL FISCAL 2008 ACQUISITIONS[1]				**689.3**

(1) Including an 18 million euro payment deferred after August 31, 2008.

The impact of the acquisitions on the Group's balance sheet as of August 31, 2008 is summarized as follows:

(in millions of euro)	Grupo VR	Tir Groupé	Circles	Other acquisitions	August 31, 2008
Goodwill	313.3	125.1	40.6	43.2	522.2
Intangible assets*	98.2	20.4	43.5		162.1
Share of net assets acquired		15.6	10.2	1.8	27.6
Deferred tax liabilities		(10.6)	(12)		(22.6)
Minority interests					
TOTAL FISCAL 2008 ACQUISITIONS	**411.5**	**150.5**	**82.3**	**45.0**	**689.3**

* *Acquired intangible assets primarily include customer relationships and brands.*

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 Sodexo SA and its subsidiaries in connection with operating activities during Fiscal 2008 are immaterial.

4.25.2 Operating lease commitments

Outstanding commitments over the residual term of operating leases as of August 31, 2008 were as follows:

- less than 1 year: 101 million euro;
- 1 to 3 years: 157 million euro;
- 3 to 5 years: 68 million euro;
- more than 5 years: 106 million euro;
- total operating lease commitments: 432 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 131 million euro;
- the rent for office premises of 301 million euro. The 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 Sodexo France and Sodexo, Inc. for their office premises represent operating lease commitments of 42 million euro and 28 million euro respectively.

4.25.3 Other commitments given

	August 31, 2008					August 31, 2007
(in millions of euro)	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Total
Financial guarantees to third parties	4	2	85	6	97	116
Site management commitments	17	30	16	13	76	60
Performance bonds given to clients	11			100	111	133
Other commitments	3	1		1	5	5
TOTAL	**35**	**33**	**101**	**120**	**289**	**314**

Financial guarantees to third parties mainly comprise bank guarantees given by Sodexo SA totaling 76.2 million euro, and subordinated debt commitments under public private partnership (PPP) contracts (see note 2.3.2.) totaling 12.5 million euro.

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 Group 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 Sodexo is unable to provide alternative or additional resources to fulfill the obligation to the client).

In practice, given its size and geographical reach, Sodexo considers itself capable of providing the additional resources needed to avoid paying compensation to clients protected by such clauses.

At this time, no provision has been recorded in the balance sheet with respect to these guarantees.

The Group 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 1,525,000.

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 Sodexo

(in euro)	**Fiscal 2008**
Short-term employee benefits	12,233,175
Post-employment benefits	335,368
Stock option expenses	4,000,978
TOTAL	**16,569,521**

These benefits include directors' fees, and all forms of compensation and benefits paid (or earned during the period for offices held) by Bellon SA, Sodexo SA and/or other Sodexo Group companies.

4.26.2 Related companies

Subsidiaries

Sodexo SA received fees totaling 104 million euro from its subsidiaries during Fiscal 2008 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, 2008	Impairment as of August 31, 2008	Carrying amount as of August 31, 2008	Carrying amount as of August 31, 2007
Associates	57	0	57	44
Non-consolidated companies	1	1	0	2

Off balance sheet commitments	August 31, 2008	August 31, 2007
Commitments to third parties		
Associates	13	30
Non-consolidated companies	0	0
Performance bonds given to clients		
Associates	78	90
Non-consolidated companies	0	0

Revenues generated	Fiscal 2008	Fiscal 2007
Associates	235	261
Non-consolidated companies	0	0

Operating expenses recognized	Fiscal 2008	Fiscal 2007
Associates	0	1
Non-consolidated companies	0	0

Net financing costs	Fiscal 2008	Fiscal 2007
Associates	4	3
Non-consolidated companies	0	0

Principal shareholder

As of August 31, 2008, Bellon SA held 37.65% of the capital of Sodexo SA.

During Fiscal 2008, Bellon SA invoiced Sodexo SA a total of 6.9 million euro for assistance and advisory services under a contract between the two companies.

During the first half of Fiscal 2008, the Annual Shareholders' Meeting of Sodexo approved the payment of a dividend of 1.15 euro per share. Consequently, Bellon SA received a dividend payment of 68.1 million euro in February 2008.

4.27 Group employees

As of August 31, 2008, Group employees comprised:

	August 31, 2008
Executives, middle management, site managers and supervisory staff	45,789
Front-line service staff and other employees	309,255
TOTAL	**355,044**

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	123,691	90,406	43,522	92,321	349,940	4,709	395	355,044

4.28 Litigation

Sodexo Pass do Brazil

Sodexo Pass do Brazil was involved in a dispute with Banco Santos and a mutual fund concerning the existence of certain bank balances. Sodexo does not believe that the outstanding proceedings with Banco Santos will have a material effect on the Group's financial position.

Other litigation

Sodexo 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.

To the best of the company's knowledge, there is no other governmental, judicial or arbitral procedure pending that has or is liable to materially affect the financial condition or profitability of the company and/or Group in the course of the next twelve months.

4.29 Events subsequent to the balance sheet date

On September 9, 2008, the Board of Directors, cancelled 804,887 treasury shares, resulting in a reduction of common stock and additional paid-in capital.

After the capital increase resulting from the ESPP carried out on September 18, 2008, the common stock of Sodexo was increased by the issuance of 577,630 new shares.

As a result, the share capital of Sodexo SA was brought to 157,132,025 shares with a par value of 4 euro totaling 628,528,100 euro.

On September 25, 2008, Sodexo signed an agreement to acquire more than 90% of the Zehnacker Group, one of the leading independent players in Facilities Management services in Germany.

On September 29, 2008, Sodexo SA borrowed 500 million dollars at a fixed rate of interest from American investors in order to extend the average duration of its borrowings and within the framework of the 2009 maturity refinancing program initiated in March 2007 with the issuance of a 500 million euro loan maturing in 2014.

This loan carries standard early-redemption clauses. In addition, Sodexo is obliged to respect the following ratios at each half-yearly balance sheet date with effect from February 28, 2009:

- adjusted net debt must not exceed 3.5 times adjusted EBITDA for the previous 12 months;
- net assets excluding cumulative currency effects since August 31, 2007 must be not less than 1,300 million euro.

On September 30, 2008, Sodexo completed the acquisition of Score Group, one of the foremost independent Foodservices providers in France, for 156 million euro. Score Group will be consolidated by Sodexo as of October 1, 2008.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

5.1 Exposure to foreign exchange and interest rate risk

Because Sodexo 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.

Sodexo SA 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)		1,348	648	515
Cash and cash equivalents	1	2,046		
Net renewable position	**2**	**(698)**		
Net position renewable within less than 1 year		(698)		
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	(7)		
Net interest expense paid during Fiscal 2008		94		
Cumulative effect as % of net interest expense for Fiscal 2008		(7)%		

(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	*0.678656*	*1.242236*	
Monetary assets			
Working capital items	521	73	874
Other receivables	1	4	44
Deferred tax assets	67	3	25
Cash and cash equivalents	114	99	687
TOTAL MONETARY ASSETS	**703**	**179**	**1,630**
Monetary liabilities			
Financial liabilities	380	117	85
Working capital items	902	244	1,627
Other liabilities	5	18	51
Deferred tax liabilities	20	1	21
TOTAL MONETARY LIABILITIES	**1,307**	**380**	**1,784**
Net position	**(604)**	**(201)**	**(154)**
Impact of €0.01 movement in exchange rate	(9)	(2)	NS

Analysis of sensitivity to exchange rates

A 10% movement in the US dollar against the euro would have an effect of:

- 493 million euro on full-year consolidated revenues;
- 25 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:

- 148 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 characteristics of the Group's borrowings and bond issues as of August 31, 2008 are described in detail in note 4.16 of the notes to the consolidated financial statements. In addition to these amounts was the 500 million USD debt placed with U.S. investors at the end of September 2008. The related terms and covenants are described in note 4.29 of the notes to the consolidated financial statements. This transaction, after including available cash and confirmed unutilised credit lines, allows the Group to:

- secure the refinancing of a significant portion of the bond issues maturing in March 2009; and
- extend the maturity profile of the Group's debt.

6. SCOPE OF CONSOLIDATION

The table below lists the principal companies included in the consolidation as of August 31, 2008.

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 2008 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 Française de Restauration (sub-group)			FFMS	France
	Altys Multiservice			FFMS	France
	Société Française de Services			FFMS	France
	Société Française de Restauration et Services (sub-group)			FFMS	France
	Sodequip			FFMS	France
	Sodexo Prestige			FFMS	France
	Lido SEGSMHI	63.5%	63.5%	FFMS	France
	SIR			FFMS	France
	CIR			FFMS	France
	Comrest			FFMS	France
	Siges			FFMS	France
	La Normande SA			FFMS	France
	RGC			FFMS	France
	Sagere			FFMS	France
	Sogeres (sub-group)			FFMS	France
N	Yachts de Paris			FFMS	France
N	AFM			FFMS	France
	L'Affiche			FFMS	France
N, EM	Troyes Logipole Services	20%	20%	FFMS	France
	Gedex			FFMS	France
	SFP			FFMS	France
	Millénia	60%	60%	FFMS	France
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

		% interest	% voting rights	Principal activity	Country
France					
	Altys International			FFMS	France
	Sodexo Chèques et Cartes de Services			SVC	France
N	One SAS			HOL	France
	Sodexo Pass International			HOL	France
EM	SSIM	25%	25%	SVC	France
N	One SCA			HOL	France
	Vivaboxes France			SVC	France
N	Tir Groupé			SVC	France
N	Média Cadeaux	60%	60%	SVC	France
	Sodexo France SAS			HOL	France
	Sodexo Amecaa			HOL	France
	Sofinsod			HOL	France
	Etinbis			HOL	France
	Etin			HOL	France
	Gardner Merchant Groupe			HOL	France
	Loisirs Développement			HOL	France
	Sodexho Altys			HOL	France
	Holding Sogeres			HOL	France
	Sodexo Amérique du Sud			HOL	France
	Sodexo Management			HOL	France
	Sodexo Europe			HOL	France
	Sodexo Asie Océanie			HOL	France
	Sodexo Grande Chine			HOL	France
	Sodexo IS & T			HOL	France
	Siges Guyane			FFMS	France
	Société Hôtelière et de Tourisme de Guyane			FFMS	France
	Sodex'Net			FFMS	France
	Sodexo Guyane			FFMS	France
	Société Guyanaise de Protection et Gardiennage			FFMS	France

		% interest	% voting rights	Principal activity	Country
America					
	Sodexo, Inc. (sub-group)			FFMS	United States
	Sodexo Canada (sub-group)			FFMS	Canada
N	Jathy Inc.			SVC	United States
	OCDN			FFMS	United States

		% interest	% voting rights	Principal activity	Country
America					
	Delta Catering Management	49%	49%	FFMS	United States
	Sodexo Remote Sites (USA)			HOL	United States
	Sodexo Remote Sites Partnership			FFMS	United States
	Sodexo 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
	Vivaboxes US			SVC	United States
N	Circles			SVC	United States
N	Sodexo Rose Holding Company Inc.			HOL	United States
N	Sodexo Concierge Services Llc			HOL	United States
N	Sodexho Pass USA Inc.			SVC	United States
	Sodexho Pass do Brazil			SVC	Brazil
EM	Sedesa	20%	20%	SVC	Mexico
	Sodexho Servicios de Gestion SA			FFMS	Chile
N	Sodexo Entrega Comercial			FFMS	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 SA			SVC	Argentina
	Sodexho Pass Corporate Services SA			SVC	Uruguay
	Prestaciones Mexicanas (sub-group)			SVC	Mexico
	Sodexho Servicios Operativos			SVC	Mexico

		% interest	% voting rights	Principal activity	Country
Africa					
	Sodexo Afrique			FFMS	France
	Sodexo Nigeria			FFMS	Nigeria
	Sodexo 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
	Sodexo Pass Tunisie	77%	77%	SVC	Tunisia
	Sodexho Maroc			FFMS	Morocco
	Universal Sodexho Guinea Ecuatorial	70%	70%	FFMS	Eq. Guinea
	Universal Sodexo Cameroun	70%	70%	FFMS	Cameroon
	Universal Sodexo Congo			FFMS	Congo
	Sodexo Southern Africa (sub-group)	100%	100%	FFMS	South Africa
	Sodexo Investments Ltd			HOL	South Africa
	Wadi Ezzain	75%	75%	FFMS	Libya
	Universal Sodexo Madagascar			FFMS	Madagascar
	Sodexo 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
	Special Event			SVC	Belgium
N	Salesprize	85%	85%	SVC	Belgium
N	12Link	85%	85%	SVC	Belgium
N, EM	Educadomo	39%	39%	SVC	Belgium
	Groupe Cheque-List Groep			SVC	Belgium
	Imagor RSC			SVC	Belgium
	Special Event			SVC	Belgium
	Vivaboxes International			SVC	Belgium
	Sogeres Monaco			FFMS	Monaco
	Sodexho Suisse			FFMS	Switzerland

		% interest	% voting rights	Principal activity	Country
Europe					
	Altys SA			FFMS	Czech Republic
	Sodexo Luxembourg (sub-group)			FFMS	Luxembourg
	Sodexo Italia (sub-group)			FFMS	Italy
EM	Fast Point	33%	33%	SVC	Italy
	Sodexo Prehrana in Storitve			FFMS	Slovenia
	Sodexho Oy			FFMS	Finland
N, EM	Sigma	50%	50%	FFMS	Norway
	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
	Gastro-Kanne	79%	79%	FFMS	Germany
N, EM	Viabel	49%	49%	SVC	Bulgaria
	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
	Sodexo Services Group			HOL	United Kingdom
EM	HpC King's College Hospital (Holdings) Ltd	25%	25%	FFMS	United Kingdom

		% interest	% voting rights	Principal activity	Country
Europe					
	Sodexo Ltd			FFMS	United Kingdom
	Sodexho Prestige Ltd (sub-group)			FFMS	United Kingdom
	Sodexo Remote Sites Scotland Ltd			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 Travel & Hospitality Ltd	80%	80%	FFMS	United Kingdom
	Sodexo Defence Services			FFMS	United Kingdom
	Sodexo Land Technology			FFMS	United Kingdom
	Sodexo Investment Services			FFMS	United Kingdom
EM	Peterborough Prison Management Ltd	33%	33%	FFMS	United Kingdom
EM	Ashford Prison Services Ltd	33%	33%	FFMS	United Kingdom
N	Sodexo Cyprus			FFMS	Cyprus
	Sodexo Holdings Ltd			HOL	United Kingdom
	Sodexo Education Services			FFMS	United Kingdom
	Sodexo Management Services (sub-group)			FFMS	United Kingdom
	Sodexo Healthcare Services Ltd			FFMS	United Kingdom
	Sodexo Remote Sites Support Services Ltd			HOL	United Kingdom
	Sodexo Remote Sites Holdings Ltd			HOL	United Kingdom
EM	Catalyst Healthcare (Manchester) Holdings Ltd	25%	25%	FFMS	United Kingdom
	Sodexo Remote Sites 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
	CORPCO 4263106	55%	55%	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

		% interest	% voting rights	Principal activity	Country
Europe					
EM	Addiewell Prison (Holdings) Ltd	33%	33%	FFMS	United Kingdom
EM	Healthcare support (North Staffs) Holding Ltd	25%	25%	FFMS	United Kingdom
	Vivaboxes UK			SVC	United Kingdom
	Sodexo Holdings Ireland Ltd			FFMS	Ireland
	Sodexo Ireland Ltd			FFMS	Ireland
	Sodexo Remote Sites Norway AS			FFMS	Norway
	Sodexo Remote Sites The Netherlands BV			FFMS	Netherlands
	Universal Sodexho Kazakhstan Ltd			FFMS	Denmark
	Universal Services Europe			FFMS	Iceland
	Sodexo Nederland BV (sub-group)			FFMS	Netherlands
	Sodexo Altys BV			FFMS	Netherlands
	Sodexo Pass Luxembourg			SVC	Luxembourg
	Sodexo Pass Belgique (sub-group)			SVC	Belgium
	Sodexho Pass GmbH			SVC	Germany
	Sodexho Pass srl (sub-group)			SVC	Italy
	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
	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
	Sodexo Nouvelle-Calédonie	54%	54%	FFMS	France
	Socanord	60%		FFMS	France
	Sodexo Réunion			FFMS	France
	Sodexo Singapore			FFMS	Singapore
	Sodexo Malaysia			FFMS	Malaysia
	Sodexo Hong Kong			FFMS	Hong Kong
EM	Sodexo Healthcare Support Services (Thaïland)	26%	26%	FFMS	Thailand
	Sodexo Korea Co Ltd			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
	Sodexo Asia Pacific PTE Ltd (sub-group)			FFMS	Singapore
	PT Sodexo Indonesia Llc	90%	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
	Sodexo Remote Sites Australia Pty			FFMS	Australia
	Sodexho Tianjin Service Management Company Ltd			FFMS	China
	Sodexho Shanghaï Management Services			FFMS	China
	Sodexho Services Company Ltd Shanghaï			FFMS	China
EM	Shanghaï SAIC Sodexho Services	49%	49%	FFMS	China
	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
N	Universal Amarit Catering Co Ltd	49%	49%	FFMS	Thailand

		% interest	% voting rights	Principal activity	Country
Asia, Australasia, Middle East					
	Sodexo Support Services (Thailand) Ltd	61%	74%	FFMS	Thailand
	Sodexo Thailand Ltd	49%	49%	FFMS	Thailand
N	Sodexo Project Management Services India Private Ltd			FFMS	India
N	Sodexo Food Services India Private Ltd			FFMS	India
	Sodexho India Private Ltd			FFMS	India
	Sodexo SVC India PTE Ltd			SVC, FFMS	India
	Sodexho Pass, Inc.	60%	60%	SVC	Philippines
	Sodexho Services Lebanon	60%	60%	FFMS	Lebanon
	Sodexo Laos Pvt Ltd			FFMS	Laos
	Sodexho Pass Indonésie	95%	95%	SVC	Indonesia
	Sodexho International UAE			FFMS	United Arab Emirates
	Tariq Alghanim	50%	50%	FFMS	Kuwait
	Sakhalin Support Services	95%	95%	FFMS	Russia
	Allied Support			FFMS	Russia

→ STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2008

SODEXO S.A.
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

To the shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Sodexo S.A. for the year ended August 31, 2008.

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 and intangible assets with an indefinite useful life 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, the consistency of the data which was used and in particular the assumptions used in the preparation of the business plans.
- 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.

The aforementioned items are based on estimates and underlying assumptions which are uncertain by nature. 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 12, 2008

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit** *Département de KPMG S.A.*
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

1. FINANCIAL RATIOS

		Fiscal 2008	Fiscal 2007
	Non-current debt		
Financial independence	Shareholders' equity and minority interests	0.5	0.8
	Debt*		
Debt coverage (in years)	Cash from operations**	4	3.4
	Profit attributable to equity holders of the parent		
Return on equity	Equity attributable to equity holders of the parent (before profit for the period)	21.2%	18.0%
	Operating profit		
Interest cover	Net interest expense	7.4	7.2

* *Debt= non-current debt + current debt [excluding overdrafts] – financial instruments recognized as assets.*
** *Net cash provided by operating activities – changes in working capital.*

2. TWO-YEAR FINANCIAL SUMMARY

	Fiscal 2008	Fical 2007
Total shareholders' equity	**2,171**	**2,300**
Equity attributable to equity holders of the parent	2,145	2,277
Equity attributable to minority interests	26	23
Debt(1)		
Non-current debt	1,163	1,839
Current debt	1,348	111
Cash and equivalent, net of bank overdrafts	**1,563**	**1,377**
Restricted cash and financial assets of the Service Vouchers and Cards activity	**483**	**454**
Net debt(2)	**(465)**	**(119)**
Revenue	**13,611**	**13,385**
Operating profit	690	640
Profit for the period	397	363
Profit attributable to minority interests	21	16
Profit attributable to equity holders of the parent	**376**	**347**

	Fiscal 2008	Fical 2007
Average number of shares outstanding	**155,489,727**	**156,113,136**
Earnings per share (in euro)	2.42	2.22
Dividend per share (in euro)	1.15	0.95
Share price at August 31 (in euro)	46.26	48.38
Highest share price in the fiscal year (in euro)	51.94	59.71
Lowest share price in the fiscal year (in euro)	33.13	40.61

(1) Including financial instruments, excluding bank overdraft.
(2) Cash and cash equivalents + restricted cash and financial assets of the Service Vouchers and Cards activity - debt.

3. EXCHANGE RATES

Iso Code	Countries	Currency	Closing exchange rate at August 31, 2008 1 euro =	Average exchange rate Fiscal 2008 1 euro =
CFA	Africa	CFA Franc (thousands)	0.655957	0.655957
DZD	Algeria	Dinar (thousands)	0.090051	0.097748
ARS	Argentina	Peso	4.470400	4.691042
AUD	Australia	Dollar	1.706600	1.648326
BRL	Brazil	Real	2.407100	2.579574
BGN	Bulgaria	Lev	1.955800	1.959072
CAD	Canada	Dollar	1.551000	1.504078
CLP	Chile	Peso (thousands)	0.767960	0.726961
CNY	China	Yuan	10.071400	10.741445
COP	Colombia	Peso (thousands)	2.764490	2.825941
CRC	Costa Rica	Colon (thousands)	0.814110	0.765169
CZK	Czech Republic	Kuruna (thousands)	0.024735	0.025647
DKK	Denmark	Krone	7.458000	7.456423
GHC	Ghana	Cedi (thousands)	0.001603	0.001464
HKD	Hong Kong	Dollar	11.503400	11.701872
HUF	Hungary	Forint (thousands)	0.237680	0.249668
ISK	Iceland	Icelandic Crown	122.350000	102.717321
INR	India	Rupee (thousands)	0.064610	0.060961
IDR	Indonesia	Rupiah (thousands)	13.482530	13.859124

Iso Code	Countries	Currency	Closing exchange rate at August 31, 2008 1 euro =	Average exchange rate Fiscal 2008 1 euro =
JPY	Japan	Yen (thousands)	0.160220	0.162618
KZT	Kazakhstan	Tenge (thousands)	0.177700	0.180318
KRW	Korea	Won (thousands)	1.602800	1.452967
LBP	Lebanon	Pound (thousands)	2.226430	2.256011
MGA	Madagascar	Ariary (thousands)	2.394950	2.570999
MYR	Malaysia	Ringgit	5.000300	4.935037
MXN	Mexico	Peso	15.110000	15.955656
MNT	Mongolia	Tugrik (thousands)	1.711630	1.744987
MAD	Morroco	Dirham	11.362000	11.394769
NZD	New Zealand	NZ Dollar	2.089000	1.958297
NGN	Nigeria	Naira (thousands)	0.173830	0.178060
NOK	Norway	Krone	7.943500	7.955107
OMR	Oman	Rial	0.567800	0.575187
PAB	Panama	Balboa	1.476700	1.495768
PEN	Peru	New Sol	4.331300	4.388592
PHP	Philippines	Peso	67.760000	64.580907
PLN	Poland	Zloty	3.350800	3.514867
XPF	Polynesia	CFP Franc	119.331700	119.331700
QAR	Qatar	Rial	5.375200	5.445256
RON	Romania	Leu	3.537000	3.560239
RUB	Russia	Ruble (thousands)	0.036240	0.036300
SAR	Saudi Arabia	Rial	5.539700	5.624787
SGD	Singapore	Dollar	2.084600	2.120612
SKK	Slovakia	Koruna (thousands)	0.030336	0.032269
ZAR	South Africa	Rand	11.359700	10.974897
SEK	Sweden	Kruna	9.438100	9.377302
CHF	Switzerland	Swiss Franc	1.616400	1.626315
TZS	Tanzania	Shilling (thousands)	1.710910	1.765646
THB	Thailand	Baht	50.453000	47.764731
TND	Tunisia	Dinar	1.804500	1.803152
TRY	Turkey	New Lira	1.741500	1.818279
AED	United Arab Emirates	Dirham	5.424600	5.512545
GBP	United Kingdom	Pound	0.805000	0.751956
USD	United States	Dollar	1.473500	1.502445
UYU	Uruguay	Peso	28.899300	31.268807
VEB	Venezuela	Bolivar (thousands)	3.167700	3.216105

4. INVESTMENT POLICY

(in millions of euro)	Fiscal 2008	Fiscal 2007
Acquisitions of property, plant equipment and intalgible assets, plus client investments	250	240
Acquisitions of equity interests	662	23

Given the nature of the Group's activities, investments represent less than 2% of revenues and mainly correspond to investments on the Group's 30,600 sites, which are used in order to support operating activities and are financed by operating cash. None of these investments is individually significant.

Financial investments made in Fiscal 2008, as well as acquisition commitments as of year-end, are described in note 4.24 in the notes to the consolidated financial statements.

A detailed description of changes in investments is provided in notes 3.1.2, 4.5.1 and 4.5.2 in the notes to the consolidated financial statements.

5. RISK FACTORS

5.1 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 are differentiated by the level of commercial risk taken by the service provider and the level of quality of services provided.

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 Sodexo is unable contractually to recover significant increases in costs (such as labor or food costs), this could have a significantly negative 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, Sodexo's contracts combine features of both of these contract types.

Client retention risk

Sodexo'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 Sodexo'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, Sodexo has relatively few competitors. However, in every country where it operates, Sodexo 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 Sodexo'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.

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

Food safety risk

Every day, Sodexo serves a vast number of meals worldwide, and it is committed to the safety of the food and services provided. Sodexo 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 Sodexo were to incur significant liability at one or more of its sites, this could have an impact on activities, operating margins and reputation.

Food cost inflation risk, risk of increases in indirect costs related to operational activities and to access to food commodities

Sodexo could be exposed to fluctuations in food prices and difficulties in the supply of certain products. The price of food and its availability in the marketplace may vary in different regions in the world.

Sodexo contracts include certain clauses allowing for increases in prices or menu changes, but given the delays in implementing such measures, a temporary reduction in margins cannot be ruled out. Although most contracts include a minimum increase in the pricing of products and services provided by the Group, Sodexo could be affected during inflationary periods if the contracted increase rate is lower than inflation rate in effect.

Facilities Management risk

Although Facilities Management services have long been a part of the business, Sodexo's strategy is to accelerate the development of Facilities Management services resulting in a larger contribution to revenue. Facilities Management services 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.

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

5.2 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. For those purposes, Sodexo 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 both a challenge and an opportunity. Sodexo is committed to capitalizing on this diversity to gain a competitive edge and become a genuine worldwide player, so that Sodexo's people – at every level – reflect the diversity of the Group's clients and customers.

As far as the Company is aware, Sodexo 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.

5.3 Environmental risk

Sodexo is aware of the potential environmental impact of its activities. Rather than play down this impact, Sodexo 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).

5.4 Regulatory risk

The nature of Sodexo's business and its worldwide presence mean 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.

Sodexo 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.

5.5 Interest rate, liquidity, and foreign exchange risk

Because Sodexo 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 subsidiary bills its revenues and incurs its expenses in the same currency.

Sodexo 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 on pages 136-137 of this document.

5.6 Economic downturn risk

Unfavorable economic conditions could affect the Group's operations and earnings.

A difficult economic context could lead to a decrease in demand for the services Sodexo offers its clients, in particular in the Corporate Services segment, and therefore result in a negative impact on earnings. In addition, public sector clients could be confronted with budget constraints. Nonetheless, a preponderance (around two-thirds) of Sodexo's clients, such as those in education, healthcare, correctional facilities and defense, is in segments which are less sensitive to economic cycles. In addition the economic situation could lead clients to increase outsourcing in order to achieve cost savings. The remote sites activity is dependant on the petroleum and mining industries. Lastly, economic conditions could affect the solvency of Sodexo's clients.

6. RISK COVERAGE

6.1 Risk coverage

Insurance policies

Sodexo'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 notably includes operational, product, after-delivery and professional liability insurance;
- the amounts insured depend on the nature of Sodexo's activities, the country where it operates, and the extent of cover available in the insurance market;
- 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 government-provided coverage (primarily the United States, Canada and Australia), Sodexo has contracted workers' compensation programs.

The cover provided under these programs complies with the relevant legal requirements in each country.

6.2 Risk retention

Sodexo 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 automobile 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.

6.3 Placing of risk and total cost

On renewing its insurance policies, Sodexo was able to benefit from the favorable conditions in the insurance market for Fiscal 2008 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.

(1) See Glossary for definition.

Employment and environmental information

Social information pertaining to Sodexo'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 Sodexo website www.sodexo.com.

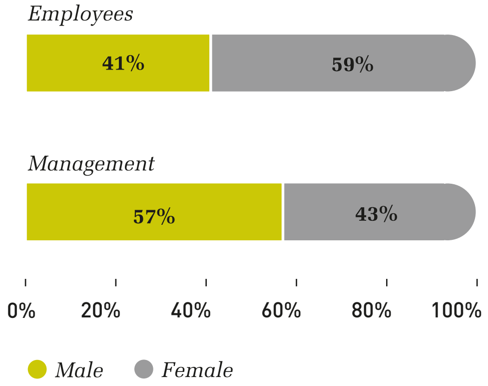
1. EMPLOYMENT INFORMATION

1.1 Worldwide

1.1.1 Group workforce as of the end of Fiscal 2008[(1)]

Non-managerial	Management	Total
309,255	45,789	355,044

The number of Group employees increased by 12,644 during Fiscal 2008.



1.1.2 Recruitment by grade[(2)]

Recruitments on permanent contracts (excluding staff assumed from other service-providers) by grade

Non-managerial	Management	Total
147,948	8,971	156,919

During Fiscal 2008, the number of permanent contracts entered into by Sodexo declined by 3,966 as compared to Fiscal 2007.

Percentage of recruits on permanent contracts (excluding staff assumed from other service-providers) as a percentage of average workforce

Non-managerial	Management	Total
48.8%	19.9%	45.1%

1.1.3 Employee training by grade[(2)]

Number of employees who have undergone training

Non-managerial	Management	Total
202,307	40,755	243,062

27,988 additional employees were trained as compared to Fiscal 2007.

(1) Scope = 100% of Group employees as of the end of Fiscal 2008 (as of August 31, 2008 for French entities; as of July 31, 2008 for entities in other countries).

(2) Scope = 100% of Group employees as of the end of Fiscal 2008.

Percentage of average workforce who have undergone training

Non-managerial	Management	Total
66.8%	90.5%	69.8%

Number of training hours[(1)]

Total number of training hours for the Group was 2,705,427 hours, 162,118 hours more than in Fiscal 2007.

1.1.4 Internal promotion[(2)]

During Fiscal 2008, the Group made 2,599 internal promotions with a change in grade comprising 2,236 promotions to site manager grade and 363 to manager grade. These figures do not include internal promotions in the same grade.

Internal promotions from one grade to another	Site manager	Manager
Internal promotions (internal promotions and external recruitment)	21.9%	26.6%

1.1.5 Work-related accidents by grade[(2)]

Number of work-related accidents

Non-managerial	Management	Total
8,840	345	9,185

Percentage of work-related accidents relative to average workforce

Non-managerial	Management	Total
2.9%	0.8%	2.6%

The number of accidents by person slightly increased from the prior year (0.1%).

1.1.6 Engagement Survey for Employees

Engagement surveys for employees are an essential tool to help Sodexo understand the needs of employees and to attract, develop, motivate and retain the best talents for the company.

For several years, Sodexo has conducted engagement surveys with its employee teams.

An engaged employee is defined as one who speaks positively of the company, who wants to remain an employee and who is ready to invest him or herself in its success. The rate of engagement is the percentage of employees who fit within this description. Employees are asked six questions designed to characterize three behaviors. The engagement rate refers to the percentage of employees scoring more than 4.5 on average (on a scale of 1 to 6) for the six questions in the survey.

The second Sodexo Engagement Survey was conducted worldwide in Fiscal 2008, in 50 countries covering 97% of the Group's employees.

The average global rate of engagement for the Group was 48% as compared to 50% for Fiscal 2006.

1.1.7 Employee Retention Rate

The employee retention rate is a key performance indicator for Sodexo. The retention rate for all employees for Fiscal 2008 was 61.5%, with an 84.3% retention rate for Site Managers.

Action plans have been implemented in order to improve employee retention rates and include the following:

- structured integration programs;
- employee recognition programs;
- reinforced internal communication;
    - entity CEO meetings with site managers and middle managers,
    - monthly update letters from the entity CEOs to site managers;

(1) Scope = 100% of Group employees as of the end of Fiscal 2008.

(2) Scope = 97% of Group employees as of the end of Fiscal 2008.

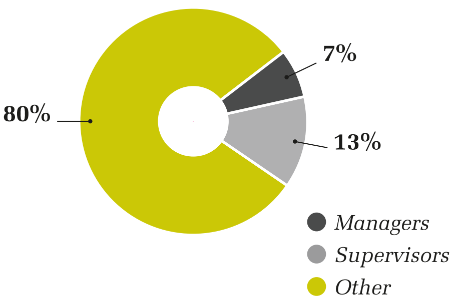
- regular reviews and analyses of employee retention rates;
- better insight into reasons why employees leave Sodexo through a meeting with the departing employee.

1.2 In France

These disclosures relate to the employment and environmental impact of the activities of Sodexo in France, namely Foodservices and Facilities Management, Service Vouchers and Cards, the parent company, and the Group management companies.

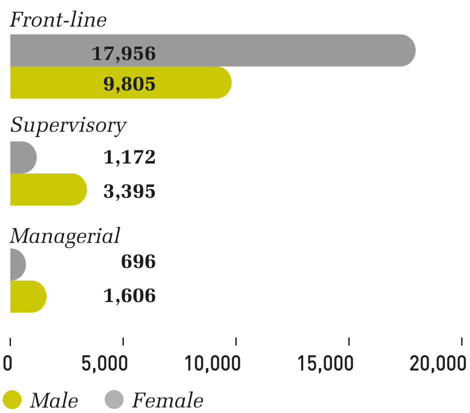
1.2.1 Workforce

As of August 31, 2008, Sodexo employed a total of 34,630 people in France.



Workforce by gender

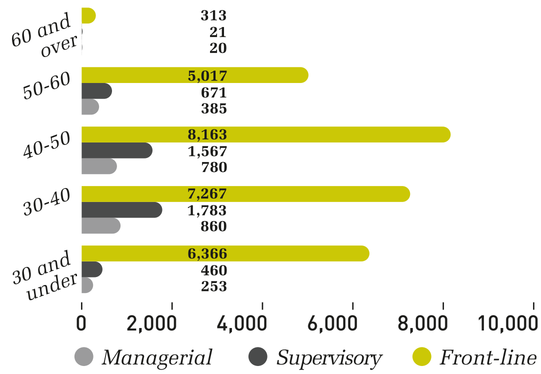
57% of the workforce are women.



By grade, women account for 65% of front-line staff, 26% of supervisory staff and 30% of managerial staff.

Workforce by age group and job category

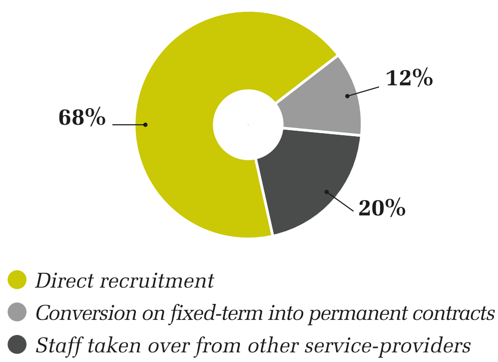
The average age is 39.7 years.



1.2.2 Employment

5,817 staff were recruited on a permanent contract during Fiscal 2008, comprising 3,935 by direct recruitment, 690 by conversion of fixed-term contracts into permanent contracts, and 1,192 by taking over staff from other service-providers.

Recruitments on permanent contract



Sodexo maintains active relations with educational institutions:

- attendance at 18 higher education forums, meeting with 761 potential candidates;
- development of a partnership with the *Association française des lycées d'hôtellerie et de tourisme* (AFLYHT—French association of hotel and tourism high schools), which represents 90% of heads of French hotel schools. Attendance at their annual congress in Perpignan and organization of a roundtable meeting on nutrition;
- organization of a half-day event on May 6, 2008 for an exchange of views on the training programs offered by the French public school system, under the agreement signed with the Versailles school board (responsible for the western Paris region school system);
- hosting 12 technical school teachers for a weeklong introduction to our businesses, under a partnership with the French Department of Education.

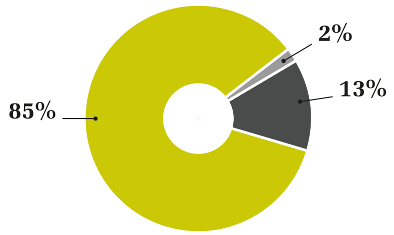
Sodexo also reinforced its policy of recruiting interns and managerial apprentices, recruiting 50 interns, of whom 20 were subsequently hired. Many of the young graduates among these candidatures were of immigrant origin.

A partnership agreement with the Defense Department is aimed at recruiting service men and women wishing to return to civilian life.

As of August 31, 2008, 10% of the workforce was on a fixed-term contract.

During Fiscal 2008, employment on fixed-term contracts represented less than 12% of hours worked and temporary agency work represented less than 2%. These are basically jobs designed to provide temporary replacements and to cope with spikes in workload.

128,565 hours of overtime were worked in Fiscal 2008, or 0.25% of hours worked.



Numbers of hours worked on permanent contracts
Numbers of hours worked on temporary contracts
Numbers of fixed term hours worked

During Fiscal 2008, 1,004 employees were terminated. Of these, 15 were for economic reasons.

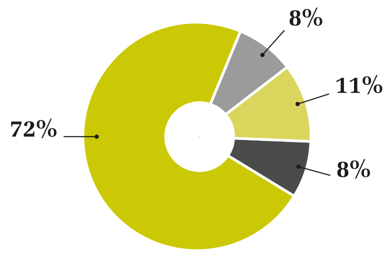
1.2.3 Internal promotion

Internal promotion is a key feature of Sodexo's human resources policy. In Fiscal 2008, 333 staff were promoted to a higher grade in France out of a total population of 6,869 managers and supervisors; 261 front-line employees were promoted to supervisor and 72 supervisors became managers.

1.2.4 Organization of working hours

Except for public restaurants, which account for less than 2.6% of the total workforce, the working week is 35 hours (34.87 hours for most subsidiaries).

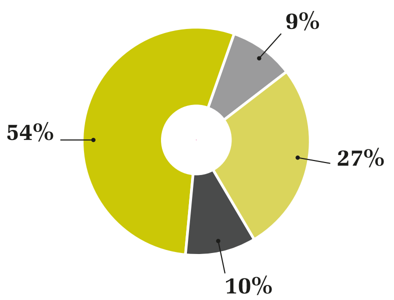
For Fiscal 2008, 73% of the workforce worked full time. Part-time work concerned 27% of the workforce, of which 8% were part-time on an annualized basis ("school-year"), and 11% were part-time between 25 hours per week and full-time. Finally, 8% of the workforce works less than 25 hours per week.



Full-time
Part-time ("school-year")
Part-time (between 25hrs and full-time)
Part-time (less than 25hrs per week)

1.2.5 Absenteeism

The average absenteeism rate was 7.85% for the workforce as a whole. The three main reasons for absenteeism were sickness (54%), authorized paid leave and unpaid leave (27%), and work- and travel-to-work related accidents (10%).



- *Work-related and travel-to-work accidents*
- *Sickness*
- *Maternity*
- *Authorized paid leave, unpaid leave*

1.2.6 Compensation

The average annual salary for a full-time front-line employee was 19,996 euros, which is 26.61% higher than the legal minimum wage*.

Statutory and voluntary employee profit-sharing (part IV of Book IV of the French Labor Code)

Profit-sharing agreements operate within Sodexo's French subsidiaries. The share of profits allocated to employees during Fiscal 2008 was 11,963,316 euro.

1.2.7 Social security charges

In the year to August 31, 2008, social security charges accounted for 24.79% of the compensation of front-line staff. The employer's contribution was 47.91%.

1.2.8 Social and cultural activities

The contribution to the financing of social and cultural activities promoted by the various Works Councils represented 0.7% of payroll.

1.2.9 Employee recognition

A gala evening reception was held for employees with 30 years' seniority and their spouses.

In addition, 118 employees who have earned qualifications under our different vocational training programs received their diplomas from the CEO of Sodexo France in person, on the occasion of an official ceremony.

1.2.10 Collective agreements

43 collective agreements were signed in Fiscal 2008. These included:

- an "Equality in the workplace" agreement (December 2007);
- an agreement on personnel representation and union rights (December 21, 2007);
- non-managerial staff agreement (July 11, 2008);
- rider to the employee profit-sharing agreement (March 14, 2008);
- agreement amending the healthcare insurance plan for all managerial and supervisory grade personnel.

The annual pay negotiations with labor unions were carried out in each of the different Sodexo subsidiaries in France.

All employees of subsidiaries in France are covered by collective agreements.

1.2.11 Health and Safety

The frequency rate of work-related accidents declined from 57.63 in Fiscal 2007 to 50.21 in Fiscal 2008, and the severity rating was 1.30.

This improvement stems from actions taken to promote safety in the workplace:

- A safety campaign targeting front-line managers, and 74 presentations to committees, including the Health and Safety and Working Conditions Committee and on sites.
- A regular report on safety has been introduced to bring the issue to the attention of managers.
- A new training program was launched (providing training for more than 500 people, including the managers of the largest sites).

The Health and Safety and Working Conditions Committee met 129 times in Fiscal 2008.

As part of general legal obligations on health and safety:

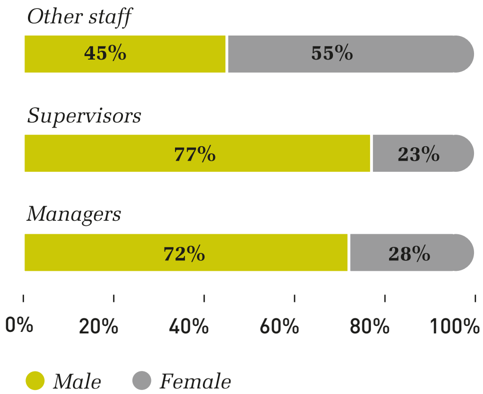
- all new recruits receive initial training familiarizing them with their work area, informing them of the risks to which they will be exposed, and telling them what action they should take in the event of an accident;
- as a service-provider on premises usually owned by the client, Sodexo prepares an accident prevention plan jointly with the client, based on an assessment of the risks and potential interference between our activities;

(*) The French gross legal minimum wage (Smic) in euro for a workweek of 34.87 hours.

- a single document, the "Work-related Risk Assessment," is produced, which identifies dangers, analyzes risks and indicates preventive action to be taken.

1.2.12 Human Resources training and development

Total expenditure on training by all Sodexo businesses in France rose sharply in Fiscal 2008, representing 2.43% of total payroll.



There were 239,877 training hours in Fiscal 2008.

1.2.13 Integration classes

A one-day integration class was organized for Paris Region apprentices, with their tutors, apprentice training centers ("CFA"), and Sodexo staff, on November 5, 2007.

New managerial recruits attend the "Sharing Sodexo" seminar organized by Sodexo France.

This seminar is held after completion an integration program combining visits to discover Sodexo's operations in the field and meetings with the people the new managers will be dealing with in the course of their work.

1.2.14 Human Resources development

A "Human Resources Rendezvous" formula has been introduced to allow unit managers to express their aspirations as freely as possible, along the lines of the events held for managers since 2005.

Each Human Resources manager is required to organize 20 of these "rendezvous" annually, to enhance career opportunities for 460 unit managers.

CALIPSO is a collaborative application enabling the HR function to work closely with front-line units, enabling the latter to record their staffing needs and resources. It facilitates the administration of internal resources and the administration of transfer requests within France.

This system now supports monthly postings of positions vacant at all echelons throughout France, enabling Sodexo France employees to obtain positions matching their preferences and competencies as they become vacant.

1.2.15 Gender equality

Men - Women

An agreement on gender equality in the workplace was signed by representative labor unions (SNSA – FO, CGT, CFTC and CGC) in the main French subsidiaries on December 18, 2007.

A quantitative survey of the situation has been carried out with the aid of an outside consultant.

The survey revealed that the gap between men's and women's pay for a given position is very small, and in some cases even nil for certain front-line positions. For example, for district manager positions, this difference is less than 1% and for chefs, it is less than 1.3%

Nevertheless, the proportion of women in supervisory and managerial grades is still too low.

Disabled workers

Sodexo subsidiaries in France employ 827 disabled workers, including 26 managers and 77 supervisors.

Sodexo France has recruited 200 disabled persons and 60 disabled apprentices on the strength of a wide-ranging awareness building campaign that included a film shot on location inside the company.

This was achieved as a result of a network of 80 volunteers who worked to implement the "disabled workers" agreement, signed by the labor unions and agreed to by the Minister of Employment in October 2006.

These volunteers underwent an innovative role-playing training program in recruiting disabled persons.

A major drive to diversify sources of recruitment served to identify candidates with disabilities for managerial positions. This led to the recruitment of two disabled persons, one in communications, and the other as a Regional Manager.

An extensive analysis of work positions was carried out in 2008 with the aid of an ergonomics consultancy. The aim is to reduce the risk of accidents in the work place, especially for people working in the same position for several years. A key goal is to help people declared unfit for their position to remain in work. This study is contributing to implementation of Sodexo's "disabled workers" agreement and to improving working conditions for older workers.

2. ENVIRONMENTAL INFORMATION

As part of its sustainable development policy Sodexo 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 Sodexo is not regarded as a polluting business, it is particularly sensitive to ecological issues, for both clients and consumers. Sodexo'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; Sodexo goes further, delivering concrete solutions not only to clients, but also to the wider community.

In 2003, Sodexo committed itself to being an environmental custodian, anchoring this commitment in the Ethical Principles and Sustainable Development Contract. This founding document stated Sodexo's environmental responsibility policy: environmental stewardship is a way of creating the conditions for a better quality of life. In all host countries where Sodexo operates Sodexo carefully follows local laws concerning the conservation of natural resources.

In December 2007, following a study of Sodexo's environmental footprint (comprising a definition of the social and environmental factors impacting the development of the Group's activities), the Executive Committee formulated three priorities, placing the protection of the environment at the center of its concerns and its efforts, with particular focus on:

- nutrition, health and pleasure;
- local communities;
- the environment.

Sodexo places the protection of the environment at the center of its concerns and its efforts, with particular focus on:

- pollution and emissions abatement;
- recycling waste;
- fluids management;
- and more generally combating global warming.

2.1 Pollution and emissions abatement

Sodexo 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.

Actions taken by Sodexo include:

- reducing the use of natural resources;
- choosing more ecologically sound solutions;
- reducing carbon emissions;
- using electronic rather than paper media.

Local programs in this area include:

- in France, delivery drivers are receiving instruction in eco-friendly driving. This includes learning to select the appropriate gear, to anticipate events, keeping a foot over the brake pedal, driving smoothly and flexibly, and to respect other road users and the environment. It also involves properly maintaining the vehicle and the understanding the importance of keeping tires at the right pressure, for the sake of both safety and consumption;
- in the United Kingdom, Sodexo works closely with its suppliers to optimize its supply chain. Between January and December 2007, the number

of site deliveries was cut by 100,000, thereby avoiding 580,000 km of journeys and 400 tonnes of CO_2 relative to 2006. This was achieved by reducing the number of suppliers, introducing "multi-temperature" vehicles, and by respecting requiring mandatory minimum quantities for each shipment.

2.2 Waste recycling

Waste generated by Sodexo is non-hazardous and mainly relates to products used in the preparation of meals (including leftovers) and in various cleaning activities. 95% of this waste is non-hazardous and consists of packaging (paper, board, plastic, glass, metal and wood) and organic waste, the rest consisting of grease and soap residues.

Group policy seeks to reduce the amount of packaging produced at source (without comprising product safety and quality), and also to recycle waste as much as possible.

Sodexo runs regular information campaigns and initiatives relating to selective sorting and recycling aimed at consumers and clients worldwide. For several years, Sodexo 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 their inner and outer packaging;
- prefer recyclable or biodegradable materials;
- re-use pallets and boxes;
- collect and recycle used cooking oil.

For example, in Sweden, an original partnership between Sodexo 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).

In the United Kingdom, in a partnership with Honda at its Swindon site, Sodexo has contributed to the opening of a plant to convert used cooking oil into biofuel for Sodexo's vehicles on the site. The aim is to convert a maximum of 5,000 liters annually to cover diesel-equivalent needs. This biofuel emits 78% less CO_2 than non-ecological diesel fuel for a given quantity of fuel consumed.

In the United States, Sodexo is developing a program aimed at progressively eliminating the use of disposable plastic water bottles in favor of reusable steel bottles. This initiative will also help cut costs, and part of the proceeds of each bottle saved is contributed to an environmental conservation organization. Sodexo donated $12,500 to the National Fish and Wildlife Service for Fiscal 2008.

2.3 Managing energy consumption

The energy Sodexo uses is supplied by its clients, and in most cases Sodexo has no direct control over energy consumption due to the absence of meters measuring our own consumption separately.

Sodexo is aware of concerns about the depletion of fossil fuel reserves and is actively seeking energy-saving solutions for sites.

The Group's technical services teams are deploying their know-how in several countries working and playing an active role in reducing 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 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.

Managers 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.

- At Schiphol airport in the Netherlands, Sodexo is responsible for energy management for all KLM buildings, and for monitoring and analyzing gas, water and electricity consumption. Sodexo purchases energy for KLM exclusively from clean sources, and consumption has been trimmed by 2.5% since 2006 as a result of measures taken jointly by both our own staff and that of KLM.
- In the United Kingdom, Sodexo has experimentally installed E-cube, a box that insulates the temperature sensor when opening cold rooms for brief periods. This innovation cuts reduces cooling units' consumption by up to 30%, saving 70 tons of CO_2 since installation.

2.4 Water consumption

Sodexo operates on its clients' sites and has no direct control over water usage. In addition, many of these sites lack separate water meters allowing us to trackfor the tracking of water consumption of our activities in detail.

However, Sodexo 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 the Sydney's Westpac conference center in Australia, Sodexo has cut water consumption by 80% by changing users' behavior. These have included altering patterns of watering landscaped areas and introducing water conservation measures such as:

- covering a swimming pool to limit evaporation,
- controlling and reducing water pressure,
- fitting eco-flush systems to toilets in bedrooms,
- installing dry toilets in the conference area,
- putting in place a water consumption monitoring system that sends out an alert in case of excessive consumption.

2.5 ISO 14001/LEED Certification

Sodexo's sites have made considerable progress in connection with managing environmental concerns in recent the past years. ISO 14001 certification has been obtained in sites in 16 countries (Australia, Belgium, Brazil, Denmark, Finland, France, China-Hong Kong, India, Italy, the Netherlands, Peru, Romania, Sweden, Turkey, the United Kingdom and the United States). In the U.S., where the environmental reference is Leadership in Energy and Environmental Design (LEED), several sites managed by Sodexo have received this accreditation.

At the University of Vermont in the United States, the new Davis Center for students was awarded the LEED Gold Certificate for its environmental footprint, judged far smaller than that of comparable sites. Sodexo is a key player in the project, serving locally-sourced bio foods and fair trade coffee. It is also composting its organic waste, adopting re-usable dishes, and converting cooking oil to biodiesel.

2.6 Pro-environment Partnerships

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, Sodexo is developing an increasing number of pro-environment partnerships with clients and the broader community aimed at finding concrete, sustainable solutionsis seeking to develop partnerships for the environment with its clients and the community at large, aimed at working together to devise concrete, sustainably solutions.

As an example, in Canada, Sodexo unveiled a re-usable cups program for Earth Day 2008. Cups are on sale in each kiosk, and for each cup sold, 0.25 euro is paid to World Wildlife Fund Canada, an NGO.

In France, working with our supplier Henkel Ecolab, a series of actions at pilot sites have sought to cut the environmental impact of heavy cleaning work, by:

- using biodegradable cleaning products,
- implementing best disinfection practices.

2.7 Raising environmental awareness

Sodexo 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, Sodexo promotes organic food products so as to balance the relationship between man and nature.

Sodexo 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. Working with city councils and teachers, Sodexo is reaching out to schoolchildren to educate them in the need for selective sorting and care in the use of water and energy resources.

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 reach a total of 1,500 employees.

2.8 Awards and Distinctions

Sodexo'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.

Significant awards won in Fiscal 2008 include:

- Belgium: Sodexo was awarded the Good Egg prize hailing its decision to utilize only free-range eggs in its 1,200 sites;
- United Kingdom: Sodexo was distinguished by the British Hospitality Association for its management system in favor of protecting the environment;
- United States: Sodexo was awarded the Gaithersburg "Green Week" prize for its "AgrAbility Recycling Program." This program provides support to disabled farmers through the "Cartridges for Kids" initiative and Easter Seals, a non-for-profit body that helps people with disabilities.

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Information on the Issuer

Page

Sodexo SA Individual Company Financial Statements

1. INCOME STATEMENT

(in thousands of euro)	Note	Fiscal 2008	Fiscal 2007
Revenues	**3**	**41,976**	**39,020**
Other income		137,348	129,865
Purchases		(279)	(354)
Employee costs		(29,537)	(22,403)
Other external charges		(121,652)	(117,846)
Taxes other than income taxes		(4,626)	(5,087)
Depreciation, amortization and increase in provisions		(3,367)	(3,660)
Operating profit		**19,863**	**19,535**
Financial income/(expense), net	4	140,473	123,975
Exceptional income/(expense), net	5	(15,206)	(42,159)
Income taxes	6	28,985	34,627
Net income		**174,115**	**135,978**

2. BALANCE SHEET

ASSETS

(in thousands of euro)	Note	August 31, 2008	August 31, 2007
Fixed and intangible assets, net			
Intangible assets	7	3,260	3,021
Property, plant and equipment	7	9,281	4,091
Financial investments	7	4,304,963	4,381,074
TOTAL FIXED AND INTANGIBLE ASSETS	**7**	**4,317,504**	**4,388,186**
Current and other assets			
Accounts receivable	9	45,049	43,549
Prepaid expenses, other receivables and other assets	9	171,141	37,766
Marketable securities	11	231,282	170,160
Cash		61,884	14,249
TOTAL CURRENT AND OTHER ASSETS		**509,356**	**265,724**
TOTAL ASSETS		**4,826,860**	**4,653,910**

LIABILITIES AND EQUITY

(in thousands of euro)	Note	August 31, 2008	August 31, 2007
Shareholders' equity			
Common stock		629,437	636,106
Additional paid in capital		1,121,644	1,185,828
Reserves and retained earnings		826,090	830,894
RESTRICTED PROVISIONS		**1,314**	**472**
Total shareholders' equity	**13**	**2,578,485**	**2,653,300**
Provisions for contingencies and losses	10	113,256	89,086
Liabilities			
Borrowings		2,038,968	1,839,168
Accounts payable		23,910	23,424
Other liabilities		71,971	48,932
TOTAL LIABILITIES	**14**	**2,248,375**	**1,911,524**
TOTAL LIABILITIES AND EQUITY		**4,826,860**	**4,653,910**

Notes to the Individual Company Financial Statements

1. SIGNIFICANT EVENTS

Transfer of headquarters to Issy-les-Moulineaux

Sodexo SA transferred its headquarters to Issy-les-Moulineaux at the end of March 2008. The building located at Newton 3 in Montigny le Bretonneux was sold for 7.1 million euro in September 2007.

International Employee Stock Purchase Plan (ESPP)

Sodexo SA implemented an international Employee Stock Purchase Plan (ESPP) in June 2008.

In countries that satisfy the relevant legal and tax requirements, employees were offered a choice between: a classic employee stock purchase plan, and a leveraged plan.

The common stock was increased by 17.8 million euro on September 18, 2008 as a result of this ESPP, via the issuance of 577,630 new shares.

Simplified Tender Offer transaction

The common stock of Sodexo SA was reduced on June 19, 2008 as a result of the cancellation of 1,667,131 shares purchased under a share repurchase program decided by the Board of Directors on April 15, 2008 and authorized by the Annual Shareholders' Meeting on January 22, 2008.

The share capital as of August 31, 2008 was 629,437,128 euro divided into 157,359,282 shares.

Acquisition

Sodexo made an investment of 84.1 million euro during the year to acquire the shares of Circles.

Group communication

Sodexo SA unveiled its new brand identity at its Annual Shareholders' Meeting on January 22, 2008. Sodexho Alliance changed its name to Sodexo SA and a new, updated and more dynamic visual identity has been introduced and will be deployed across the Group's 29,000 sites worldwide.

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 Sodexo SA 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%-20%
Plant and machinery	10%-25%
Vehicles	25%
Office and computer equipment	20%-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 transactions

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 included in off balance sheet commitments. 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

Sodexo SA 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 Sodexo SA 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, Sodexo SA has elected the accounting treatment described below.

A provision for taxes is recognized in the financial statements of Sodexo SA 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 NET REVENUES

	Fiscal 2008	Fiscal 2007
Revenues by business activity		
Food and Facilities Management services	22,998	19,728
Holding company services	18,978	19,292
TOTAL	**41,976**	**39,020**
Revenues by geographic region		
France	31,496	31,776
French overseas departments and territories	10,480	7,244
TOTAL	**41,976**	**39,020**

4. FINANCIAL INCOME AND EXPENSE, NET

	Fiscal 2008	Fiscal 2007
Dividends received from subsidiaries and equity investments	231,246	183,486
Interest income	29,160	29,712
Interest expense	(103,976)	(91,717)
Net foreign exchange gain/(loss)	(1,467)	411
Net change in provisions for financial items	(14,490)	2,083
TOTAL	**140,473**	**123,975**

5. EXCEPTIONAL ITEMS, NET

	Fiscal 2008	Fiscal 2007
Net change in provision for negative net assets of equity investments	(12,367)	(1,691)
Net expense on treasury shares and commitments under stock option plans	(4,687)	(26,338)
Net change in other provisions for contingencies and losses	(842)	4,874
Net increase in provisions for tax losses reclaimable by subsidiaries included in group tax election	(4,216)	(2,029)
Debt waivers and subsidies granted		
Net loss on asset disposals	6,913	(16,975)
Other items	(7)	
TOTAL	**(15,206)**	**(42,159)**

The net expense on treasury shares and purchase commitments for stock option plans comprises:

- the provision for Sodexo SA shares to be acquired: 10,136 thousand euro;
- a loss recognized on exercise of stock options: 11,380 thousand euro;
- the release of the impairment provision on treasury shares of 16,828 thousand euro.

6. ANALYSIS OF INCOME TAX EXPENSE

	Pre-tax income	Income taxes	After-tax income
Operating income	19,863	(6,697)	13,166
Financial income and expense, net	140,473	21,291	161,764
Exceptional items, net	(15,206)	14,391	(815)
TOTAL	**145,130**	**28,985[1]**	**174,115**

(1) This amount includes the 28,218 thousands euro tax gain arising from the French group tax election.

7. FIXED ASSETS

	Gross value: August 31, 2007	Additions in the period	Decreases in the period	Gross value: August 31, 2008	Net value: August 31, 2008
Intangible assets	4,286	824	232	4,878	3,260
Property, plant and equipment	13,986	7,557	6,981	14,562	9,281
Financial investments					
• Equity investments	4,036,119	138,947	42	4,175,024	4,097,366
• Receivables related to equity investments	411,155	156,551	406,504	161,202	161,202
• Other financial assets	11,619	154,488	119,460	46,647	46,395
Total financial investments	**4,458,893**	**449,986**	**526,006**	**4,382,873**	**4,304,963**
TOTAL FIXED ASSETS	**4,477,164**	**458,367**	**533,219**	**4,402,313**	**4,317,504**

Equity investments

Companies created and acquired

The shares in Circles were acquired for 51 million euro. Circles is a market leader specializing in customer and employee retention programs in North America, supplying innovative and efficient concierge, motivation, retention and reward solutions.

In a related transaction connected with the development of its Life Services business, Sodexo invested 33 million euro in the formation of a company called Rose.

Capital increases

Sodexo SA made capital increases in the following subsidiaries:

- Sodexo Greater China (5,308 million euro);
- Sodexo Pass International (40 million euro).

8. DEPRECIATION AND AMORTIZATION

	Accumulated: August 31, 2007	Increases in the period	Decreases in the period	Accumulated: August 31, 2008
Intangible assets	1,265	355	3	1,617
Property, plant and equipment	9,895	1,635	6,249	5,281
TOTAL	**11,160**	**1,990**	**6,252**	**6,898**

9. AMOUNTS AND MATURITIES OF RECEIVABLES AND OTHER ASSETS

	Gross value	Less than 1 year	More than 1 year	Amortization and provisions	Carrying amount
Equity investments	4,175,024		4,175,024	77,658	4,097,366
Receivables related to equity investments	161,202	21,193	140,009		161,202
Other financial investments[1]	46,647	45,482	1,165	252	46,395
Total financial investments	**4,382,873**	**66,675**	**4,316,198**	**77,910**	**4,304,963**
Accounts receivable	48,011	48,011		2,962	45,049
Prepaid expenses, other receivables & other assets	175,683	175,683		4,542	171,141
Total receivables	**223,694**	**223,694**	**0**	**7,504**	**216,190**
TOTAL	**4,606,567**	**290,369**	**4,316,198**	**85,414**	**4,521,153**

(1) Including treasury to be cancelled (31,566 thousand euro) and the residual balance (13,916 thousand euro) of shares held in connection with the liquidity contract terminated on July 11, 2008 (see note 12).

There are no securitized trade assets.

10. PROVISIONS

	Amount as of August 31, 2007	Increases and charges in the period	Decreases, releases and reclassifications in the period	Amount as of August 31, 2008
Provisions for contingencies and losses	89,086	42,996	18,556	113,526
Provisions for impairment				
• financial investments	77,819	8,141	8,050	77,910
• current assets	3,788	137		3,925
Total provisions for impairment	**81,607**	**8,278**	**8,050**	**81,835**
TOTAL	**170,693**	**51,274**	**26,606**	**195,361**
Comprising				
• operating items		438	150	
• financial items		23,968	9,477	
• exceptional items		26,869	16,979	

Provisions for contingencies and losses

As of August 31, 2008, the main provisions for contingencies and losses were:

- provision for tax losses reclaimable by subsidiaries included in group tax election: 20,486,617 euro;
- provision for treasury shares to be acquired: 19,269,760 euro;
- provision for impairment of treasury shares: 39,361,957 euro;
- risks related to negative net assets of subsidiaries: 17,640,577 euro;
- provision for currency translation loss: 15,826,465 euro;
- other provisions for risks and litigation: 940,624 euro.

11. MARKETABLE SECURITIES

	Gross value August 31, 2008	Net value August 31, 2008	Net value August 31, 2007
Money-market mutual funds[1]	119,500	119,500	42,631
Treasury shares	111,782	111,782	122,126
Cash under Oddo liquidity contract	0	0	5,403
TOTAL	**231,282**	**231,282**	**170,160**

(1) The 119 million euro of mutual funds held by Sodexo SA at August 31, 2008 were sold in their entirety in September 2008 giving rise to a capital gain of 0.3 million euro.

12. TREASURY SHARES

MOVEMENTS IN TREASURY SHARES DURING THE PERIOD

	Marketable securities	Other financial investments[2]
Number of shares held		
September 1, 2007	2,434,692	211,300
Acquisitions	306,209	2,048,930
Disposals	589,726[1]	1,072,343
August 31, 2008	2,151,175	1,187,887
Gross value of shares held		
September 1, 2007	122,126	10,647
Acquisitions	12,687	83,438
Disposals	23,031	48,604
August 31, 2008	111,782	45,481

(1) Shares sold to employees on exercise of previously granted stock options.
(2) Of which 804,887 shares totaling 31,566 thousand euro were in the process of being cancelled.

13. SHAREHOLDERS' EQUITY

13.1 Common stock

Pursuant to the decision of the Board of Directors on June 19, 2008, common stock was reduced by cancellation of 1,667,131 treasury shares (representing approximately 1.05% of common stock).

As of August 31, 2008, common stock totaled 629,437,128 euro, divided into 157,359,282 shares, including 24,717,468 with double voting rights.

13.2 Changes in shareholders' equity

(in thousands of euro)

Shareholders' equity at end of previous fiscal year	2,653,300
Dividends approved by Annual Shareholders' Meeting and paid	(182,880)
Dividends on treasury shares	3,961
Net income for the fiscal year	174,115
Restricted provisions	842
Other (cancellation of treasury shares)	(70,853)
SHAREHOLDERS' EQUITY AT END OF FISCAL YEAR	**2,578,485**

Sodexo 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

Other liabilities	Gross amount	Less than 1 year	1 to 5 years	More than 5 years
Bond issues	1,818,641	1,318,641		500,000
Bank overdrafts				
Borrowings from related companies				
Other borrowings	220,327	88,217	132,110	
Sub-total: borrowings	**2,038,968**	**1,406,858**	**132,110**	**500,000**
Accounts payable	23,910	23,910		
Other liabilities	71,971	71,971		
TOTAL	**2,134,849**	**1,502,739**	**132,110**	**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, Sodexo SA 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, Sodexo SA redeemed bonds for a total nominal value of 12.7 million euro.

1,000 million euro bond issue

On March 25, 2002, Sodexo SA 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, Sodexo SA redeemed bonds for a total nominal value of 9.7 million euro.

2007 bond issue

On March 30, 2007, Sodexo SA 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, Sodexo SA and Sodexo, Inc. contracted a multi-currency revolving credit facility of up to 460 million euro plus 700 million U.S. dollars. The maturity date of this facility initially was April 29, 2010, but may be deferred at the request of Sodexo SA (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 deferral of the facility to April 29, 2011. On April 18, 2007, Sodexo obtained a further deferral of the facility from the lenders, to April 26, 2012.

As of August 31, 2008, total drawings on this facility amounted to 670 million USD.

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.

Other items

The increase in borrowings for the period resulted from two new bank loans to finance the acquisition of VR in Brazil for 318 million BRL, with final repayment due in April 2013. Sodexo SA also arranged a 120 million USD bank facility maturing in April 2012, to issue letters of credit.

16. ACCRUED EXPENSES

Borrowings	47,926
Accounts payable	11,291
Tax and employee-related liabilities	13,126
Other liabilities	0
TOTAL	**72,343**

17. FINANCE LEASES

	Buildings	Other property, plant and equipment	Total
Original cost	10,054	1,359	11,413
Acquisitions			
Retirements			
TOTAL	**10,054**	**1,359**	**11,413**
Depreciation			
Accumulated depreciation at start of period	8,949	2,732	11,681
Retirements		(1,767)	(1,767)
Charge for the period	875		875
TOTAL	**9,824**	**964**	**10,789**
Lease payments			
Accumulated lease payments at start of period	12,419	3,111	15,531
Retirements		(2,000)	(2,000)
Lease payments made in the period	1,281		1,281
TOTAL	**13,701**	**1,111**	**14,812**
Outstanding lease obligations			
Within no more than 1 year	405	127	532
Within more than 1 year but no more than 5 years	94	253	348
After more than 5 years			
TOTAL	**499**	**381**	**880**
Of which residual value			
Within no more than 1 year			
Within more than 1 year but no more than 5 years	0	0	0
After more than 5 years			
TOTAL	**0**	**0**	**0**
Amount expensed during the period	**1,479**	**451**	**1,931**

18. RELATED COMPANY INFORMATION

	Subsidiaries	Associates	Unrelated investees
Assets – Gross values			
Equity investments	4,175,024	1,117	3,448
Receivables related to equity investments	161,208		
Other investment securities	76		253
Advances to suppliers			
Accounts receivable	24,616		
Other operating receivables			
Due from related companies	138,265		
Non-operating receivables			
TOTAL	**4,499,189**	**1,117**	**3,701**
Liabilities			
Advances from clients	175		
Accounts payable	6,736		
Other operating liabilities			
Due to related companies	4,372		
TOTAL	**11,283**		
Income statement			
Financial income	264,663		
Financial expenses	9,232		823

Subsidiaries: fully consolidated companies.

Associates: companies accounted for under the equity method, and non-consolidated companies with an equity interest of more than 10%.

Unrelated investees: companies in which an equity interest of less than 10% is held.

19. FINANCIAL COMMITMENTS

Commitments made by Sodexo SA

	August 31, 2007	August 31, 2008
Performance bonds given to Sodexo Group clients	571,410	503,127
Financial guarantees to third parties	236,127	539,405
Retirement benefit commitments	2,126	1,838
Other commitments	61,236	64,355

Virtually all financial guarantees to third parties are in respect of loans to Sodexo SA subsidiaries.

New 12-year leases signed on October 19, 2006, and related to the move to the Group's new headquarters in Issy-les-Moulineaux in 2008 increased commitments for office leases by 59.5 million euros.

Commitments received by Sodexo SA

August 31, 2007	August 31, 2008
1,777,827	1,777,827

Sodexo, Inc. has counter-guaranteed Sodexo SA's borrowings.

Financial instrument commitments

Sodexo SA contracted new financial instrument commitments during Fiscal 2008. The only ongoing commitments as of the end of the year were as follows:

Description	Inception date	Expiry date	Notional amount	Interest rate paid	Interest rate received	Market value of swaps August 31, 2008
Cross currency swap contracted to hedge a loan to Sodexo, Inc.	February 2008	February 2012	70,000 USD	4.4%	3.01%	811,325

20. PRINCIPAL FUTURE ADJUSTMENTS TO THE TAX BASE

Increases in the tax base	
Unamortized deferred charges	203
Exceptional amortization	1,313
Reductions in the tax base	
Provision for shares to be acquired	19,270
Provisions for doubtful receivables	20
Provision for remediation costs	575
Other non-deductible provisions	179

The future deferred tax asset based on this temporary tax difference amounts to 6,379 thousand euro.

21. RETIREMENT BENEFIT COMMITMENTS

Retirement benefits payable by law or under collective agreements

Sodexo SA 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 434 thousand euro.

Commitments related to the complementary retirement plan

Sodexo SA 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 1,404 thousand euro and is not recognized in the financial statements.

22. INDIVIDUAL TRAINING RIGHTS

Sodexo SA is required to provide a certain number of training hours to its employees in France ("Droit Individuel à la Formation"). As of August 31, 2008 the number of hours available was approximately 10,070.

23. DIRECTORS' FEES

Directors' fees paid to members of Sodexo's Board of Directors in Fiscal 2008 totaled 513 thousand euro.

24. GROUP TAX ELECTION

Gain arising from group tax election

Sodexo recognized a gain of 28,218 thousand euro from the Group tax election for Fiscal 2008. This gain represents the difference between the income tax liability of Sodexo SA 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, 2008

The amount of potentially reclaimable tax losses as of August 31, 2008 was 59,502 thousand euro. The provision as of that date (using a rate of 34.43%) was 20,487 thousand euro.

The balance of losses generated by subsidiaries that operate as holding companies (and hence that cannot be restituted) was 119,453 thousand euro.

25. AVERAGE NUMBER OF EMPLOYEES

Managerial	155
Supervisory	27
Other	48
Apprentices	1
TOTAL	**231**

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 Sodexo SA branches in France and the French overseas departments and regions.

26. CONSOLIDATION

Sodexo SA 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 September 2008 Sodexo SA acquired the entire capital of Score Group, a leading independent provider of Foodservices in France.

  Score Group was founded by Jean-Marie Paul in 1972 and acquired by Abénex Capital in 2004. It reported revenue of approximately 220 million euro in 2007, with 3,900 employees.

  This acquisition further strengthens Sodexo's position in the French Foodservices market, which still holds considerable growth potential and complements the offer adapted to the needs of each client segment as well as Sodexo's coverage in France.
- On September 9, 2008, 804,887 treasury shares were cancelled which led to a reduction of common stock.
- After the capital increase related to the employee stock purchase plan of September 18, 2008, the common stock of Sodexo SA was increased as a result of the issuance of 577,630 new shares.

  Consequently, the common stock of Sodexo SA was increased to 157,132,025 shares with a par value of 4 euro each, totaling 628,528,100 euro.
- On September 29, 2008, Sodexo SA entered into a private placement arrangement with U.S. investors, borrowing 500 million U.S. dollars at fixed rate of interest, in order to extend the average duration of its debt and in connection with the program to refinance its 2009 maturities, which was initiated in March 2007 with a 500 million euro bond issue maturing in 2014. The amount borrowed is split between 3 tranches.

  This loan contains standard early redemption clauses. In addition, Sodexo must meet each of the following ratios at each half-yearly balance sheet date effective February 28, 2009:
  - adjusted net debt must not exceed 3.5 times adjusted EBITDA for the previous 12 months; and
  - net assets excluding cumulative currency effects since August 31, 2007 must be not less than 1.3 billion euro.
- Finally, on September 25, 2008, Sodexo SA announced that it had agreed with Burkart Verwaltungen GmbH to acquire more than 90% of Zehnacker Group, one of the leading independent

Facilities Management services providers in Germany. Under the agreement the Burkart family will retain a stake through their family holding company.

This transaction is subject to certain conditions, including the approval of the relevant competition authorities. Sodexo hopes to close this transaction by the end of 2008. The consideration of approximately 190 million euro, will be paid by Sodexo in cash.

The Zehnacker Group was founded by the Burkart family in 1933 and is now Germany's leading provider of integrated Facilities Management services in the healthcare segment, and possesses unique expertise. The Zehnacker Group reported around 250 million euro in revenues in 2007. Through its subsidiary GA-TEC, Zehnacker also provides technical maintenance and project engineering services to its corporate and healthcare segment clients in Germany. It also provides the same array of Facilities Management services in Austria, Switzerland, and Poland.

28. LIST OF SUBSIDIARIES AND OTHER EQUITY INVESTMENTS

(in thousands of euro)	Capital	Other shareholders' equity	Percentage interest in capital	Book value of investment		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
				gross	net					
Detailed information										
French subsidiaries										
Holding Sogeres	6,098	11,355	100,00%	104,702	104,702			0	1,633	800
Sodexo Pass International	157,780	34,458	93,46%	147,458	147,458	132,110		0	64,838	37,142
Sofinsod	21,283	50,222	100,00%	72,460	72,460			0	16,462	15,128
Sodexo Amecaa Sas	31,712	42,050	100,00%	31,400	31,400		3,393	(4)	(3,963)	
Société Française de Restauration	10,643	1,435	93,49%	12,553	12,553			481,664	10,765	10,697
Gardner Merchant Group	34,330	(29,686)	100,00%	12,348	12,348			6	962	
Société Française de Restauration & Services	1,899	1,242	86,20%	9,649	9,649		2,140	206,854	5,591	5,359
Ouest Catering SAS	516	1,592	100,00%	9,200	9,200			1,705	(826)	
Holding Altys	8,016	6,472	100,00%	8,016	8,016			34,531	3,520	
Sodexo Grande Chine	13,910	(1,703)	99,60%	13,855	10,899			0	(4,689)	
Sodexho IS&T	6,500	257	100,00%	6,500	6,500			12	(1,485)	689
French equity investments										
Sogeres	1,986	13,721	37.05%	72,567	72,567			392,050	10,490	1,195

(in thousands of euro)	Capital	Other shareholders' equity	Percentage interest in capital	Book value of investment		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
				gross	net					
Foreign subsidiaries										
Sodexo, Inc.	102	1,089,288	100.00%	2,377,539	2,377,539		486,018	4,739,891	110,759	97,817
Sodexo Holdings Limited	388,571	296,900	100.00%	751,028	751,028			0	(9,646)	4,046
Sodexho Scandinavian Holding AB	56,155	27,797	100.00%	86,089	86,089			437,385	9,752	
Compagnie Financière Aurore International	58,007	135,594	100.00%	68,918	68,918			0	9,254	
Circles	17,294	(56,564)	100.00%	51,316	51,316			38,786	(1,292)	
Sodexo Awards	14	5,964	100.00%	45,684	5,978			0	97	
Sodexho Catering & Services GmbH	1,023	24,870	100.00%	37,507	37,507			157,252	3,488	
Sodexho Australia	27,988	(7,754)	100.00%	36,378	36,378		13,067	72,775	(4,109)	
Sodexo ROSE	32,304	0	100.00%	32,877	32,877			0	0	
Sodexho España	3,467	7,957	98.86%	26,804	26,804			146,966	2,610	1,483
Sodexho Belgique	4,299	(3,514)	73.74%	26,887	26,887			240,619	7,776	5,664
Sodexho Venues Australia Pty	17,993	(12,654)	100.00%	21,729	4,554			0	160	
Sodexo Chile	10,363	16,111	99.61%	10,911	10,911			146,866	5,553	2,787
Kalyx	19	2,571	100.00%	9,430	9,430		125,839	105,316	6,014	7,137
Sodexho Mexico	10,114	(3,543)	100.00%	8,673	8,673			27,852	334	
Sodexo India	5,502	(898)	100.00%	7,344	7,344			0	(23)	
Sodexo Italia	1,898	5,425	100.00%	7,029	7,029			423,215	4,789	
Aggregate information										
Other French subsidiaries				**16,641**	**8,515**	**3,493**	**1,905**			**14,930**
Other foreign subsidiaries				**47,318**	**39,922**	**7,216**	**41,585**			**16,699**
Other French equity investments				**408**	**2**					**23**
Other foreign equity investments				**3,804**	**1,911**					**872**
TOTAL				**4,175,022**	**4,097,364**	**142,819**	**673,947**			**222,468**

→ STATUTORY AUDITORS' REPORT ON THE STATUTORY FINANCIAL STATEMENTS

For the year ended August 31, 2008

SODEXO S.A.
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

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 31, 2008, on:

- the audit of the accompanying financial statements of Sodexo 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 31, 2008, 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, on a test basis, in order to review the data and assumptions on which the valuations were based and 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 12, 2008
The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit** *Department of KPMG S.A.*
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

For the year ended August 31, 2008

SODEXO S.A.
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

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 2008 and at the Board of Directors meeting of November 6, 2008

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.

Commitment given by the company to Mr. Michel Landel, Chief Executive Officer, authorised by the board of Directors at its meeting of November 6, 2008

Indemnity in the event of termination of the appointment as Chief Executive Officer of Mr. Michel Landel, submitted to performance criteria, as detailed below:

- In the event of termination of his appointment as Chief Executive Officer, excluding for reasons of resignation or retirement, and barring revocation for serious misconduct or gross negligence, he will be awarded an indemnity equal to two times the gross annual compensation (fixed and variable) received in the course of the 12 months preceding such termination.
- The payment of this indemnity in the event of termination of his appointment as Chief Executive Officer is subject to the achievement of an annual growth in the consolidated operating result of Sodexo, adjusted for changes of consolidation scope and exchange rates, equal to or greater than 5% for each of the three fiscal years preceding the termination of the appointment.

This undertaking given by the Company cancels and replaces all commitments given by the Company or by another Sodexo group company in France or abroad to pay an indemnity other than the aforementioned indemnity.

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 Sodexo 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, 2008, Bellon S.A. invoiced Sodexo S.A. an amount of 6,854,300 euros excluding VAT.

Commitments entered into by Bellon S.A. for the benefit of Mr Michel Landel, Chief Executive Officer of Sodexo 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 misconduct or gross negligence, 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 misconduct or gross negligence, 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 misconduct or gross negligence, this indemnity would only become payable if the Company were to invoke the noncompetition clause. These measures were in force until November 6, 2008, at which date a new commitment to Mr. Michel Landel, described in the first part of this report and approved on November 6, 2008 was entered into.

Bellon S.A. also agreed to enrol Mr. Michel Landel in the Sodexo 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 Sodexo S.A., its parent company or any other subsidiary of the Group. In financial year 2008, an expense of 152,621 euros was recorded for this plan and the total commitment to Mr. Michel Landel amounted to 993,291 euros as at August 31, 2008.

Neuilly-sur-Seine and Paris La Défense, November 12, 2008

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit** *Department of KPMG S.A.*
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.

Supplemental Information on the Individual Company Financial Statements

1. FIVE-YEAR FINANCIAL SUMMARY

(in euro)	Fiscal 2008[1]	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
Capital at end of period					
Issued capital	629,437,128	636,105,652	636,105,652	636,105,652	636,105,652
Number of ordinary shares outstanding	157,359,282	159,026,413	159,026,413	159,026,413	159,026,413
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		-	-	-	-
Options		-	-	-	-
Income statement data					
Revenues excluding taxes	41,976,277	39,020,200	42,117,334	43,188,837	47,277,612
Earnings before income tax, employee profit-sharing, depreciation, amortization and provisions	173,568,558	142,738,625	109,457,262	81,909,782	65,462,209
Income tax	28,984,831	34,627,337	19,431,725	14,468,156	18,321,581
Employee profit-sharing		-	-	-	-
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	174,115,194	135,978,445	113,759,209	77,098,733	87,490,294
Dividend payout	199,557,671	182,880,375	151,075,092	119,269,810	111,318,489
Per share data					
Earnings after income tax and employee profit-sharing but before depreciation, amortization and provisions	1.29	1.12	0.81	0.61	0.53
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	1.11	0.86	0.72	0.48	0.55
Net dividend per share	1.27	1.15	0.95	0.75	0.70

(in euro)	Fiscal 2008[1]	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
Employee data					
Average number of employees for the period	231	198	176	259	236
Salary expense for the period	19,016,424	14,930,987	13,535,263	11,348,563	11,336,520
Social security and other employee benefits paid during the period	10,520,885	7,472,219	5,823,051	4,984,400	4,336,551

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 19, 2009.

2. APPROPRIATION OF EARNINGS

(in thousands of euro)	Fiscal 2008[1]	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
Net income	174,115	135,978	113,759	77,098	87,490
Retained earnings	532,971	577,832	613,189	653,290 [2]	684,765
Retained earnings[3]	3,961	2,040	1,959	2,070	1,465
Transfer to legal reserve	666		0	0	(2)
Transfer to long-term capital gains reserve	0		0	0	0
Transfer from long-term capital gains reserve	**0**		0	0	0
Distributable earnings	**711,713**	**715,850**	**728,907**	**732,458**	**773,718**
Net dividend	199,557	182,880	151,075	119,270	111,318
Reserves	0	0	0	0	2
Retained earnings	512,156	532,971	577,832	613,188	662,398
Number of shares outstanding	**157,359,282**	**159,026,413**	**159,026,413**	**159,026,413**	**159,026,413**
Number of shares entitled to dividend	**157,132,025** [4]	**159,026,413**	**159,026,413**	**159,026,413**	**159,026,413**
Earnings per share *(in euro)*	**1.11**	**0.86**	**0.72**	**0.48**	**0.55**

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 19, 2009.
(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 Sodexo SA treasury shares are not distributed.
4) Following the transactions relating to common stock in September 2008.

3. LIST OF INVESTMENTS

Number of shares		Carrying amount at August 31, 2008
	I) SUBSIDIARIES AND EQUITY INVESTMENTS	
	1- FRENCH COMPANIES	
	SUBSIDIARIES	
9,216,104	SODEXO PASS INTERNATIONAL	147,457,668
399,995	HOLDING SOGERES	104,701,923
1,330,176	SOFINSOD	72,459,963
1,982,009	SODEXO AMECAA	31,399,929
621,891	S.F.R	12,553,441
2,251,136	GARDNER MERCHANT GROUPE SA	12,348,380
109,154	S.F.R.S	9,649,360
2,503	OCF OUEST CATERING SAS	9,200,000
13,854,658	SODEXO GRANDE CHINE	10,898,658
500,982	HOLDING ALTYS	8,015,712
1,625,000	SODEXHO IS&T	6,500,000
139,618	S.F.S	2,377,241
149,998	ONE SCA	1,499,980
3,747	RESTAURATION FRANÇAISE	1,005,290
	OTHER: carrying amount < €1,000,000 individually	3,632,593
	Equity investments	
45,998	SOGERES	72,566,845
	OTHERS: carrying amount < €1,000,000 individually	2,000
	TOTAL – FRENCH COMPANIES	**506,268,983**
	2- FOREIGN COMPANIES	
	Subsidiaries	
195	SODEXO, INC.	2,377,539,202
513,646,471	SODEXO HOLDINGS LTD	751,028,037
5,300,000	SODEXHO SCANDINAVIAN	86,089,349
136,607	COMPAGNIE FINANCIERE AURORE INTERNATIONAL	68,918,257
20,100	CIRCLES	51,315,992
1	SODEXHO CATERING AND SERVICES GmbH	37,506,819
62,752	SODEXHO AUSTRALIA	36,378,141
200	SODEXO ROSE	32,876,599
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

Number of shares		Carrying amount at August 31, 2008
86,662,670	SODEXHO MEXICO	8,672,833
35,550,102	SODEXHO INDIA	7,343,516
1,898,000	SODEXHO ITALIA	7,029,452
998,000	SODEXHO AWARDS	5,977,641
298,500	SODEXHO OY	4,956,750
1,044,798	SODEXO ARGENTINE	4,911,585
37,200	SODEXHO VENUES AUSTRALIA	4,553,577
495,499,996	SODEXHO TOPLU YEMEK	4,466,910
45,000	AIMS CORPORATION	3,623,285
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
328,140,279	SODEXO NIGERIA	1,463,417
36,000	SODEXHO PORTUGAL	1,409,000
9,996	SODEXHO SUISSE	1,402,560
100,000	SODEXHO MAGYARORSZAG KFT	1,309,924
15,500	SODEXHO MM CATERING	1,194,992
10,182	UNIVERSAL SODEXHO NETHERLAND	1,047,349
436,690	SODEXHO DOO	1,018,459
	OTHERS: carrying amount < €1,000,000 individually	5,586,657
	Equity investments	
1,299,888	LEOC JAPAN COMPANY LTD	1,555,087
	OTHERS: < €1,000,000 individually	355,838
	TOTAL – FOREIGN COMPANIES	**3,591,094,631**
	TOTAL – SUBSIDIARIES AND EQUITY INVESTMENTS	**4,097,363,614**
	II) OTHER INVESTMENT SECURITIES	
	Others: carrying amount < €1,000,000 individually	76,220
	TOTAL – OTHER INVESTMENT SECURITIES	**76,220**
	III) MARKETABLE SECURITIES EXCLUDING TREASURY SHARES	
5,333	KLEBER EURIBOR	13,488,384
954	NATIXIS-CASH PREMIER	106,011,650
	Others: carrying amount < €1,000,000 individually	0
	TOTAL – MARKETABLE SECURITIES EXCL. TREASURY SHARES	**119,500,034**

Employment and Environmental Information - Issuer

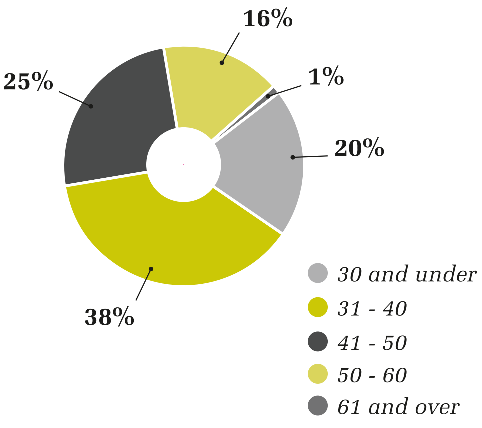
These disclosures relate to the employment and environmental impact of all of the activities of Sodexo SA in France and its Overseas Departments and Territories (DOM), as required by article article L225-102-1 of the French Commercial Code. Data relating to Group companies as a whole are disclosed on pages 155 through 164.

1. EMPLOYMENT INFORMATION

As of August 31, 2008, Sodexo SA employed 253 people, with the following breakdown by category:

	Managerial	Supervisory	Front-line	Total
Men	77	1	5	83
Women	94	36	40	170
TOTAL	**171**	**37**	**45**	**253**

67% of the Sodexo SA workforce are women. The breakdown by age group is as follows:



During Fiscal 2008, 52 staff were recruited on permanent contract, comprising 48 by direct recruitment, and 4 by conversion of fixed-term contracts into permanent contracts.

2.37% of the workforce was on fixed-term and temporary agency work accounts for only 0.2% of hours worked. In both cases, these are basically jobs designed to cope with spikes in workload.

During Fiscal 2008, 8 employees had their contract of employment terminated, none of them for economic reasons.

The working week in metropolitan France and the overseas departments (DOM) is 35 hours.

Part-time work involved 6 people, i.e., 5 managers and 1 supervisor.

Altogether 2,084 hours of overtime were worked during the year, representing 0.59% of total hours worked.

The absenteeism rate was 2.84% and the number of days off work was as follows:

	Managers	Supervisors	Front-line staff	Total
Number of days absence for work-related and travel-to-work accidents	4	0	0	4
Number of days absence for sickness	557	116	217	910
Number of days absence for maternity	348	22	47	417
Number of days absence for other reasons (unpaid leave, authorized paid leave)	294	20	60	374
TOTAL	**1,223**	**157**	**324**	**1,704**

Average annual salaries for Fiscal 2008:

Average annual salary in euro	Managers	Supervisors	Front-line staff
Male	122,644	NC*	29,898
Female	68,200	38,747	28,929

* *Not communicated, as there is only one employee in this category.*

Sodexo SA did not make any payment into its employee profit-sharing plan during the year.

The Health and Safety and Working Conditions Committee met five times in Fiscal 2008 and registered 3 work-related accidents entailing 4 days of sick leave.

The frequency rate was 8.55, and the severity rating was 0.01.

Sodexo SA spent 1.76%* of its payroll on training, as follows:

	Managers	Supervisors	Front-line staff	Total
Number of hours training	2,182	613	116	2,911
Number of persons trained	58	20	13	91
Male *(%)*	43	0	8	29
Female *(%)*	57	100	92	71

* *Annual training filing.*

Sodexo SA spent 30,384 euro on finding work for the disabled and employs 2 disabled workers.

The company also paid 94,949 euro to the Works Council for staff social programs.

2. ENVIRONMENTAL INFORMATION (ISSUER)

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 Sodexo'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.

The Group Executive Committee decided in 2007 to transfer Sodexo's headquarters to the Paris suburb of Issy-les-Moulineaux in order to be closer to the French capital, Sodexo's clients, and the Paris airports. The construction period was used to think seriously about ways to reduce Sodexo's environmental footprint. Intensive discussions with all of the different corporate functions identified measures to help Sodexo better respect the environment, including:

Selective sorting and collection of office waste, with pre-sorting by each office worker

- Each staff member was given a PEFC wood tray to collect all waste paper.
- All-in-one printer/photocopier/fax machines on each floor in the building have replaced individual printers. These machines are configured in eco-mode (i.e. black & white, 2-sided printing, 100% recycled paper).
- PEFC wood totems have been installed close to these printing stations to collect magazines and larger volumes of waste paper.
- In addition, boxes have been installed in staff rest areas to collect plastic bottle tops and batteries.
- Compostable biodegradable goblets have replaced plastic goblets.
- Ink cartridges too are being recovered for recycling by operational units.

Electricity and water consumption

It has not been possible to compare annual consumption like-for-like, since the transfer from Montigny-le-Bretonneux to Issy-les-Moulineaux took place in the middle of the fiscal year, in March 2008.

Two factors in particular account for the difficulty of comparing the two fiscal years, namely:

- Sodexo's consumption was doubled between March 18 and May 20, 2008 due to the simultaneous occupancy of both the old and the new premises;
- the new 7,893-m^2 headquarters building has almost twice as much floor space as its predecessor (4,500 m^2). In addition, the new Issy-les-Moulineaux headquarters houses employees from various other sites not included in the Fiscal 2007 consumption figures.

ELECTRICITY

Fiscal 2008	2,315,301 kWh
Fiscal 2007	1,766,632 kWh
Fiscal 2006	1,864,753 kWh

Fiscal 2008 electricity consumption declined by 3% average electricity consumption per square meter.

The transfer to the new Issy-les-Moulineaux premises was an opportunity for Sodexo to implement several energy conservation measures, including:

Energy consumption

- separating heated from non-heated areas;
- fitting special glass to reduce air conditioning costs;
- positioning desks to optimize natural lighting;

- placing desks at a distance from glass surfaces and external walls for improved thermal comfort;
- using “A-class” electric office appliances;
- installing all-in-one (printer, photocopier, scanner, fax) machines;
- automatically adjusting heating and air conditioning to outside temperatures;
- setting air conditioning at a maximum of 5° Celsius below the outside temperature, and never below 25° Celsius;
- regularly servicing all equipment and appliances (changing filters, cleaning, etc.);
- controlling lighting centrally;
- fitting energy saving fluorescent tubes above desks and in desk top lamps;
- using light hues for walls to optimize natural lighting;
- cleaning and servicing light bulbs and tubes annually;
- fitting occupancy detectors to cut electric power consumption;
- for the future, a survey of consumption points will serve to optimize lighting levels depending on needs.

WATER

Fiscal 2008	2,804 m^3
Fiscal 2007	1,777 m^3
Fiscal 2006	1,546 m^3

Water consumption

- training cleaning personnel in eco-friendly methods of using less water;
- optimizing water temperatures;
- optimizing water heater settings to shut down one hour before offices close;
- adjusting quantities of water heated to average usage;
- fitting water meters capable of detecting any unusual change in the level of water consumption;
- fitting toilets with eco-flush systems.

06

Legal Information

Page

General Information about Sodexo and its Issued Capital

1. GENERAL INFORMATION ABOUT SODEXO

1.1 Legal name and registered office

Legal name: Sodexo.

Registered office: 255, Quai de la Bataille de Stalingrad, 92130 Issy-les-Moulineaux (Hauts-de-Seine), France.

Telephone: +33 (0)1 30 85 75 00.

1.2 Legal form

Sodexo is a *société anonyme* (joint stock corporation), subject to all of the laws and regulations governing commercial corporations in France, and in particular to the provisions of the French Commercial Code.

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 foodservices and other essential services for corporations and public bodies;*
- *the operation of all restaurants, bars, hotels and more generally all establishments connected with foodservices, 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

Sodexo is registered in the Nanterre Register of Commerce and Companies as no.301 940 219.

1.7 Business identifier code (APE code)

6420Z.

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.sodexo.com and may also be consulted at our registered offices at 255, Quai de la Bataille de Stalingrad – 92130 Issy-les-Moulineaux, France, preferably by appointment.

1.9 Material contracts

During the last two years, 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 electronic 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' Meetings comprise all shareholders whose shares have been paid for in full and for which proof is given of entitlement to attend General Shareholders' Meetings by registration of the shares in the share registry in the name of either the shareholder or, for shareholders not domiciled in French territory, of the registered intermediary for said shareholder's account, by zero hour (Paris time) on the third business day preceding the Meeting at the latest.*

   Shares shall be registered within the above-stipulated deadline either in share accounts in the shareholder's name held by the Company or via the approved intermediary, or in bearer share accounts held by the approved intermediary.

   Members are entitled to attend General Shareholders' Meetings upon simple proof of identity and entitlement. The Board of Directors may, at its discretion, issue personal admission cards to shareholders in their names and demand presentation thereof.

   All shareholders may vote remotely as provided by law and the regulations. Equally, all shareholders may take part in discussions when Meetings are in session and vote via electronic data.

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.*

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, having regard to the percentage of issued capital that they represent, 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.

1.15 Known shareholders (extract of Article 9 of the bylaws)

The Company can make use of the legal framework available for identifying the holders of shares which have, either immediately or in the future, voting rights at Annual Shareholders' Meetings.

2. GENERAL INFORMATION ABOUT THE ISSUED CAPITAL

2.1 Five-year summary of changes in issued capital

Date	Description of transaction	Number of shares issued/cancelled	Nominal increase/ reduction of capital	Number of shares post-transaction	Issued capital post-transaction
08/31/2003	Capital increase Exercise of warrants (9)	149	€596	159,021,565	€636,086,260
08/31/2004	Capital increase Exercise of warrants (291)	4,848	€19,392	159,026,413	€636,105,652
06/19/2008	Capital reduction (cancellation of treasury shares)	1,667,131	€6,668,524	157,359,282	€629,437,128
09/09/2008	Capital reduction (cancellation of treasury shares)	804,887	€3,219,548	156,554,395	€626,217,580
09/18/2008	Capital increase (International Employee Savings Plan)	577,630	€2,310,520	157,132,025	€628,528,100

2.2 Securities giving access to capital

As of the date of this Reference Document, there are no securities outstanding, other than equity securities, that would give immediate or future access to the capital of Sodexo.

2.3 Capital authorized but not issued

The Extraordinary Shareholders' Meetings of January 31, 2006, January 30, 2007, and January 22, 2008 authorized the Board of Directors to increase the Company's share capital on one or more occasions by issuance of ordinary shares, and/or all other securities giving immediate or future access to Sodexo shares, or by the capitalization of earnings, reserves or additional paid-in capital, 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 and/or all other securities giving access to Sodexo shares	€64 million(1)	January 22, 2008	March 22, 2010
• Issuance of debt securities giving access to Sodexo shares	€750 million	January 22, 2008	March 22, 2010
Authorizations to issue shares to employees			
• Issuance of ordinary shares and/or all other securities giving access to Sodexo shares reserved for categories of beneficiaries within the framework of an Employee Stock Option Plan(3)	2.5% of the share capital(1)	January 22, 2008	July 22, 2009
• Issuance of ordinary shares and/or all other securities reserved for members of an Employee Savings Plan(3)	2.5% of the share capital	January 22, 2008	March 22, 2010
• Bonus share issue	1% of the share capital	January 30, 2007	March 30, 2010
• Stock options(3)	10% of the share capital	January 31, 2006	March 31, 2009(2)
Issuance of shares by capitalization of earnings, reserves or additional paid-in capital		**January 22, 2008**	**March 22, 2010**

(1) These amounts are not cumulative.
(2) The Board of Directors will recommend that shareholders renew this authorization at the Annual Meeting on January 19, 2009.
(3) The utilization made by the Board of Directors of these delegations during Fiscal 2008 is described on page 208 of this document. The other delegations were not utilized.

2.4 Share ownership of Sodexo

In compliance with article L.233-8 II of the French Commercial Code and article 223-16 of the General Regulation of the Autorité des Marchés Financiers (AMF), Sodexo communicates to the AMF and publishes each month - notably on its website www.sodexo.com - the total number of voting rights and the number of shares comprising the issued capital of Sodexo in the event that these have changed relative to the previously published information.

2.4.1 Issued capital at August 31, 2008

Sodexo had issued capital of 629,437,128 euro divided into 157,359,282 shares with a par value of 4 euro each, all fully paid and of the same class.

Holders of fully-paid Sodexo 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 838 registered shareholders, and the most recent Euroclear survey identified 29,098 holders of bearer shares.

2.4.2 Share ownership

As of August 31, 2008, Bellon SA owned 37.65% of the issued capital of Sodexo, and Sofinsod, a 100%-owned subsidiary of Sodexo, held a direct interest of 18.5% in Bellon SA.

As of August 31, 2008, the following companies had disclosed their shareholdings to Sodexo:

- Caisse des Dépôts et Consignations: 3.11% of the capital and 3.95% of the voting rights;
- Arnhold and S. Bleichroeder Advisers, acting on behalf of its managed funds (including First Eagle Funds, Inc): 7.33% of the capital and 6.33% of the voting rights.

Board members and the Chief Executive Officer, held jointly and directly, less than 0.5% of the Company's share capital.

As of August 31, 2008, 0.65% of the capital was owned by the employees.

Sodexo Awards, a 100%-owned subsidiary of Sodexo, held 299,144 Sodexo shares, representing 0.19% of the capital, to cover stock options granted to employees of Sodexo, Inc. under the plan awarded by Sodexho Marriott Services and assumed by Sodexo in 2001 (the SMS plans).

As of August 31, 2008, Sodexo directly held 3,339,062 of its own shares, representing 2.12% of the capital:

- 2,151,175 shares were held to cover stock option plans awarded to Group employees;
- 804,887 shares earmarked for cancellation (these were effectively cancelled on September 9, 2008); and
- 383,000 held in connection with the liquidity contract with Oddo Corporate Finance.

2.4.3 Changes in share ownership during the last three fiscal years

	August 31, 2008		August 31, 2007		August 31, 2006	
Shareholder	**% of capital**	**% of voting rights***	**% of capital**	**% of voting rights***	**% of capital**	**% of voting rights***
Bellon SA	37.65	43.79	36.83	43.05	36.83	41.18
Employees	0.65	1.05	0.71	1.16	1.44	1.92
Caisse des Dépôts et Consignations	3.11	3.95	2.76	3.63	3.45	4.70
Arnhold and S. Bleichroeder Advisers	7.33	6.33	6.24	5.37	10.05	8.89
Public	48.95	42.87	51.52	45.12	46.29	41.59
Treasury shares	2.31	2.01	1.94	1.67	1.94	1.72

* *In compliance with article 223-11 of the General Regulation of the Autorité des Marchés Financiers (AMF), the number of voting rights is calculated on the basis of the total number of shares carrying voting rights, including those not entitled to vote such as shares held by the company and treasury shares.*

2.4.4 Buybacks, disposals and cancellations of Sodexo shares during Fiscal 2008

The Company repurchased a total of 2,778,227 Sodexo shares (excluding liquidity contract shares), representing 1.75% of the Company's issued capital. The repurchases were made as follows:

- pursuant to the authorization given by the Ordinary Shareholders meeting of January 30, 2007 Sodexo repurchased between August 31, 2007 and January 22, 2008 a total of 306,209 Sodexo shares, representing 0.19% of the capital, at an average price of 41.43 euro;
- at its April 15, 2008 meeting, the Board of Directors decided to apply the authorization given to it at the January 22, 2008 Combined Annual Meeting, to implement a repurchase program for Company shares by offering to repurchase shares from Sodexo shareholders with the intent to cancel them in the framework of a simplified tender offer, as permitted by and in compliance with Articles 233-1, 6° et seq of the AMF General Rules ("OPAS"). Pursuant to this transaction, which was open from May 16-29, 2008, on June 16, 2008, Sodexo repurchased a total of 1,667,131 Sodexo shares, representing 1.05% of its capital, at a unitary price of 42.50 euro. The information memorandum prepared by Sodexo on which the AMF attributed the visa no.08-085 on

May 14, 2008, as well as the document containing the other information required by Article 231-28 of the AMF's General Rules, are available on both the AMF's and Sodexo's website;

- pursuant to the authorization given by the Ordinary Shareholders meeting of January 22, 2008, Sodexo repurchased in June and July 2008 a total of 804,887 Sodexo shares, with the intent to cancel them representing 0.51 % of the capital, at an average price of 39.22 euro.

Sodexo transferred 589,726 treasury shares on the exercise of stock purchase options during Fiscal 2008.

In addition, Sodexo Awards transferred 144,477 shares principally in the form of ADRs (American Depositary Receipts) on the exercise of options by Group employees in the United States.

On July 1, 2006, Sodexo had 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 AMF on March 22, 2005. In order to implement this contract, an amount of 15,000,000 euro was allocated to the liquidity account. An additional allocation of 10,000,000 euro was made on November 16, 2007.

Transactions carried out under the liquidity contract during Fiscal 2008 were as follows:

- purchase of 1,234,043 shares for a total of 51,503,231 euro, at an average price of 41.73 euro;
- disposal of 1,062,343 shares for a total of 45,215,483 euro, at an average price of 42.56 euro.

On July 13, 2008, Sodexo terminated the liquidity contract with Oddo Corporate Finance. As of that date, the liquidity account comprised:

- 383,000 shares;
- 9.5 million euro.

Pursuant to the authorization given by the Ordinary Shareholders meeting of January 22, 2008 to reduce the capital by cancelling treasury shares within the limit of 10% of the capital per 24-month period, at its meetings on June 19, 2008 and September 9, 2008, the Board of Directors decided to cancel 1,667,131 treasury shares (approximately 1.05% of issued capital) in connection with the simplified tender offer.

At the January 19, 2009 Annual Meeting, the Board of Directors will ask shareholders to renew the authorizations allowing it to proceed to repurchase treasury shares and to reduce issued capital by cancelling shares.

2.4.5 Evolution in issued capital since the end of the fiscal year

Using the authorization conferred to it at the January 22, 2008 Annual Meeting, the Board of Directors decided at its September 9, 2008 meeting to cancel 804,887 treasury shares (approximately 0.5% of capital) progressively on the market in connection with the implementation of the share repurchase program in connection with the simplified tender offer.

On September 18, 2008, the Chief Executive Officer acknowledged the issuance of shares reserved for employees in connection with the International Savings Plan "Sodexo with Me" through the subscription of 577,630 new shares, bringing total issued capital to 628,528,100 euro represented by 157,132,025 shares.

2.5 Employee share ownership

2.5.1 Management stock option plans

As of August 31, 2008, there were 5,514,383 stock purchase options reserved for managers, or 3.5% of issued capital at that date, and each share giving the option-holder the right when exercised of one Sodexo share (see page 34 of this document for more information).

2.5.2 Company employee savings plans

The various employee savings plans established by Sodexo since 1993 have allowed employees in the French subsidiaries of the Group participating in these plans to benefit from favorable tax treatment, to compensate for the five year lock-up period on their cash, by making payments, voluntary or resulting from profit-sharing, into various investments, including a fund invested in Sodexo shares.

2.5.3 International savings plans

An initial International savings plan was created in 2001, to allow employees of French and foreign subsidiaries of the Group in 22 countries who participated in the plan to subscribe to a special share capital issuance at a favorable share price.

Using the authorizations made by the January 22, 2008 Extraordinary Shareholders Meeting, the Board of Directors decided, during its March 12 and June 19, 2008 meetings, to grant to Group employees in 24 countries a new International Savings Plan. In compliance with Article 14 of the AMF instruction no.2005-11 of December 13, 2005, on June 13, 2008, Sodexo issued a press release detailing the salient information with respect to this transaction. This document was also filed with the AMF.

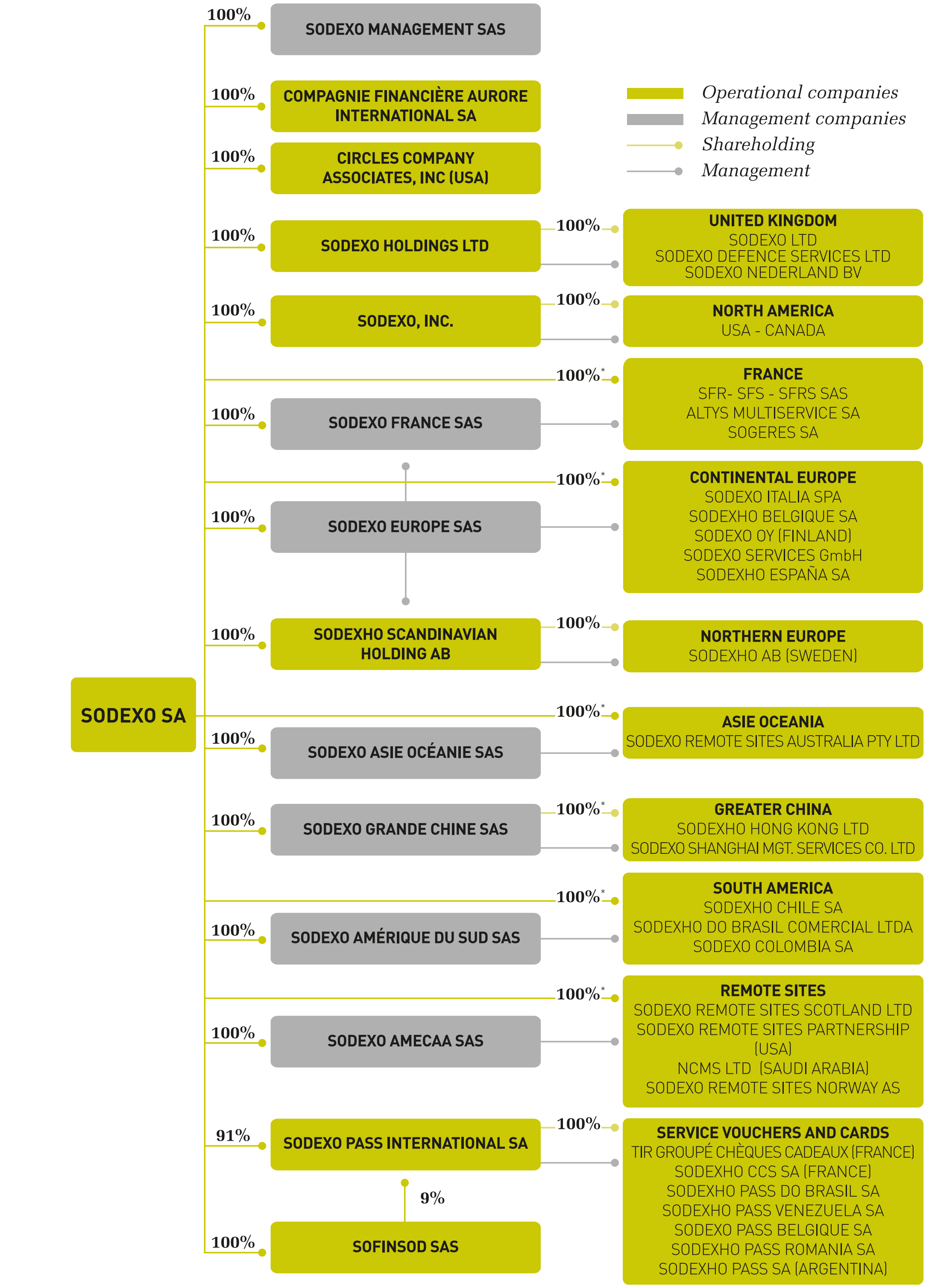
From June 16 to July 8, 2008, this plan, called "Sodexo with Me," offered two subscription formulas for eligible Sodexo Group employees in 24 countries regardless of their position with the Company:

- the "Plus" plan allowed employees to invest up to 2.5% of their annual gross salary and to benefit from a multiplier effect on the increase in the share price, or, in the absence of an increase, a guaranteed return;
- the "Classic" plan allowed employees to invest up to 25% of their gross annual compensation and to receive all of the gain in the assumption of an increase in the value of the Sodexo share, while assuming the risk of any reduction in value.

Whether the employee chose the Plus plan or the Classic plan, or a combination of both, his or her investment is locked up for five years, except under certain early termination conditions allowed by law or by the plan rules. Participating employees benefited from a 15% discount on the share price under the Plus plan (subscription price of 35.03 euro) and a 20% discount under the Classic plan (subscription price of 32.98 euro).

On September 18, 2008, the Chief Executive Officer, acting under the delegation of the Board of Directors, acknowledged the total subscription of 577,630 shares (with dividend rights for the year ended August 31, 2008) as a result of the implementation of the Sodexo with Me plan. 6,972 employees particpated in the plan (a participation rate of around 4% of eligible employees).

Condensed Group Organizational Chart



* Sodexo 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 2008.

07

Annual Shareholders' Meeting

Page

Board Report

→ ORDINARY BUSINESS

Adoption of the financial statements (1st resolution)

The Board of Directors is requesting the Shareholders' Meeting to adopt the individual company financial statements of Sodexo for the year ended August 31, 2008 showing net income of 174 million euro and the consolidated financial statements of the Group for the year ended August 31, 2008 showing consolidated net income of 376 million euro.

Appropriation of net income for fiscal 2008 (2nd resolution)

The Board of Directors is requesting the Shareholders' Meeting's approval of its proposal to distribute a cash dividend of 1.27 euro per share.

The dividend will become payable as of February 2, 2009. Specifically, shares not entitled to the distribution of dividends will be as of January 28, 2009 (the ex-dividend date). The date to determine the shares that shall be entitled to dividends shall be those shares held as of the close of business on January 30, 2009 (the record date).

Ratification of the decision to transfer the headquarters (3rd resolution)

The Board of Directors requests the ratification by the Shareholders' Meeting of the transfer of the headquarters from 3 Avenue Newton, Montigny-le-Bretonneux (78180) to 255 Quai de la Bataille de Stalingrad, Issy-les-Moulineaux (92130), effective of March 24, 2008.

Regulated agreements (4th resolution)

The Fourth Resolution seeks approval by the Shareholders' Meeting, pursuant to article L. 225-38 of the French Commercial Code, of regulated agreements for fiscal 2008, which are described in a Special Report of the Auditors presented on page 185 of this document.

Specific approval of the regulated agreement concerning the Chief Executive Officer (5th resolution)

Pursuant to article L. 225-42-1 of the French Commercial Code, the Board is requesting the Shareholders' Meeting's ratification of the awarding to Michel Landel of a performance-based indemnity in the event of termination of its appointment, the details of which are presented below:

- in the event of termination of the appointment of the Chief Executive Officer, excluding for reasons of resignation or retirement, and barring revocation for serious misconduct or gross negligence, he shall receive an indemnity whose amount shall be equal to two times the gross annual compensation (fixed and variable) received in the course of the 12 months prior to such termination;
- payment of the indemnity in the event of termination of the appointment of the Chief Executive Officer shall be subject to annual growth in the consolidated operating profit of Sodexo, adjusted for changes of consolidation scope and exchange rates, equal to or greater than 5% for each of the three fiscal years prior to such termination;
- this undertaking given by the Company cancels and replaces all undertakings given by the Company or by another Sodexo affiliate in France or abroad to pay an indemnity other than the aforementioned indemnity.

Purchase by the Company of its own shares (6th 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 be valid for a period of 18 months and would replace the previous authorization granted by the Shareholders' Meeting on January 22, 2008.

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 Shareholders' Meeting, having the following characteristics:

- maximum purchase price per share: 90 euro;
- total maximum amount: 750 million euro;
- that can be carried out at all times excluding those periods during which a public tender offer is in force, subject to the limits stipulated in the relevant laws and regulations.

Shares may be acquired for the purpose of carrying out the following transactions:

- allotting shares to employees as part of employee profit-sharing schemes, stock option plans or employee stock ownership plans;
- cancelling shares by means of reduction of the issued share capital;
- market-making in the shares under a liquidity contract;
- allotting consideration-free shares to salaried employees or certain categories of salaried employees;
- utilizing shares in connection with mergers and acquisitions.

Composition of the Board of Directors (7th and 8th resolutions)

The terms of office as Director of Bernard Bellon and Charles Milhaud expire at the Shareholders' Meeting of January 19, 2009.

The Board is proposing to the Shareholders' Meeting, on the recommendation of the Nominating Committee, that Bernard Bellon be re-elected to serve as Director 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, 2011.

On October 8, 2008, Mr. Charles Milhaud made his decision not to seek the renewal of his mandate as a Director. The Chairman of the Board of Directors thanks Mr. Milhaud for having allowed the Group to benefit from his immense experience for the past six years.

Additionally, Mr. François Perigot, a Sodexo Director since February 13, 1996, and Chairman of the Nominating Committee, informed the Chairman of the Board of Directors of his decision not to seek the renewal of his mandate as a Director due to personal considerations, effective as of the date of the Shareholders' Meeting of January 19, 2009. On behalf of himself, personally, and on behalf of the entire Board of Directors and all shareholders, Mr. Pierre Bellon wishes to thank Mr. François Perigot for his dedication and loyalty to Sodexo, for the eminent role that he has played as a Director and particularly in the field of human resources and for his dedication in performing his duties as Chairman of the Nominating Committee.

The Board is proposing to the Shareholders'Meeting, on the recommendation of the Nominating Committee, that Mr. Michel Landel be elected to serve as a Director in the place of Mr. Perigot for the remaining portion of his term, that is until the end of the Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2010.

Michel Landel has been Chief Executive Officer of Sodexo since September 1, 2005. He has carried out this function for three years, to the general satisfaction of the Board of Directors, clients, employees and shareholders. Because of this very good performance, the Board of Directors has proposed to nominate him to join the Board. This nomination will reinforce his authority and the confidence in him held by clients, employees and shareholders.

Statutory auditors (9th resolution)

The terms of office of KPMG Audit Department (KPMG SA) and Mr. Didier Thibaut de Menonville will expire at the Shareholders' Meeting of January 19, 2009.

The Board of Directors is proposing to the Shareholders' Meeting, on the recommendation of the Audit Committee, to reappoint KPMG to the function of joint-Statutory Auditor and to appoint Bernard Pérot to the function of alternate joint Statutory Auditor, for the legal six-year term expiring at the end of the Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2014.

Directors' fees (10th resolution)

The Board of Directors is requesting the Shareholders' Meeting to set the total amount of directors' fees to be paid to the Board of Directors for Fiscal 2009 at 530,000 euro.

→ EXTRAORDINARY BUSINESS

Reduction of share capital through the cancellation of shares (11th resolution)

The Board of Directors is proposing to the Shareholders' Meeting to renew for a period of 18 months the authorization granted by the Shareholders' Meeting on January 22, 2008 to reduce the share capital through the cancellation of shares purchased under the Company's share repurchase program, within the limit of 10% of the total number of common stock shares as of the date of the Shareholders' Meeting for each period of twenty-four (24) months.

Stock options (12th resolution)

Pursuant to articles L. 225-177 to L. 225-185 of the French Commercial Code, the Board of Directors is requesting that the Shareholders' Meeting delegate to it the authority to grant options to employees and senior executives of the Company and affiliates as prescribed in article L. 225-180 of the French Commercial Code, options carrying the right to subscribe new shares in the Company to be issued by means of a capital increase, or to purchase existing shares in the Company resulting from repurchases made by the Company as prescribed by law.

The total number of options thus granted shall not carry the right to subscribe to or purchase a number of shares exceeding 10% of the share capital. The period of validity of the options shall not exceed eight years from their grant date.

The unit subscription or purchase price of the shares offered under option plans shall be not less than the average opening listed price of the Company's shares on the Euronext Paris SA market during the twenty stock market trading sessions prior to the date of granting of the options, nor, as regards stock purchase options, 80% of the average purchase price of the shares held by the Company under articles L. 225-208 and L. 225-209 of the French Commercial Code.

This authority shall be valid for a period of 38 months and shall replace the authority previously granted by the Shareholders' Meeting on January 31, 2006.

Powers to perform formalities (13th resolution)

This standard resolution concerns the conferring of powers to perform all formalities and filings relating to the resolutions approved by the Shareholders' Meeting.

→ USE OF FINANCIAL AUTHORIZATIONS

The financial authorizations granted to the Board of Directors by the Shareholders' Meeting of January 31, 2006, January 30, 2007 and January 22, 2008 have been used on the following terms in the course of Fiscal 2008:

- **Increase and reduction in the Company's share capital:**

  Increases and reductions in the Company's share capital decided by the Board of Directors are described in pages 202-203 of this document. Concerning the increase of capital carried out under the international employee stock purchase plan "Sodexo with me", the special reports of the Board of Directors and the Statutory Auditors have been prepared in conformance with article R. 225-116 of the French Commercial Code;

- **Company share repurchase program:**

  Refer to the report on pages 201-202 of this Reference Document for details of transactions by the Company in its own shares under the share repurchase program;

- **Granting of stock options:**

  Refer to page 34 et seq of this Document for details of stock purchase options granted to Group employees and officers.

  As of the date of this document, the Board of Directors had not used the other authorizations granted by the Shareholders' Meeting mentioned in the table on page 200 of this document.

Resolutions submitted to the Annual Shareholders' Meeting of January 19, 2009

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, 2008 as presented by the Board of Directors, showing net income of €174,115,194, and the consolidated financial statements for Fiscal 2008, showing consolidated net income of €376 million.

The Shareholders' Meeting discharges the directors from responsibility for their management for the year ended August 31, 2008.

Second resolution

(Appropriation of earnings – Setting of dividend)

In accordance with the proposal made by the Board of Directors, the Shareholders' Meeting resolves:

to appropriate net income for Fiscal 2008 of:	€174,115,194
plus retained earnings as of the close of Fiscal 2008 of:	€536,932,261
plus the amount charged to the legal reserve of :	€666,853
making a total available for distribution of:	**€711,714,308**
In the following manner:	
- dividend *(on the base of 157,132,025 shares comprising share capital as of 11/6/08)*	€199 557 672
- retained earnings	€512,156,636
TOTAL	**€711,714,308**

Accordingly a dividend of 1.27 euro will be paid on each share having a right to receive a dividend. The dividend will be paid as of February 2, 2009. Specifically, shares not entitled to the distribution of dividends will be as of January 28, 2009 (the ex-dividend date). The date to determine the shares that shall be entitled to dividends shall be those shares held as of the close of business on January 30, 2009 (the record date).

In the event that the Company holds some of its own shares as of the dividend payment date, the dividend due on these shares will not be paid and will be transferred to retained earnings.

Pursuant to article 243bis of the French General Tax Code, the proposed dividend qualifies for the rebate available to individuals domiciled for tax purposes in France, as provided for in article 158-3 2° of the French General Tax Code, unless they have opted for the flat-rate withholding tax permitted under article 117 *quater* of the French General Tax Code.

Dividends paid by the Company in respect of the last three fiscal years were as follows:

	Fiscal 2007 (paid in 2008)	Fiscal 2006 (paid in 2007)	Fiscal 2005 (paid in 2006)
Dividend per share *	€1.15	€0.95	€0.75
Total payout	€178,918,994	€149,034,320	€117,310,833

* *Dividend fully eligible for the 40% allowance applicable to individuals domiciled for tax purposes in France , as provided for in article 158-3 2° of the French General Tax Code, unless they have opted for the flat-rate withholding tax permitted under article 117 quater of the French General Tax Code for dividends received as of January 1, 2008.*

Third resolution

(Ratification of the decision to transfer the company headquarters)

As required by article L. 225-36 of the French Commercial Code, the Shareholders' Meeting ratifies the transfer of the company headquarters decided by the Board of Directors at its meeting of March 12, 2008, from 3 Avenue Newton, Montigny le Bretonneux (78180) to 255 Quai de la Bataille de Stalingrad, Issy-les-Moulineaux (92130), effective as of March 24, 2008.

Fourth resolution

(Approval of agreements regulated by article L. 225-38 of the French Commercial Code)

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.

Fifth resolution

(Specific approval of the regulated agreement concerning the Chief Executive Officer)

The Shareholders' Meeting, having heard the auditors' special report on related-party agreements regulated by article L. 225-38 of the French Commercial Code, and pursuant to article 225-42-1 of the said Code, approves the agreement authorized by the Board of Directors at its meeting of November 6, 2008, whereby Mr. Michel Landel will receive in the event of termination of his appointment as Chief Executive Officer, excluding for reasons of resignation or retirement, and barring revocation for serious misconduct or gross negligence, an indemnity equal to two times the gross annual compensation (fixed and variable) received in the course of the 12 months preceding such termination.

The Shareholders' Meeting notes that the performance criteria linked to the award of this indemnity are an annual growth in the consolidated operating profit of Sodexo, adjusted for changes of consolidation scope and exchange rates, equal to or greater than 5% for each of the three fiscal years prior to the termination of the appointment.

The Shareholders' Meeting further notes that this undertaking given by the Company cancels and replaces all undertakings given by the Company or by another Sodexo group company in France or abroad to pay an indemnity other than the aforementioned indemnity.

Sixth resolution

(Authorization allowing the Board of Directors to trade in the shares of the Company)

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 (18) months, to arrange for the repurchase by the Company of its own shares.

This authorization is designed to allow the Company to:

- 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;
- cancel the shares by reducing the issued capital, subject to adoption by this Shareholders' Meeting of the Eleventh Extraordinary Resolution;
- 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 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 as such is authorized by the practices of the *Autorité des Marchés Financiers*;

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, outside of periods of public tender offers, 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 as of the date of the present Shareholders' Meeting (corresponding by way of illustration to 15,713,202 shares as of November 6, 2008), 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 the legal permitted maximum of 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 90 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 voids from this day the unused portion of the authorization to the same effect granted in the fourth resolution of the Combined Shareholders' Meeting of January 22, 2008.

Seventh resolution

(Re-election of Bernard Bellon as director)

The Shareholders' Meeting re-elects Bernard Bellon, 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, 2011.

Eighth resolution

(Election of Michel Landel as director)

The Shareholders' Meeting elects Michel Landel, replacing Mr. François Perigot, who has resigned, to serve as director for the remainder of the latter's 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

(Reappointment of principal Joint Statutory Auditor and appointment of Alternate Joint Statutory Auditor)

The Shareholders' Meeting reappoints KPMG SA to the functions of principal joint Statutory Auditor for the legal duration of six fiscal years expiring at the end of the Annual Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2014.

The Shareholders' Meeting appoints Bernard Pérot to the function of Alternate Joint Statutory Auditor for the legal duration of six fiscal years expiring at the end of the Annual Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2014.

Tenth resolution

(Directors' fees for fiscal 2009)

The Shareholders' Meeting sets at €530,000 the total amount of directors' fees to be paid for the year ending August 31, 2009.

→ EXTRAORDINARY BUSINESS

Eleventh resolution

(Authorization given to the Board of Directors to reduce share capital through the 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 of Directors, in accordance with L. 225-209 of the French Commercial Code, to cancel on one or more occasions and up to a maximum of 10% of the total number of shares making up the issued capital of the Company as of the date of the present Shareholders' meeting per twenty-four month period, all or part of the shares acquired by the Company by virtue of a stock repurchase program authorized by the shareholders, 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, charge the difference between the purchase value and the par value of the cancelled shares to additional paid-in capital and available reserves, including the legal reserve up to 10% of the cancelled issued capital, to 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 (18) months from the date of the present Shareholders' Meeting.

This authorization voids as of this date the unused portion of the previous delegation of the same type granted in the eighteenth resolution of the Combined Shareholders' Meeting of January 22, 2008.

Twelfth resolution

(Authorization to the Board of Directors to grant options to subscribe to or purchase shares)

The Shareholders' Meeting, having reviewed the report of the Board of Directors and the auditors' special report, and in accordance with articles L. 225-177 through L. 225-185 of the French Commercial Code:

1. authorizes the Board of Directors to grant on one or more occasions to the beneficiaries listed below options entitling them to subscribe for new shares of the Company to be issued by means of a capital increase, or options carrying the right to purchase existing shares of the Company resulting from repurchases made by the Company in accordance with the law;
2. resolves that this delegation shall be valid for thirty-eight (38) months from the date of the present Shareholders' Meeting;

3. decides that the sole beneficiaries of these options shall be:
   - employees, or certain employees, or certain categories of personnel,
   - senior executives as defined by law, or certain senior executives,

   either of the Company itself and of French or non-French companies or direct or indirect related economic interest groups in accordance with article L. 225-180 of the French Commercial Code;
4. resolves that the total number of options thus granted shall not carry a right to subscribe or purchase a number of shares exceeding 10% of the issued capital, this limit being assessed on the date of granting of the said options;
5. resolves that the exercise price of options to subscribe or purchase shares shall be set by the Board of Directors on the date of granting of the said options and that this price shall be not less than the average opening price quoted for the shares of the Company on the Euronext Paris market for the twenty stock market trading days prior to the date of granting of the options to subscribe or purchase shares, nor, in the case of the granting of options to purchase shares, not less than 80% of the average purchase price of shares held by the Company in virtue of articles L. 225-208 and L. 225-209 of the French Commercial Code;
6. notes that in application of article L. 225-178 of the French Commercial Code, this authorization entails explicit waiver by the Shareholders of their preferential subscription rights to the shares to be issued as and when options are exercised, in favor of the beneficiaries of share subscription options;
7. resolves that the Board of Directors shall, subject to legal requirements, have full powers to implement the present delegation, and in particular in order to:
   - determine the terms on which the options are to be granted and to draw up the list or categories of beneficiaries of the options as provided above; determine the conditions in which the price and number of shares may be adjusted in the different circumstances provided for in the Commercial Code,
   - determine the period or periods of exercise of the options granted. The period of validity of the said options shall not exceed eight years from the date of their granting,
   - determine, where applicable, the conditions, particularly with respect to performance, of exercise of the options,
   - stipulate, if necessary, a prohibition on the immediate resale of all or part of the shares subscribed or purchased through the exercise of the options during a period that shall not exceed three years from the date of exercise of the option. In the case of options granted to senior executives, the Board of Directors shall either a) decide that the options may not be exercised by the persons concerned prior to the cessation of their functions or b) determine the quantity of shares resulting from the exercise of options that they shall be required to hold in registered form until cessation of their functions,
   - provide for the possibility of temporary suspension of the exercise of options for a maximum period of three months in the event of financial transactions entailing the exercise of a right attaching to shares,
   - perform or have performed all deeds and formalities required to give definitive effect to such capital increase or increases as may be carried out by virtue of the authorization covered by this resolution; amend the bylaws in consequence and generally do all that is necessary,
   - at its sole discretion, and if it sees fit, to charge the expenses incurred in increases in the issued capital to the additional paid-in capital recognized on these increases, and to charge to this figure the amounts necessary to increase the legal reserve to one-tenth of the new issued capital after each increase;
8. notes that this authorization voids as of this day the unused portion of the delegation of the same type granted by the thirteenth resolution of the Combined Shareholders' Meeting of January 31, 2006.

Thirteenth 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 A SHARE CAPITAL REDUCTION THROUGH THE CANCELLATION OF PURCHASED SHARES

Ordinary and Extraordinary Meeting of Shareholders held on January 19, 2009 – 11th resolution

SODEXO SA
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

To the shareholders,

In our capacity as statutory auditors of Sodexo S.A., 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 as deemed necessary in accordance with the professional standards set forth by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes). Those standards require 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 to your approval in the 6th 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 12, 2008

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Department of KPMG S.A
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 convenivence 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 STOCK PURCHASE OR STOCK SUBSCRIPTION OPTIONS GRANTED TO ELIGIBLE EMPLOYEES

Ordinary and Extraordinary Meeting of Shareholders held on January 19, 2009 – 12th resolution

SODEXO SA
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

To the shareholders,

In our capacity as statutory auditors of the Company and in accordance with the terms of our engagement pursuant to Articles L 225-177 and R.225-144 of the French Commercial Code (Code de Commerce), we hereby submit our report on stock purchase or stock subscription options granted to employees and officers as defined by French law of the Company or any of its affiliates within the meaning of Article L 225-180 of the French Commercial Code (Code de Commerce).

It is the responsibility of the Board of Directors to prepare a report on the terms and conditions under which these stock purchase or stock subscription options may be granted. Our role is to express an opinion on the proposed terms and conditions under which the subscription or purchase price is established.

We performed our procedures as deemed necessary in accordance with the professional standards set forth by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes). Those standards require to perform procedures to verify that the terms and conditions for setting the subscription or purchase price are mentioned in the report of the Board of Directors, that they comply with the legislation in force, that they sufficiently inform the shareholders and that they do not appear to be materially inappropriate.

We have no matters to report on the proposed terms and conditions.

Neuilly-sur-Seine and Paris La Défense, November 12, 2008

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit** *Department of KPMG S.A*
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.

08

Glossary

Page

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 help 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 Sodexo share is represented by one Sodexo ADR. Dividends and voting rights belong to the ADR holder.

Client Retention

The client retention rate equals prior-period revenues from contracts lost by Sodexo (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 Sodexo, 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 (Commitee of Sponsoring Organizations)

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 certin 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 monirity investors in subsidiaries not wholly owned by Sodexo.

Intensity Risk

Risks which due to their frequency and gravity mus be transferred to the insurrance market.

Issue Volue

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 divertitures of subsidiaries for a twelve month period.

Work-related accident frequency rate

Number of accidents per million hours worked.

Work-related accident severity rate

Number of days' work lost due to work-related accidents per million hours worked.

09 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 the 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 accounting standards and present a true statement of the interest, the financial position, and of the income of the company, and of the consolidated entities.

The Management Report described in page 226 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 verified the information relating to the financial position and the financial statements 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, Department of KPMG S.A. 1, Cours Valmy 92923 Paris-La Defense Cedex, France Registered no. RCS Nanterre 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

The terms of office of KPMG Audit Department (KPMG SA) and Mr. Didier Thibaut de Menonville expire at the Shareholders' Meeting of January 19, 2009. Pursuant to the recommendations of the Audit Committee, at the Annual Shareholders' Meeting, the shareholders will be asked to renew KPMG S.A. to the functions of principal joint Statutory Auditor and to appoint Bernard Pérot to the functions of joint alternate Statutory Auditor for the legal six-year term expiring at the end of the Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2014.

10

Reconciliation table

Reconciliation table

To facilitate the reading of this document, the reconciliation table below identifies:

- the main headings required by Annex I of European Regulation 809/2004. Disclosures not applicable to Sodexo are marked "N/A";
- the information that constitutes the Annual Financial Report provided for under articles L.451-1-2 of the Monetary and Financial Code and 222-3 of the General Regulation of the Autorité des Marchés Financiers;
- the disclosures constituting the Management Report of the Board of Directors defined by L.225-100 of the French Commercial Code.

In accordance with Annex I of European Regulation no.809/2004	Volume	Pages
1. Person responsible for the reference document	**2**	**220**
2. Statutory auditors	**2**	**221**
3. Selected financial information	**1**	**23-25**
4. Risk factors	**2**	**112-113, 135, 136-137, 151-154**
5. General information on the issuer		
5.1. History	2	4
5.2. Investments	2	91, 95-97, 131, 151
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